

СВІТОВА ЕКОНОМІКА ТА МІЖНАРОДНІ ВІДНОСИНИ

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BUSINESS DEVELOPMENT MODEL IN A CREATIVE HUB

Just like other European countries, Lithuania emphasises higher and higher importance of creative industries for national and regional development. One of the ways that promotes the development of creative industries and improves the expansion of creative economy in a country are the establishing and little researched creative hubs. They actively expand their network and impress with their potential variety of different structures. Lithuanian sources of literature do not provide a definition or analysis of the creative hub. Therefore, it is important to find out whether all creative industry institutions can be called creative hubs and what characteristics they have. Moreover, in order to establish a sustainable creative hub, it is important to have a suitable business development model. This article aims at defining the creative hub and create a business development mode for the creative hub revealing its peculiarities and possibilities.

Keywords: creative hub, creative industries, business development model, creative economy.

У статті дано визначення творчого простору, розкрито особливості та можливості створення режиму розвитку бізнесу для творчого простору. Як і в інших європейських країнах, у Литві підкреслюється все більша важливість креативних галузей для розвитку національної економіки. Визначено, що одним із шляхів, що сприяє розвитку креативних галузей і підвищує ефективність розвитку креативної економіки країни, є створення творчого простору. Крім того, для того, щоб створити стійкий творчий простір, важливо мати відповідну модель розвитку бізнесу.

Ключові слова: творчий простір, креативні індустрії, модель розвитку бізнесу, креативна економіка.

В статье дано определение творческого пространства, раскрыты особенности и возможности создания режима развития бизнеса для творческого пространства. Как и в других европейских странах, в Литве подчеркивается все большая важность креативных отраслей для развития национальной экономики. Определено, что одним из путей, который способствует развитию креативных отраслей и повышает эффективность развития креативной экономики страны, является создание творческого пространства. Кроме того, для того, чтобы создать устойчивое творческое пространство, важно иметь подходящую модель развития бизнеса.

Ключевые слова: творческое пространство, креативные индустрии, модель развития бизнеса, креативная экономика.

Introduction. Various countries pay more and more attention to creative industries that promote national development and improve national creative economy. Lithuania is not an exception, for instance: in terms of exported goods and services, creative industry sector in Lithuania grew by 3.3 times from 2003 to 2012. Institutions where creative industry products are created are important for the development of creative economy. Even though there are various definitions of creative industries in Lithuanian sources of scientific literature, the creative hub has not been studied. However, it is possible to find out whether all creative industries can be attributed to the creative hub by paying attention to its characteristics.

It is difficult to define the variety of creative hubs. Many of them develop creative business, approximately 1/3 of them do not receive any form of state funding, others create hubs together with local communities. These hubs can also be part of large organisations or universities. Due to the wide spectrum of activities, it is difficult to define a single general description that would clearly define what is

the creative hub. All of them are unique, they can be static or Internet, create jobs and not only be intended for artistic activities and artists, but also adapted to business development. Hubs can have completely different structures, their own labs and incubators. And this is only a small part of different definitions of creative hubs.

In order to create a sustainable creative hub, it is important to have a respective business development model adapted to the hub. There are various hubs created for business organisations, and creative organisations have less of them; however, the creative hub does not have an effective business development model that would encompass all parts of an organisation and its interested parties. Therefore, the **aim of this work** is to create a business development model based on the analysis of business development peculiarities in the creative hub.

Creative industries.

Globally in the post-industrial society the importance of creative industries is studied more and more, and there is an increasing amount of arguments that creative industries

are inseparable from the modern post-industrial knowledge society and are becoming a part of it.

The beginning of discussions on the concept of creative industries can be traced back to the 80s of the 20th century in Australia; however, officially it was first mentioned in 1998 in Great Britain when the first map of creative industries was being drawn. The definitions of creative industries formulated in this document are widely used today – creative industries are presented as the source of competitive advantage, economic growth and regional renewal and as an important sector for the economy.

Economic environment that we all live in are very different from those that existed 10 or 20 years ago. This is why the society needs education with different priorities than before. It is impossible to accept 21st century challenges with a 19th century education ideologies – our own time goes together with an avalanche of innovations in science, technologies and social thoughts. We are going to need our own minds not to stay behind these changes or anticipate them – in the direct sense of the word. We must learn to be creative. Speaking of creativity, creative industries find the major part of their initiatives that can encompass virtually any company from advertising to physics sectors in order to gain profit or investments. Levickaitė points out not only the most popular areas of creative industries, but also validity of intellectual property: the most popular areas of creative industries are publishing, design, theatre, fashion industry, music, cinema, marketing, organisational management; however, speaking more and more of the validity of intellectual property as the main factor of the new economy, creative industries are also joined by such areas as medicine, pharmacy, engineering, physics, biology, chemistry and many other industries that work with the object of intellectual property (Levickaitė 2010).

To understand the definition of creative industries more clearly, we can analyse the concepts from the main international organisations related to creative industries analysing creative industries.

DCMS – Creative industries are those industries which have their origin in individual creativity, skill and talent and which have a potential for wealth and job creation through the generation and exploitation of intellectual property (DCMS 2001).

UNESCO – Creative industries are those in which the product or service contains a substantial element of artistic or creative endeavour and include activities such as architecture and advertising (UNESCO 2013).

UNCTAD – Creative industries encompass: cycles of creation, production and distribution of goods and services that use creativity and intellectual capital as primary inputs; constitute a set of knowledge-based activities, focused on but not limited to arts, potentially generating revenues from trade and intellectual property rights; comprise tangible products and intangible intellectual or artistic services with creative content, economic value and market objectives; are the cross-road among the artisan, services and industrial sectors; and constitute a new dynamic sector in the world trade (UNCTAD 2016).

The definitions of creative industries show that creativity is the basis of all of them despite what products or services are created; also, intellectual property, skills and talent are repeated. Creative industries generate added value and initiate changes. The concept is related to innovations, risks, new businesses and start-ups, intangible assets and

creative applications of new technologies. Lithuanian studies usually involve the definition created by the Department for Digital, Culture, Media and Sport (DCMS 2001) of the United Kingdom government.

Creative industries can be as a catalyst of the changes in society because they have been growing as a business that shares ideas, images and experiences with the audience. The importance of intellectual property developed through creativity employment skills is more important than tangible property. DCMS was the first to introduce a definition of creative industries, it is more widely presented and analysed by the United Nations Conference on Trade and Development (UNCTAD), whereas the definition by United Nations Educational, Scientific and Cultural Organisation (UNESCO) is rather narrow and does not include new information.

Creative industries have been acknowledged as one of the most important in creative economy with a perspective to become a source of growth and well-being. Many countries, for instance, United Kingdom, Portugal, Germany, etc., include creative industries in their economic strategy plans, and the scientific interest in these areas has strengthened as well. Walter explains the importance of creative industries for economy by stating that in today's economy all players at the table of economy accept that creative advantage goes hand in hand with support of economic prosperity (Walter 2015) and distinguishes the following four points that describe this:

- Creative and new media industries are growing and take up more important economic and social roles;
- Product market value is more often determined based on the product authenticity, presentation and aesthetic appeal creating the main competitive advantage in various branches of industry;
- Highly paid jobs are desired the most, for instance, dancers and musicians with mutual both creative and high-level problem solving and communication skills;
- Business place establishment solutions are influenced by such factors as easily accessible creative employees and accessible life quality (Walter 2015).

Creative industries not only grow more rapidly than the average growth rate, but are also characteristic of creating new jobs; it also promotes cultural diversity whose result increases society's cultural livelihood and economic success and can also join various sectors that usually do not work together. In today's society, creative industries are one of the most rapidly growing areas that is characteristic of constant improvement, creativity, generated added value and intellectual property. With creativity these industries encompass a very wide range of companies that may seem non-creative at first glance. Also, creative industries are very important for creative economy and are included into economic strategy plans.

The concept of creative economy.

The first to mention the term of creative economy is Howkins in his book *The Creative Economy* where he analyses creative economy and relations between creativity and economy in the broad sense. According to the author, it is economy whose main basis consist of ideas, and people spend the biggest amount of time generating ideas. Changes are created simultaneously as people try to avoid routine tasks, and aim at creating a career and identity (Howkins 2010). Also, creative economy promotes youth entrepreneurship, creates new jobs and decreases unemployment.

Due to the high rate of production related to creative industries, people who are able to use their creative imagination, generate various ideas and understand the value of idea create this economy. Creative people influence regional economic growth by mobilising in innovative, exceptional and tolerant places, and Howkins notes that people who have and manage ideas have become more powerful than those who operate equipment (Howkins 2010). UNCTAD established in 1964 as an international organisation also defines creative economy and claims that creative economy is becoming a national advantage in economic development countries that have high cultural diversity, and especially in developing countries. With the definition of creative industries provided in Table 1, UNCTAD also distinguishes the following five aspects that describe creative economy (UNCTAD 2016):

- it can promote the rise of income, establishment of new jobs and income for export, and also promote social integration, cultural diversity and social human development;
- it encompasses economic, cultural and social aspects that interact with the goals of technologies, intellectual property and tourism.
- it is knowledge-based economic activities that have aspects of development and complex relations at national micro and macro levels;
- it is a potential development opportunity that requires innovative political solutions from various areas as well as interministerial actions;
- the basis of the creative economy is creative industries.

Table 1 below presents definitions of how specialists treat the concept of creative economy.

All the concepts presented in the table emphasise creativity and innovations. It is said that creativity is becoming more important in various sectors, especially if there is a desire to have competitive products or services in the global market. Even though UNCTAD provides a very wide definition of creative economy, Levickaitė also distinguishes certain aspects and says that one of the most important characteristics of creative economy is information consumption when creating its own content. She emphasises that the highest degree of impact of creative economy is achieved through the use of business models and skills when organisational value is created and intellectual capital is managed, rather than through traditional creative industries. According to her, organisations are also becoming more dependent on creativity because they abandon traditional physical raw materials and start using

intangible and intellectual raw materials (Levickaitė 2010). The idea of creative economy allows measuring the possibilities of creativity based on everything rather than just art, cultural or heritage sectors.

UNCTAD provides the broadest description of creative economy and distinguishes additional points that enable easier understanding of the definition of creative economy, whereas UNESCO claims that the sectors of creative economy have impact on changes.

The phenomenon of creative economy is based on complex and symbolic consumption, technologies of new needs related to culture as well as social life satisfaction. Its basis includes creative industries, and creative people who are able to create and generate ideas and understand their value are becoming very important for the development of this sector. Moreover, creative economy is important in economic development countries that have high cultural diversity.

Concept and peculiarities of creative hub

Creative hubs are rapidly expanding and becoming a global phenomenon; however, it is also a new way to present innovations of creative economics and their development.

Creative hubs are platforms or workplaces for all creative subjects – from artists and musicians, designers and film-makers to businessmen; it can be an open place for collaboration with creative industries and for the wider creative sector.

They are unique for their various structures, sectors and services, and vary from collectives to cooperatives, laboratories and incubators, and can be static, mobile or internet. Such places are especially necessary for creative people. According to scientist Howkins, creative people need offices for practical reasons, i.e., so they would come to work in the morning and know that their colleagues will arrive as well, so they could call meetings. They need this calm space for thinking and access to the network where they can communicate and share ideas with colleagues (Howkins 2010). And communication/collaboration is the most important and frequently distinguished as a goal in any organisation. It is useful for the members of the network to have or learn business skills whose training allows spending more time on creating art or cultural products/services. Moreover, creative people who work in a hub can increase income of the organisation. Due to this reason, organisations may spend more time on improving the quality of the hub and less time and effort on acquiring funds.

Creative environment provides people with time to experiment, make mistakes, try again; it allows asking questions, creating, playing, finding out relations between

Table 1. Comparison of the concepts of creative economy by different authors

Levickaitė, R.	The basis of creative economy is the economic value created by creative product transactions. This value is created on the basis of intellectual property. Creator's creativity does not always yield in a creative product whose result cannot be measured by means of economic transactions or values.
Černevičiūtė, J., Strazdas, R.	Creativity – whether in art, science, technologies or business – is the most important factor that creates economic success both for single business and the entire economy. Creativity is an essential condition for innovations that are the driving force of technological change that promotes economic growth.
Howkins, J.	Creative economy consists of the created creative product (good or service) that arises from creativity and has economic value.
UNCTAD	Creative economy is a concept under development, and it is based on creative capital that potentially generates economic growth and development.
UNESCO	Not only is creative economy one of the most rapidly growing sectors in global economy, but it also influences change when speaking about generation of income, creation of jobs and export income.

Source: created by the author; based on the authors as presented in the table

different elements. Such attempts or studies may not create an art product/service or be applicable to science for many years just like all original ideas and products that arise from primary experimenting stage or fooling around. Sometimes it may seem meaningless, yet this is the main point of the creative process. Such environment for a creative individual is provided by the creative hub. Before speaking of and analysing what a creative hub is, it is important to figure out the concept of the creative hub.

The origin of the concept of the hub lies in the conception of the cluster but they are different because of certain important main elements. Furthermore, the word “hub” is often used as a synonym for “incubator”; however, they do not carry out the same functions. The main differences between hub, cluster and incubator is the physical localisation for the development of work activities. A hub provides its members with an access to information about specific businesses, the area of industries and culture, and market opportunities. Speaking of the direct definition of the hub, its main area of activity is establishment of business, and many companies become independent thanks to the support and help from the hub. An incubator is an institution that enables integration of new companies into its structure thus decreasing costs and attempting to encourage these companies to enter the market by created a support network that would help them to achieve economic autonomy.

The hub can be distinguished as a business park of many companies, an axis for many companies. Companies become stable in the market thanks to a hub. It is also a dynamic, and not a static organisation. This way a hub must adapt to various specific needs of its members. Therefore, a hub must also have a service portfolio that is able to adapt to changes and must be open to new sectors of creative companies, culture and heritage.

During the last 10 years the hubs has been developing as a way to create new jobs in different sectors and various organisations. It is becoming a widespread idea that connects various novelties that strengthen talents, disciplines and skills (British Council 2016). Hubs have become a nest for freelancers and small or medium-sized companies,

communication and collaboration. They shed light on forgotten areas of cities, gather people in unused spaces and connect communities that have not communicated before.

Hubs allow communities to establish as well as develop a structured coincidence that allows people to join in ways that they did not have before, and inspires new related disciplines to collaborate, communities to merge and new projects to appear (British Council 2016).

Creative hubs may stand for almost everything for people. This is not a result of clear lack of thinking but rather a sign of rapidly changing and lively activities. It is important to note that diversity installed by the creative hubs is like a gene, and there is no need to create a single universal definition. In general, hubs were seen as organisations that provided jobs, and places for participation and consumption (British Council 2016). Therefore, a creative hub is a physical or virtual place that assembles creative people. It creates a space and maintains communication, business development, and includes communities into cultural, creative and technology sectors; however, their general use does not differ from that of incubators, programmes for start-ups, laboratories and hubs (British Council 2016). Creative hubs can be shaped differently; the main types of hubs are introduced in Figure 1 below.

This typology also aims at expressing concern for the very wide variety and specialisation of creative hubs. The potential role of creative hubs has a mean to express creativity by creating and developing communities and encouraging innovations through creative industries. Similarly to the practice of a community, creative hubs are established where there are common interests or potential; therefore, this system is fragmented on the global scale, and creative hubs exist in many forms. Furthermore, successful hubs of creative industries connect on an international level, i.e., they create and attract people from different cities and countries because of the opportunities that hubs provide.

Analysis of creative hubs help to distinguish certain peculiarities that are provided in Table 2.

The table of peculiarities of the creative hub shows that they are diverse for their goals, functions, value offer,

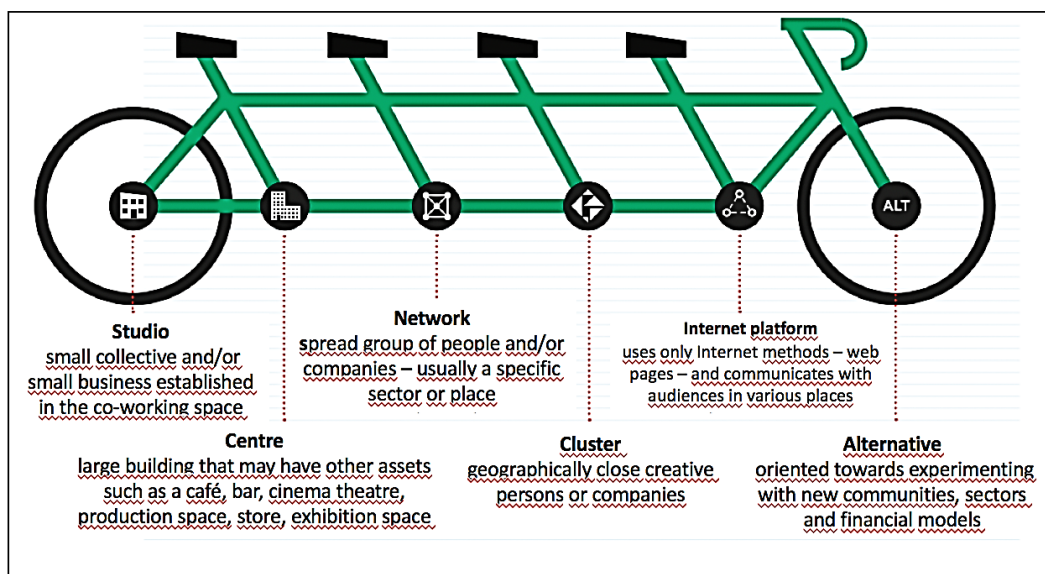


Fig. 1. Various types of creative hubs

Source: created by the author; based on The British Council. 2015. Creative Hub Toolkit

Table 2. Peculiarities of creative hub

Creative hub:									
Structure of hub	Profit			Non-profit		Private		Charitable	Social venture
Established by	Private individual			University		State (city)		Publicly financed economic development agencies	
Sector	Interdisciplinary (mix of creative, cultural, technological and social companies)					Special sector (Game, design hub)			
Aim	To provide support for services and/or opportunities for the short-term or long-term preparation of ideas, project, organisations and business by including events, skill training, ability training and global opportunities			To make collaboration and establishment of networks among its community easier		To create contacts with research and development centres, institutions, creative and non-creative industries.		To communicate and collaborate with a wider audience by developing an active communication strategy.	To welcome and enjoy new talents, to study the limits of modern practices and risk for innovations
Value offer	“Hot chair”	Study space	Training, seminars, events	Mobile work	Access to equipment, skills, resources, networks	Incubation, business support, consulting (mentor), funding		Retail opportunities	Scientific research and development
Must take up at least one of the following activities:	Business support			Creation of collaboration/network, communication		Scientific research		Help/support for talented people	
May have:	Interested parties			Sponsors		Investors		Help from universities	Help from other organisations

founders, sponsors and interested parties as well as their expectations. Different connection of these components can provide a unique balance of the components.

Creative business companies usually develop spontaneous ideas, and take up ideas having rejected others. The uncertainty of consumer tastes promotes rapid generation of ideas and creation of innovations recognisable to the consumer. Moreover, new creative products should be tested by consumers. In today’s economy, successful organisations work according to the essential need to be creative in their activities. In the modern society, changes and innovations are the only constant features of organisations. Creative organisations are those that aim at being open to the surrounding world.

Searching for a definition of creative hub in Lithuanian sources revealed a definition of creative organisations that is very close to the concept of the creative hub, which is why they are equated.

Creative organisations are modern artistic companies that usually connect into networks or clusters, that aim at economic benefit by employing their employees’ creativity, knowledge, thus creating innovations. Creative hubs, similarly to the practice of communities, require assembling skills to sustain creativity and pass creative practices to future generations.

Table 3 presents the differences of the organisation and the creative organisation.

The table shows that creative organisation is much more open, aims at being global and having much more sources of communication. An organisation can be global; however, its main hub is usually in one place, and a creative organisation is fully global because it encompasses many organisations and may include international companies. An organisation has only one main source of com-

Table 3. Differences between the organisation and the creative hub

Differences between the organisation and the creative organisation	
Organisation	Creative organisation
Global and localised	Global
One main source of communication	Many sources of communication
Homogeneous identity	Heterogeneous identity
State as a passive actor	State as an active actor
Competitive environment	Partnership environment

Source: Reimeris, R. 2012. *Kūrybinių centrų identitetas: strateginio valdymo ir komunikaciniai aspektai*

munication, and since a creative organisation has various companies, there are more of these sources. An organisation has a homogeneous, integral identity that helps to recognise it from the outside. A creative organisation includes many companies and can have a heterogeneous identity. Speaking of state intervention, there are significant visible differences (Reimeris 2012). With regard to an organisation, the state is a regulating mechanism that usually does not intervene the activities of the organisation. Of course, the state can provide funding that would suit the goals of the organisation; however, this is not active support. In the case of a creative organisation, the state is one of the main active actors that put every possible effort into further development of these hubs. Not only does the state partially fund establishment of such hubs, it also supports regional and international communication that introduces these hubs to potential investors and attracts human resources (Reimeris 2012). An organisation creates a competitive environment, and a creative

organisation creates a partnership environment because it uses the same network, services, etc.

Since a creative hub encompasses very wide areas and can be very diverse let's see the main creative organisations that currently exist in Lithuania.

- **Creative/ art incubator** – organisation that has includes small and medium-sized business subjects in its premises, i.e., artists, beginner businessmen, art-related business subjects: it leases premises, technical and office equipment under reduced price, provides methodical, technical, informational, consulting, training and similar services. It aims to support beginner artists and CI businesses, to encourage creation of new jobs, to decrease activity risks for persons and companies carrying out economic activities and help companies or persons who have good creative business ideas yet are financially unstable to achieve a level where they could independently carry out artistic/creative commercial activities and compete in the market.

- **Co-working space** – a combination between workplaces and support services for good price and simple contracts. It aims to attract consumers who need a short-term workplace and additional services to achieve certain goals; this can include even meeting rooms. This is an open plan an informal environment that aims at making interactive and creative collaboration environment easier as well as form the sense of community among consumers.

- **Cluster** – a collection of companies and (or) science and educational institutions that functions based on the principle of collaboration and whose members interact with one another in various areas of economic activities and initiatives, thus aiming at increasing economic efficiency of the activities. It aims to increase innovative potential by promoting clustering.

- **Creative industry hub** – a place where the main focus is on the creativity of an individual who creates economic well-being, which is how a hub adds to the growth of creative economy. It aims to provide suitable conditions for manifestation of individual creativity by encouraging entrepreneurship and focusing on the establishment of new creative industry-related businesses.

- **Science and technology park** – legal entity whose main functions are as follows: to stimulate the processes of science knowledge and technological spread, to create conditions for commercialisation of scientific research results, to encourage relations between science and business, to promote the culture of innovations. Science and technology parks comprise suitable conditions for new companies that will carry out applied scientific research, experimental development and install innovations. It aims to satisfy public interests with at least one member being a state science or study institution and (or) state or municipal institution; the science and technology park can acquire state funds or respectively municipal funds and employ state assets or respectively municipal assets.

We can notice that all of the aforementioned institutions are interconnected. The science and technology park carries out the highest number of functions as it encourages scientific research activities. Moreover, creative/art incubators are mentioned in the study of creative and cultural industry possibilities as an opportunity for small businesses to develop. Incubators just like creative industry hubs also gather creative people and aim at helping them to establish themselves within the market. Co-working space has the least amount of responsibilities for the consumer and

mostly carry out leasing activities for short periods. A cluster encompasses various companies and creative industry initiatives, and promotes innovative potential.

The analysis of the peculiarities of the creative hub shows that it reflects the features of all the institutions presented in the table. Even though the definition of the creative hub is changing and the future may show clear differences between creative industries, this article deals with the creative hub as various institutions of creative industries.

Business models and their peculiarities

To achieve the best result, various companies and organisations want to be leaders and expand within the market; this is why they need a sustainable business development, and today's economic climate shows that a sustainable business development model is becoming more relevant, which becomes an important task for not only business, but also cultural or creative organisations. Applying a business development model in an organisation, its prospect raises expectation to bring sustainable innovations by discovering new methods that overcome internal and external barriers. Business development is important for the company, especially when it is a young company that strives to develop. Formed relations and partnerships with interested parties, presentation of the company's products/services, establishment of a network, propositions of supply are important here.

An organisational business model or various business strategies help to achieve goals and stay on track. To achieve competitive advantage, suitable application of a model can be one of the most effective ways. This perception becomes stronger due to an increasing complexity of tasks and flexibility relevant in today's business world; therefore, there is a need for new ways to establish and sustain a business if managers want to keep the organisation alive in the long-term perspective.

However, it is rather difficult to choose a suitable business model, and there are many different variations of the definitions of business model itself. Some of them are broad and encompass the entire organisation, while others focus on separate parts of an organisation. To generate added value business model should: **consist of four elements including value offer to the customer, formula for profit, main resources and main processes.**

A business model is a conceptual measure that encompasses the set of elements and their relations, and that allows expressing the business logic of a specific company. It is the description of values provided by the company for one or several client segments, a network of the company's structure and its partners: creation, marketing and presentation of this value and relations capital in order to gain profit and constant income flow. Even though there are many business models such as Agile, Canvas, Value Chain Model and others, the following three models shall be discussed further: Canvas, creative business development model and continuous improvement system model for creative business companies.

Creative business development model

This model presented in Fig. 2 distinguishes the following three business development stages: pre-incubation, incubation and post-incubation.

It is necessary for creative business companies to go through these stages because not only do companies have a large economic potential, they also face a high

risk of failure during the first year of operation. The incubation processes are beneficial because of their positive impact on the development of business; also, companies develop more rapidly than when they are independent (Jadzevičiūtė 2017).

Table 4 was created according to the main processes of incubation as described by Jadzevičiūtė.

This model is important for creative industries, and incubation processes allow easier establishment within the market and stand for decreased potential risks. The most important of these main stages is incubation during which companies learn, and a network between internal and external companies is created. Companies also inform about themselves and carry out communication. After the successful incubation stage, a company becomes independent and leaves the incubator.

Business model Canvas is a visual template that reflects organisational business model and turns it into clear knowledge. The main focus of this model is the description of a single organisation’s high level strategic perspective (Osterwalder at al. 2010). This model and its

main elements are presented in Figure 3. It encompasses 9 different sets.

The sets presented in the figure are described in Table 5. The BMC often connects methods of collaboration and visual thinking such as exchange of ideas, brainstorming, creation of prototypes and narrative. These methods encourage collaboration among interested parties and promote innovations. Applying the model to companies allows them to focus on separate parts of the model, think about what has not been thought about and understand the activities of an organisation.

Continuous improvement system model for creative business companies

The main aim of this model is to continuously improve the company’s processes. Continuous improvement is very important because its efficiency determines the efficiency of related processes and the results of the activities of a company (Strazdas at al. 2014:83). Companies that use improvement systems become more competitive thus improving its activity results. The model consists of 3 stages as shown in Fig. 4.

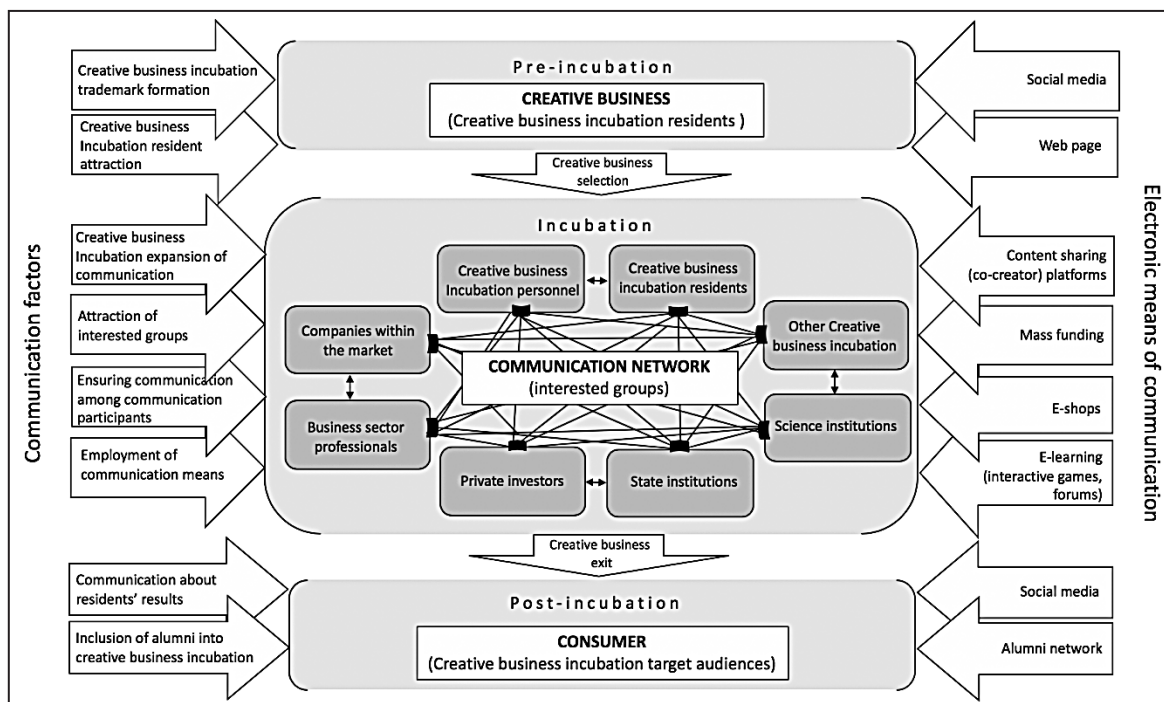


Fig. 2. Creative business development model

Source: Jadzevičiūtė, R. 2017. Kūrybinio verslo inkubavimas: komunikacijos tobulinimas

Table 4. Creative business incubation process

Incubation process	
Pre-incubation stage	An incubator carries out a selection process of potential clients (creative people) that have a business idea. It is important to evaluate the potential the idea has and the ability to make it commercially successful.
Incubation stage	Incubation provides support for incubates companies; during this stage, a company can be established or just beginning to grow and realise its idea. At first, a company is offered to participate in various training sessions, consultations, conferences that involve experts, the team of the incubator, and also the companies that have gone through the incubation process. It is important to have practical consultations and simulated situations that teach to manage crises and make urgent decisions. Communication is also important in this stage. The collaboration network (communication) includes not only companies in the incubator, but it also includes institutions outside the company. This involves exchanging ideas, information, creating contacts and business relations.
Post-incubation stage	During this stage, companies become fully independent and leave the incubator. It is, however, important to maintain contact because it helps to develop the collaboration network.

Created by the author; based on Jadzevičiūtė, R. 2017. Kūrybinio verslo inkubavimas: komunikacijos tobulinimas.

Stage 1 – preparation to install and correct a continuous improvement system. In this stage, the attitude of the managers is very important; they must understand the benefit of this system and the need for time and investments. Results are not immediately visible. If the manager finds everything clear, the next step involves separating daily activities from improvement activities; otherwise, the system may not work because it will be thrown into the shade by more urgent tasks. A responsible person that would supervise the system is necessary. A team is organised and trained (Strazdas at al. 2014).

Stage 2 – installation of the continuous improvement system. This stage distinguishes and analyses the activities that are to be improved. Smaller and, later on, bigger improvements are carried out (Strazdas at al. 2014).

Stage 3 – operation control of the continuous improvement system. In order to ensure efficiency of the system, constant control is necessary, i.e., it is necessary to monitor the activity of the main indexes and the result of the changes. It is recommended to include other members of the team, thus increasing their motivation and inclusion into improvement processes (Strazdas at al. 2014).

Analysis of this model should focus on the fact that continuous system improvement needs time; good results require separating daily tasks; otherwise, the continuous improvement system will be forgotten and not used as often. It is also necessary to monitor the system stages and have a responsible person to analyse indexes, which will show whether system improvement work, what needs to be changed, etc. All this will make an organisation continuously improving and innovative, it will stay closest to the changes in the market and will be able to adapt to them.

Business development model of the creative hub

To achieve sustainable business development in a creative hub, it is necessary to regard the different constituents of this model and distinguish the most important steps. Figure 5 presents a creative hub model created by the author. This model focuses not only on the activities on the organisation itself, but also on separate elements that may or do have impact on the creative hub.

The model presents the main elements in order to create sustainable business development in a creative hub where companies are incubated. **Firstly**, an idea to estab-

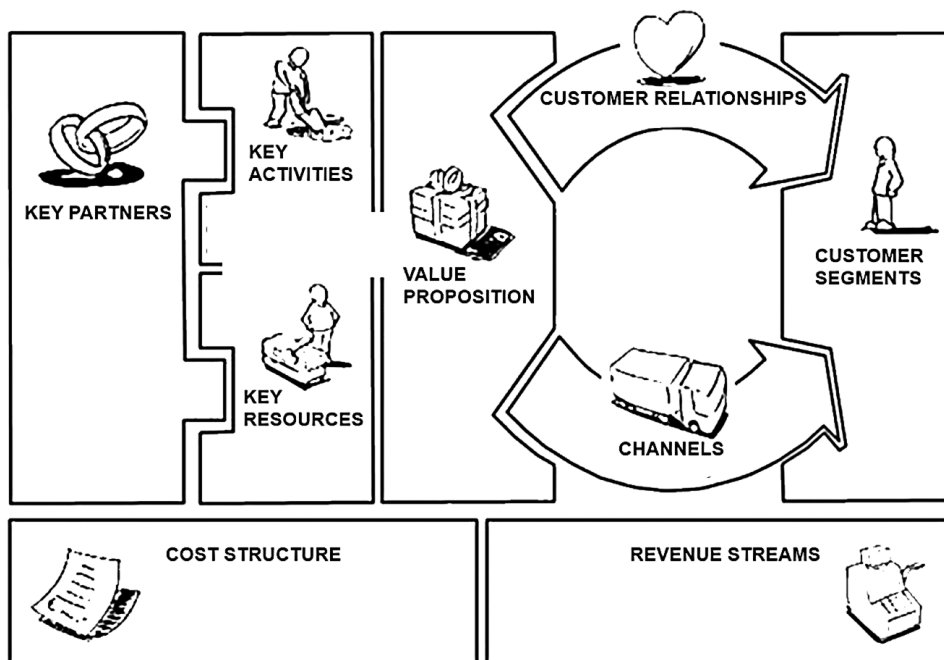


Fig. 3 Business model Canvas

Source: Osterwalder, A. and Pigneur, Y. 2010. *Business Model Generation: a Handbook for Visionaries, Game Changers, and Challengers*

Table 5. Structure of Canvas model

1. Value offer	Set of services or products that generates added value for the client segment
2. Consumers	Target group of consumers that the state provides a value offer for
3. Channels	A channel used by an organisation through which a value offer is presented to the consumer
4. Relations with consumers	Relations with the consumer (attraction (acquisition), sustaining, development(
5. Main activities	Main activities that create and strengthen the creation of value offer
6. Main resources	Resources necessary for the organisation in order to implement a business model
7. Main partners	External subjects (e.g., suppliers, distributors) that an organisation follows when implementing a business model
8. Input	Costs experienced when creating and providing a value offer and sustaining relations with consumers
9. Income	How every consumer generates income

Source: created by the author; based on Osterwalder, A. and Pigneur, Y. 2010. *Business Model Generation: a Handbook for Visionaries, Game Changers, and Challengers*

lish a creative hub requires figuring out what strategy of the organisation, its areas of activity, its activity planning could be, and what value offer the hub could provide to its consumer. All of these constituents influence one another and are one of the important parts of the model. The model has inseparable elements related to the team of the creative hub. A very important element here is internal and external

communication related to not only the team and the hub, but also external outgoing communication that is spread beyond the organisation.

Making the internal aspects of the organisation clear makes it possible to start incubation of other companies or development of projects. In order to carry out this in an appropriate way, the following three steps are necessary:

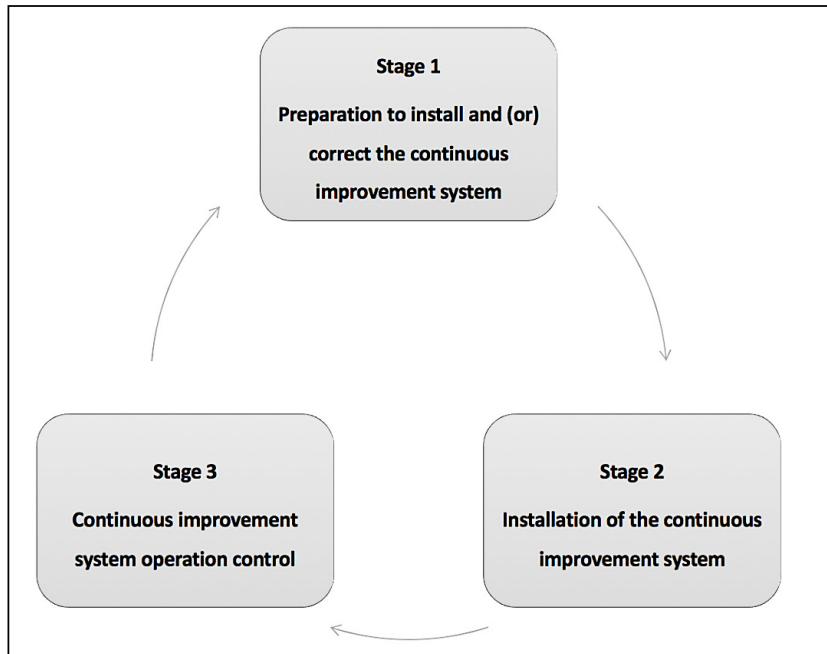


Fig. 4. Continuous improvement system model for creative business companies

Source: Strazdas, R., Černevičiūtė, J., ir Jančoras, Ž. 2014. Kūrybinio verslo valdymas: procesų tobulinimas

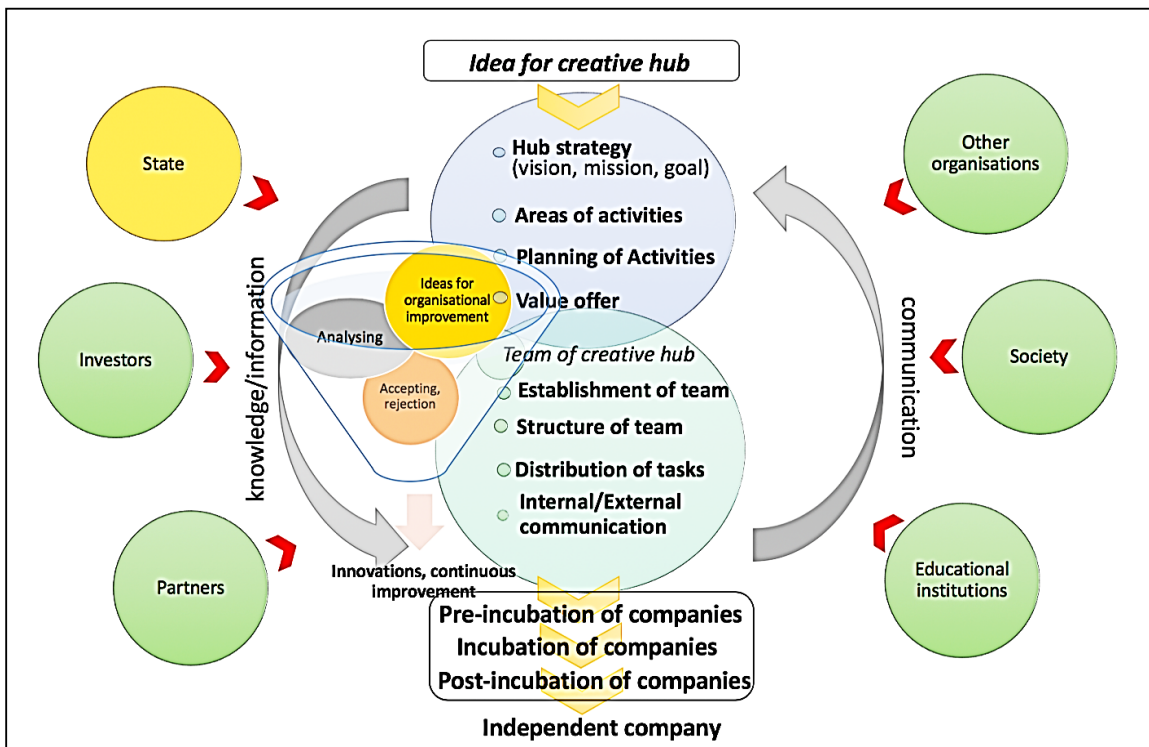


Fig. 5. Business development model of the creative hub

Source: created by the author

pre-incubation of companies, incubation of companies and post-incubation of companies.

Pre-incubation of companies may include various auditions and courses that companies have to go through either compulsorily or depending on a company's activities and level of establishment within the market. Having selected a company, its incubation process begins during which the creative hub can provide the *company* with various types of help, namely a mentor, training, looking for investors, funds the company can apply to; the hub often provides legal, financial help, bookkeeping services, etc. *This is usually carried out over a three-year period.* During the first year, incubated companies get the highest amount of support and are encouraged to carry out various studies and analyses in order to decrease establishment risks and figure out what products or services the company is to offer for consumers; during the second year, a lower amount of help is provided, and during the third year, the amount of help is the lowest. This way an attempt for the company to become more independent and establish in the market is made.

A creative hub can not only decrease the number of services, but it can lose the discount for leasing after the incubation period. In this case, if the company is allowed to stay, it must pay the full price for rent and services provided by the hub. After three years, post-incubation period begins; during this period, the company should independently enter the market, it should not receive additional help but it should be in contact in order to figure out whether the company is fully ready to leave, and it also can contact the hub in case of any questions.

If the company feels fully ready, it can independently enter the market at any stage of incubation and become independent of the creative hub. It is important to emphasise that a company, even though it signs a contract with the creative hub, does not need to stay there all the time if it grows faster than expected. However, if the company has not progressed in three years and there is no need for it to stay in the hub as a company/partner or otherwise, it is asked to leave the creative hub. It is also possible for a company to be very beneficial for the hub, it may even provide or transfer information to younger companies, or it can establish a wide network around itself thus attracting other companies. In this case, it is useful for the hub to invite the company to stay, yet it will not receive discounts.

Communication and transfer of knowledge during the incubation stages are also especially important because of establishment of relations and support, opportunity to exchange ideas and opportunity to discover something new, innovative, which allows finding solutions to complex questions.

Communication, knowledge and information are the three most important elements in this model. They are presented in the model as going in a circle and encompassing the main constituents of the model, namely, the creative hub, its team and company incubation stages. Continuous communication between all the constituents and continuous exchange of knowledge and information helps carrying out a more fluent management of the hub, which may result in new ideas on how to improve organisational development. Ideas that aim at improving an organisation are included in the funnel presented in the model. This is where they are generated, analysed, and decisions on whether they should be accepted or rejected are made. In any case, informa-

tion about this enters the continuous communication, knowledge/information circle. This way the creative hub development is carried out, it continuously improves and becomes more innovative.

The external factors in the model (state, investors, partners, educational institutions, other organisations, society) make a varying degree of impact to the hub. The *state* is exceptional because it has direct impact on not only the creative hub, but also other nearby interested parties. The state can influence the creative hub and other elements by making various political decisions, laws, etc. Interested parties (in green circles) can also have a varying degree of impact on the hub. **Investors** may not be directly as important for the hub if it does not look for investors; however, they are very important for incubated companies because they always look for investors, and this may be important direct help. The creative hub may look for investors for companies thus establishing communication between this group and the hub. The next circle marks partners. **Partners** for the creative hub can be diverse, i.e., project partners who are also related only by certain projects; they can be constant and carry out chosen activities or contribute to them. **Educational institutions** are important for a hub when the highest amount of attention is paid to universities that can influence the hub, or a hub may even be **established with the help of a university** that becomes the establisher of the creative hub. The attitude of the *society* towards the creative hub is also important, what their attitude is, what this hub can provide and does provide for it. The creative hub creates new jobs, which should be beneficial for the society. It is important to mention other organisations that can contribute to the activities of a creative hub in various ways and can help start-ups. A hub can apply to them by inviting them to join or looking for local craft organisations.

All the aforementioned external factors and elements have impact on an organisation; however, they do not influence exchange of knowledge/information or communication. A creative hub must collect information of all these external factors and share it. It is also important for a hub to communicate a suitable message for interested parties, namely the state, investors, partners, educational institutions, other organisations and the society.

Communication is very important in this model. This not only strengthens the internal relation of an organisation, but also creates closer relations with incubated companies and strengthens their mutual relations; therefore, various interesting products and services are created. Companies can spread information on the creative hub and its benefit, thus encouraging other companies to come and join.

Conclusions. Continuous expansion of creative industry sector and growth of creative economics encourage youth entrepreneurship, and more and more attention is paid to creative hubs that are unique for their undefined various opportunities. This attracts creative people who want to create in an open place that cultivates the sense of community. Creative hubs also provide an opportunity to constantly learn and improve, experiment and create; they give access to various information for start-ups and various collaboration opportunities, and create network communities. It is important for them to continuously improve, adapt to various changes and be open to new sectors of creative industries sectors.

Various organisations have different business development models; however, there is a lack of them for crea-

tive industries institutions. Therefore, business development models need analyses of how they can be adapted for the creative industries organisations. Creative business development model includes the most important elements of pre-incubation, incubation and post-incubation; model Canvas reflects what an organisational business development model should be, and that it should encourage communication with interested parties and innovations; and the continuous improvement systems model aims at continuous improvement, which is also very important for an organisation because it becomes more competitive.

The theoretical business development model finds important not only organisations, but also external inter-

ested parties as they can have different impact on the organisation. This model is applied on the creative hubs that have incubated companies, which is why the model includes the stages of pre-incubation, incubation and post-incubation. The most important position in the model is taken by the turning communication and knowledge/information circle that can help to create, maintain and develop relations, continuously exchange ideas, information and knowledge, which allows creating new projects, products/services, and become more innovative. Suitable communication in a hub helps to create a good relation with incubated companies, thus effectively spreading information to the outside and attracting partners and investors.

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