

Forget the Creative Class...Empower the Creative Mass

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Latte bars, art councils, embracing an alternative lifestyle, hoping to become the next mini Silicon Valley. During the last five years, economic development officials have developed and implemented tremendously expensive programs aimed at attracting “the creative class.” According to proponents of this theory there are a limited number of people in this creative class, and as such it is a zero-sum game. You either attract them and stimulate innovation or your locale gets left behind. Building an attractive area for this class to live, so goes the theory, will spark economic development through creativity and innovation.ⁱ However, after years of experimenting and hundreds of millions of dollars spent on such “creative class” centric approaches, *Fast Company* recently noted: “there is scant evidence that employing strategies aimed at attracting the creative class have moved the needle on traditional economic development gauges such as job and income growth.”ⁱⁱ

Economic development officials across the U.S. also place some amount of effort on creative innovation and the development of new products in their region. Business incubators, support for high technology entrepreneurship, and a movement to create local angel investing networks are often the output of this attention. The reality about the development of truly new, sophisticated, disruptive creations is that they are few and far between.ⁱⁱⁱ From an economic development perspective, such inventions tend to come from only a handful of locations in the country and there is nothing cosmetic that a place can implement that will bring more of that activity to their community. Accepting this is the first step to finding out what innovation is readily happening in your backyard and identifying ways to exploit it for economic growth.

While there has been a lot of attention placed on the concept that a small group of individuals are the engine that drive an innovative economy, key changes in technology have shifted power away from this small group and toward a much larger segment of the population. Over the last five years, a new Creative Economy has emerged to replace the Knowledge Economy that existed at the turn of the century. Today's Creative Economy is defined by innovative technological advancements that have developed global mass communication networks transferring substantial amounts of information in real-time that allows for the mass customization of products and services leading to an overwhelming amount of choice and control by individuals.

In the past ten years, key technological innovations have changed the innovation power structure. While it is true that a creative class may have developed wireless technology, blue tooth, cell phones, incredibly fast processors, wifi networks, Google, My Space, and eBay, a much larger mass of people find ways to use these technologies in creative ways that drive our economy. Enabling all of this is the wide proliferation of internet access being used by over two-thirds of the American population and 20% of the world, and cell phone connectivity encompassing 33% of the global population.^{iv} The combination of technology and wide-spread connectivity has led to a need for economic development officials to shift their focus from a small segment of the population to the larger mass of people who live in their region. It is this mass of people, finding innovative ways to use the products created by others, that is boosting wealth and creating jobs.

Here is what is happening as the new Creative Economy of mass participation is emerging. Stores such as Zara, Hanes and Mauritze, Mango and Top Shop take products from the drawing board to the store in two weeks. Where a traditional view might focus on the issue of maintaining quality, today's customers focus on the availability of choice.^v While online retailing is not the panacea that was touted in the late 90s, it is nevertheless true that online

retailers can have millions of items for sales compared to a few thousand in a local store. Even Walmart has recognized this with the ability for customers to order online from a selection of several million items and have their order delivered free to their local Walmart. Across our economy, clothes, cars, computers and thousands of other products can be customized by consumers to fit their personal desires.

The Creative Economy has changed how writers and artists reach their audiences. No longer do they need to obtain an agent as the first in a long series of dominos that has to fall in order to be successful. Writers are publishing and marketing directly on sites such as LuLu and selling their books on Amazon, while musicians and comedians find success through My Space or move back office operations to sites such as Musictoday.

Nonprofessionals can compete with professionals and obtain equal results. Anyone can post news on OhMyNews.com and film the news for viewing on You Tube. Or they can film entertainment and post it on You Tube. People can buy and sell items on eBay. This is not just a personal experience, but businesses can advertise items they no longer need on eBay or purchase used items such as expensive equipment while saving money.^{vi} Everybody can accept credit cards using PayPal. Business giants like Microsoft can be threatened by groups of people working for free through peer production to develop Linux or the Firefox web browser. Old power structures are changing.

The characteristics of the Creative Economy environment include wide-spread choice, personalized product development, very fast turn around, and control. Communities of people have been formed through connectivity technology to share information and opinion. Regardless of where an item is bought, others who have bought the same item can share their opinions about it and thereby help grow a product or destroy it. Instantly disseminated opinion

has exploded through 36 million blogs in the English speaking world alone.^{vii} While connectivity on a global scale includes blogs and web sites, within companies it may include virtual private networks, and within business teams it includes wikis and web-based shared documents. All of this is happening in an environment that permits connections that were never before possible and the dissemination of information at an unprecedented rate. At the same time, control over information has largely disappeared. With all of this going on, the Creative Economy has changed people's attitudes and expectations as both customers and employees.

The mobile technology that is emerging permits people to work from diverse areas which has led many knowledge workers to choose where they live first and where they work second. While people have mobility and will move around, economic development officials in most of the country have to face the fact that an influx of new citizens is unlikely. Even though their location may be unique in some ways, those differences are unlikely to be a major draw for a mass of people. Successful economic development in today's Creative Economy will largely come from the very people and businesses that already live in the city, town, region or state.^{viii} Whether these people are part of the workforce or business owners, currently located or thinking about coming to the region, economic development officials need to find ways to empower their region to meet the attitudes and expectations. This has a direct bearing on business retention, expansion and attraction.

What are some things that economic development officials can do to empower the creative mass in their region? The first step is to decide to engage in the Creative Economy. Failing to understand and embrace what is happening to the economy will lead to stagnation. It is important to realize how Web 2.0 is revolutionizing customer's perceptions, expectations and purchasing behavior. The experiences from the digital world carry over into expectations for the local economy. While it is vital for communities to have broadband service and wifi available, they must understand how businesses use such tools in order to truly empower their

region. At the same time, understand that information control is a thing of the past. This is an open source, transparent world.

Your local companies need to be trained on the changes occurring in the economy that impact them. Provide guidance on dynamic web site development that creates online communities favorable to companies; tout the benefits of flex time, virtual offices and VPNs; stress how the connectivity infrastructure in your region can enhance the business of local companies. With all of the free content on the internet, help companies find ways to provide training for their employees. Employee retention will only become more difficult as people find out how innovative companies are treating their employees and expect the same from a management that operates under the rules of the old economy. Host experts on simplicity and the challenges of marketing in the fragmented Creative Economy where technology permits the masses to create “No Marketing Zones.”^{ix} Highlight the importance of flexibility and customer service since it is easy for customers to find other options and get inside information about any company or product. In short, create a local environment that thinks and acts like a creative community.

Helping your local companies interact and succeed in the Creative Economy will show prospects and customers from outside that your region is a modern place to do business. You do not need the false trappings or divisive arguments associated with giving undue support to a creative class. Technology has changed our economy and the innovative creative mass already lives in your neighborhood.

ENDNOTES

ⁱ Richard Florida, “The Rise of the Creative Class,” and “Cities and the Creative Class;” Mihaly Csikszentmihalyi, “Creativity;” Steven Malanga, “The Curse of the Creative Class,” *City Journal*, Winter 2004.

ⁱⁱ Andrew Park, “The View From Florida-Ville,” *Fast Company*, March 2007.

ⁱⁱⁱ Alexander Manu, “The Imagination Challenge.”

^{iv} *Wall Street Journal*, Jan. 8, 2007, p. B1.

^v “Zara: Taking the lead in fast fashion,” *Business Week* Online, April 4, 2006. One Zara customer was quoted as saying: “In Zara’s stores you can buy a trendy look but do not expect more. Well...on the other hand, we do not need more in a world where everything is changing so impossibly fast.”

^{vi} The owner of an aircraft parts manufacturer in Grove, Oklahoma posted a 1989 CNC Vertical Mill on eBay that had been in storage for two years. He placed a minimum bid of \$9,000 but was able to sell it for \$16,000 to an out of state buyer. Feb. 2007 Newsletter for Grand Lake Manufacturers’ Council, Inc.

^{vii} *The Blog Herald*, Dec. 20, 2006.

^{viii} “Studies have shown that up to 80 percent of job growth in any area comes from existing businesses, not from attracting prospects.” www.iedconline.org/EDAmerica/Fall2006/BRE.html

^{ix} Examples of technology that have allowed people to avoid advertising are TiVo, satellite radio, news feeds, customized ring tones, caller ID, etc.

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