

RESEARCH BRIEFING

Art and Design as Competitive Advantage: A Creative Enterprise Cluster in the Western United States

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ABSTRACT *The creative enterprise cluster consists of companies that take their principal competitive advantage from a distinctive appearance, form, content, or sound that they embed or embody in their products or services. They include large numbers of micro-enterprises, freelancers, and design manufacturers, which loosely comprise a 'creative enterprise cluster'. The US state of Montana has such a cluster. It includes artisan firms, native American businesses, freelancers, and design manufacturers, many of which are included in government business databases. Montana's biodiversity, low population density, independent lifestyle, and cultural heritage have drawn large numbers of creative enterprises and entrepreneurs, which have led to support network of associations, cooperatives, galleries, suppliers, and educators. A study of the cluster for the Montana Governor's office¹ led to a number of recommendations that included recognizing recognition as economic development, increasing emphasis on arts and design in education, forming local and international marketing networks, establishing specialized business service centres, and matching artists with manufacturers. As a result, the state selected this cluster for further targeted support and development.*

1. Introduction

The Rise of the Creative Class (Florida, 2002) makes a compelling argument for a new way to define the kind of people that increasingly are associated with growing knowledge-based economies. But creativity can also be used as a defining characteristic of a specific kind of enterprise—those companies and entrepreneurs that take their principal competitive advantage from a distinctive appearance, form, content, or sound that they embed or embody in their products or services and those that sell, supply, or contribute to those same products and services. Taken collectively such enterprises comprise a 'creative enterprise cluster'.

Unfortunately, these creative enterprises are rarely aggregated into a cluster because so many operate as micro-enterprises and as freelancers that are well off the economic developer's data-driven radar screen, omitted from standard industry databases, and therefore unnoticed. In most places, the members of this cluster are impossible to identify using conventional databases. Enterprises with employees that are clearly defined by the design or content of their products or services are given a standard industry classification. For example, graphic designers, architects, interior decorators, advertising agencies, and public relations

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firms all co-exist in the creative enterprise cluster (Scruggs *et al.*, 1999). The cluster also includes companies that produce fashion knitwear, weavings, web sites, garden landscapes, food delicacies, fine furniture, sculptures, books, film scripts, and movie sets. But many of the firms that rely on design and art are subsumed under more general industry classifications. Weavers, for example, may be under textile or apparel companies and fine furniture crafters, may be ‘hidden’ within furniture manufacture.

Identifying firms that are ‘creative enterprises’ requires access to local knowledge and persistence. Some may be listed in state manufacturing directories and others captured by the US Department of Commerce’s Non-Employer Statistics. But a very large proportion of the companies that comprise the cluster are micro-enterprises, individuals, freelancers, and part time (secondary) businesses unrecorded except in the decennial census. Yet collectively they generate significant income in many regions. To find the employers and individuals not counted in national data systems, one has to rely heavily on membership lists of associations and guilds.

A key economic influence of the creative enterprise cluster is that its impact extends beyond the direct and indirect jobs created and revenue generated by the companies within the cluster (Psilos, 2002 NALAO, 1994). One impact is the application of original art, text, and design in products, services, and marketing campaigns of companies in other sectors (e.g., apparel, furniture, lamps, kitchen appliances advertisements) to make them more appealing and distinctive and therefore more competitive. Successful consumer products of any kind often depend on aesthetic design to differentiate them from other products on the market and to justify higher prices. Italy’s Alessi contracts with more than 300 freelance artists to design and manufacture more than 3,000 kitchen products in a high-labour cost region. Its president Alberto Alessi believes that “even in the area of ordinary household products, people require some art and poetry to add to their lives” (*Financial Times*, 2002). Montana’s Artisan Doors and Millwork, located in Kalispell, Montana matches creative woodworkers with artists who specialize in materials such as glass, bronze, and wrought iron designs to create customized heirloom-quality wood doors for homes and businesses. The firm sold more than 1,500 doors last year, and the demand is growing. While governments around the world have agencies to help SMEs ‘make things better’ there is far less attention to help them ‘making better things’.

Another benefit is that areas with pockets of creative enterprises attract educated people, talent-based enterprises, and tourists. According to Richard Florida the nation’s creative centres “are succeeding largely because creative people want to live there”, in places where “all forms of creativity—artistic and cultural, technological and economic—can take root and flourish” (Florida, 2002).

Finally, creative enterprises generate ancillary income to support rural lifestyles. The American farm family has stayed viable by earning off-farm income. In the South, factory work supplemented farm income. In Montana, that supplementary income is more likely to come from arts, crafts, or tourism.

The development of this cluster will most likely be characterized by a thousand flowers blooming, not a few volcanic eruptions. Furthermore, the blooming can occur in a wide variety of places since creativity is found in all types of economies, an asset that can equalize opportunities. Poor artisans in Oaxaca, Mexico who scrape out a living from their folk art, the native artists on Montana’s reservations, and highly educated writers and artists in New York City all contribute to their local economies.

2. A Case in Point: The Creative Enterprise Cluster in the State of Montana

In 2002–2003, Regional Technology Strategies (RTS) conducted a study of industry clusters for the office of the Governor of the state of Montana and in 2004 it is engaged in

implementing its plan (Montana Office of Economic Opportunity, 2003). Montana is a large (fourth in the US) north western state with a population of less than one million people and population density of about six people per square mile. With great distances between population centres and no direct flights to the eastern half of the nation, it is not a convenient place for branch plants to do business. Therefore the state must rely on its creative environment for a competitive advantage. Interview after interview with successful business people revealed choices of location based not on conventional factors of production but on the state's natural amenities, biodiversity, scale and openness to a variety of lifestyles. While all its clusters depend to some extent on creative employees, there is a set of Montana enterprises that fit the definition set out earlier, that take their principal competitive advantage from a distinctive appearance, form, content, or sound embedded or embodied in their products or services. These firms comprise Montana's Creative Enterprise Cluster.

To understand the membership structure of this cluster in the state of Montana, we had to know who was in it. For definitional purposes, we organized the cluster into three tiers.² The first tier consists of individuals and freelancers who mainly work alone or, occasionally, with apprentices or family members. These are the artists, crafters, writers, actors, poets, designers, and composers who typically produce one thing at a time. Montana is home, for example, to some 1,600 visual artists. Some members of this tier ultimately turn their output into commercial products. For example, books are printed and sold by publishers and distributors, art may be converted to lithographs and posters by printers and sold in bookshops as well as galleries, and some sculptures are cast and reproduced in quantity by foundries. These small independent entrepreneurs comprise a very small but important core of the cluster, with many valuing recognition and lifestyle over commercial pursuits.

The second tier of the cluster consists of the artisan-entrepreneurs and small to mid-sized firms that can meet a larger market demand. These companies may be family enterprises, non-profits, or for-profit corporations. They include potteries that design and then use production processes to replicate their designs in large numbers of functional pieces; production weavers; photographers who produce multiple copies; a small—but potentially large—movie industry; companies that manufacture high-end furniture or home accessories; and theatre troupes. This tier also includes larger enterprises that are able to incorporate art into products that can be manufactured and into services that reach mass markets.

The third tier consists of the specialized service companies and freelancers that design, deliver, and produce creative content in various forms. It includes graphic designers, advertising and public relations firms, film and video companies, multimedia companies, decorators, building and landscape architects, web designers, periodical and news publishers, and advertising agencies. These companies provide the artistic and creative content—and thereby competitive advantage—to a large number of more conventional clusters such as construction, furniture, consumer appliances, electronic products, and apparel.

The three tiers of individuals and enterprises that rely on creative talents depend on support service enterprises, suppliers, market outlets, educational institutions, and associational structures (Figure 1).

- *Support service* enterprises include talent agencies, accounting and law firms that handle the business side of small enterprises, network administrators that provide technical support, bookbinders, packagers, and studios that help turn concepts into products. Care must be taken to avoid overestimating the scale of this tier by relying on industry codes. For example, only ten of the state's foundries specialize in reproducing art.
- *Supply chain* firms includes companies that provide the materials that are used in the cluster, such as silicon, clay, pigments, metals, wood, wool, precious gems, crews for film industries, and those companies that make the equipment and technologies, such as kilns, presses,

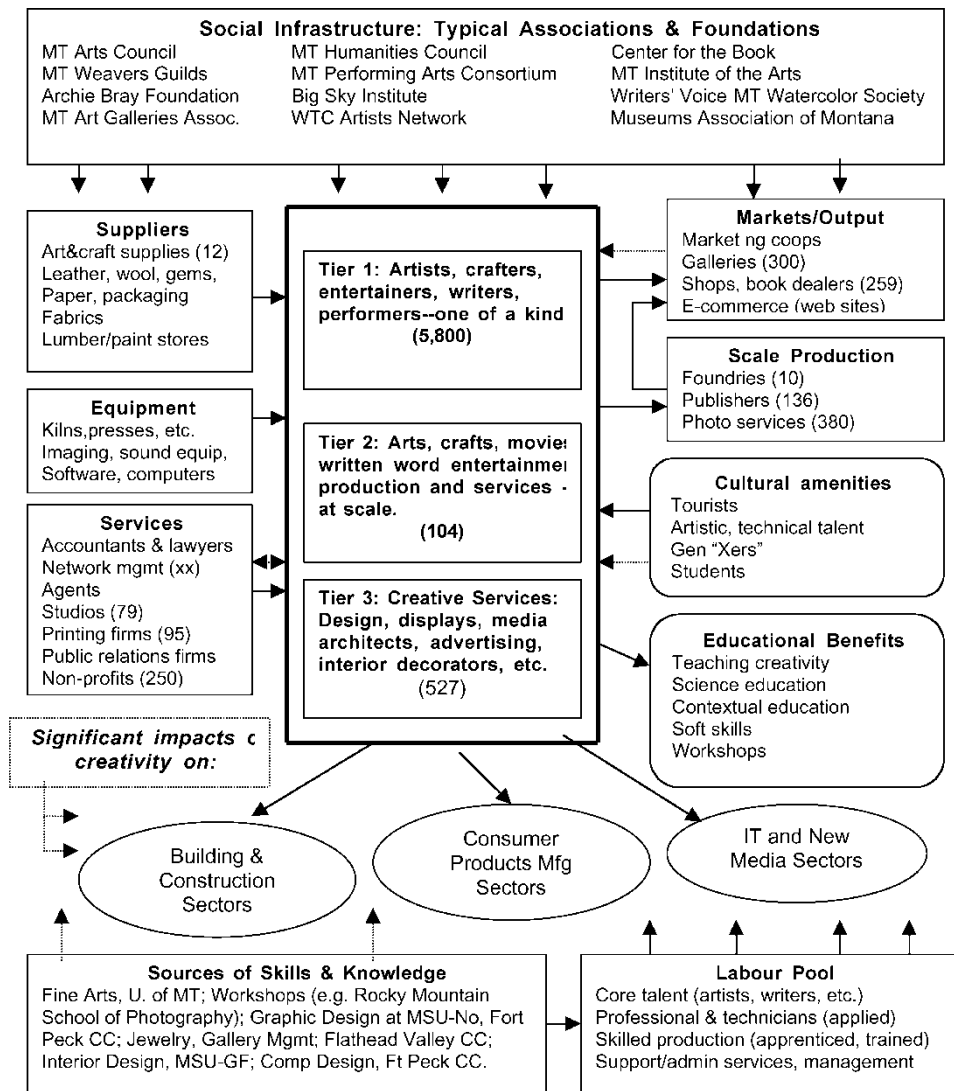


Figure 1. Montana Creative Enterprise Cluster

sound systems, cameras, optical and imaging equipment, specialized software, and computers.

- *Market outlets* are enterprises that add value to the final sale, such as galleries, exporters, publishers, shops, web designers, e-commerce support companies, and dealers that wholesale and retail the goods and services. These enterprises also support and are bolstered by the tourism and culture cluster.
- *Human resources* are developed by high schools, colleges, and universities, and non-profits that offer programmes of study, short refresher courses, workshops, and lectures related to arts, crafts, and entertainment, and also related to support industries such as printing and publishing, advertising, design, and graphic arts.
- The *associational infrastructure* provides social capital, information, ideas, and scale efficiencies. Many of the specialties within the cluster have their own non-profit organizations and networks, such as the weavers' guilds, writers' centres, performing arts consortium, and art

galleries' association. In addition, there are smaller regional networks of talented people with common interests.

Measuring the scale of this cluster proved to be a difficult task that does not lend itself to typical cluster analyses. First, it is heavily dominated by micro-enterprises that are not part of the US establishment data systems. In many key sub-sectors, the proportion of people employed in Montana in 'companies without employees' is a large fraction of the total—48 percent of design services, 44 percent of galleries and museums, 42 percent of advertising, 21 percent of architects, and 100 percent of artists and writers. In a few sectors, those earning a living are not even classified as a company without employees. Among artists and writers, 60 percent are not formally classified in any establishment data system. Also omitted are those people who earn supplemental income that allows their primary business to succeed. That includes the more than 700 ranches and farms in Montana that offer home stays, ranch weekend vacations, and hunting or fishing tours and those that derive income from weaving or other crafts. Further, US data systems cannot distinguish manufacturers that might use art or design as their competitive advantage from others. We used information from a variety of sources to estimate the scale of the cluster.

To arrive at a reasonable estimate of the total establishments, self-employed, and employees, we combined data from the 2001 County Business Patterns, 2000 Non-employer Statistics from the US Census Bureau, 2002 Montana Manufacturers Directory, and information collected from reports from agencies and non-profits within the state. Standard data in almost all instances have been found to undercount the number of enterprises in a given industry classification, and the smaller the size of the enterprise the more likely it is to be missed. The number of artists, writers, and performers, for example, was 34 in the County Business Patterns, 1,970 in the 2000 Census of Non-employer Statistics, and 5,835 in a list compiled by the Montana Arts Council.

Using what we believe are conservative figures, the creative enterprise cluster (Table 1) accounts for more than four percent of the state's establishments with employees, more than five percent of all establishments, and about five percent of the state's workforce. The latter figure seems to be quite consistent with studies in other regions and nations (Hong Kong, 2003). The location quotient is above the national average for employees and slightly below for all establishments. In certain regions, however, and for certain parts of the cluster, relative concentrations are high. The location quotient for independent artists, for example, is 1.8 both the west and southwest.

3. The Geography of Montana's Creative Enterprises

Montana is too large a state to consider its boundaries a single cluster, although it is true that distances are less of a barrier than in congested areas. Pockets of creative enterprises have grown in and around a few cities such as Missoula, Bozeman, Kalispell, Livingston and Billings. Individual artists, crafters, and writers may have been drawn to these cities by nearby universities, art schools, or professional workshops. The creative writers programme at the University of Montana-Missoula, Rocky Mountain School of Photography, and ceramic residency workshops of the Archie Bray Foundation attract people to the state who may stay or return. But others—especially those whose work is inspired by the scenic beauty of the forests, mountains, lakes, rivers, waterfalls, and other wilderness areas—can live almost anywhere they wish. "Montanans have thought nothing of driving hundreds of miles for a high school football game or a social occasion, a practice untrammelled by the transition from days of cheap gasoline prices." (Peirce & Jerry Hagstrom, 1983).

Once a concentration of preeminent people in any creative field forms and attracts

Table 1.2 Estimated establishments, employees, and individuals Creative Enterprise Cluster

NAICS	Type	Firms w/Employees	Firms w/o Employees	Total Workforce
32311	printing	95	20	420
3366	bronze castings	10	–	120
3231	art glass	7	–	13
3269	pottery	17	–	127
3911	jewellery, metals	26	–	262
316	boots & saddles	17	82	235
3993	signs, advertising	95	–	368
45121	book stores	57	87	626
45322	gift stores	202	292	1,262
45392	art dealers	52	91	198
5111	publishers	136	–	2,264
512	movies, sound	79	112	789
5414	design services	68	331	691
54131	architects	98	157	735
54132	landscape arc	27	68	203
5418	advertising	104	262	1,041
54192	photo services	61	319	502
7111	performing arts	7	52	80
7115	artists, writers	–	5,835	5,835
	non-profit arts	88	–	2,475
	TOTAL	1,273	7,718	18,471
	State Total	31,849	70,243	366,463
	Percent of State	4.00	10.92	5.03

Sources: 2001 County Business Patterns, 2000 Non-employer Statistics from the US Census Bureau, 2002 Montana Manufacturers Directory, Montana Associations and Councils.

attention from the national media, it draws others. When it becomes known, it attracts talent-based companies that want to locate in or near a community of creative people, talented students, and tourists who become potential customers. While Montana's visual artists tend to be located in the western third of the state along the continental divide, writers gravitate to Livingston and Missoula, and concentrations of artists and crafts people work in Billings and in many of the smaller mid-state towns. Bigfork, with a population of 3,500, has eleven artists' studios/galleries, seven art galleries, two theatres, and two bookstores.

Art also flourishes on the reservations in products that are part of the cultural heritage of the tribes, as cottage industries, and in historically accurate clothing and household products. A number of Montana Indian artists are internationally known in their fields. Each of the tribes builds on its traditions to make products that are sold to tourists and contribute to their economies. Most businesses, however, are family run and, as their children pursue educational paths that lead to careers off the reservations, owners pass on their skills to apprentices.

4. Benchmarking the Cluster

Because this cluster is defined by the creative content of products and services, its strengths and weaknesses are atypical. For example its labour force depends on very creative people, some of whom may be unsuited for a more conventional workplace. Its distribution channels are directed to customers who value the aesthetics of a product as well as functionality. The profile we developed for Montana includes not only the core creative firms but on the supply

chains and support institutions. It relies heavily on local knowledge to supplement conventional databases.

4.1 Skills and labour

The cluster relies heavily on people with creative minds and highly developed talents. Even though formal credentials are less important to success in this cluster than experience and demonstrated abilities, many people look to higher education as a way to find out if they have the talent to succeed, to further hone their skills, or in those parts of the cluster where it does matter, to earn credentials. Montana institutions of higher education have a few programmes that prepare people for careers based on art or design but include very little if anything in the arts that could enhance other fields such as engineering. One of the best-known programmes—film/video at Montana State University—enrolled approximately 600 students in 2003, about 55 percent from out of state. Because many of the programme's faculty are producers themselves, their movies, documentaries, and television shows contribute significantly to the state's economy. Some Montanans acquire knowledge and skill through courses offered as options. The tribal college Salish Kootenai offers its students three-credit courses in sculpture, star quilt making, beginning and intermediate silversmithing, ceramics, art and design, welded metal sculpture, water colour, printmaking, and painting.

But a large proportion of creative and innovative people lack any degrees in art or design. Tacit knowledge is highly valued, and people of all ages and backgrounds come to Montana to observe, converse with, and work with artists and artisans and try to absorb some of the knowledge they carry in their heads that is never recorded. Informal learning occurs in apprenticeships, residencies, workshops, seminar series, or summer institutes. The Rocky Mountain School of Photography has workshops across the state; the Archie Bray Foundation conducts ceramics residencies, workshops, and classes; and the Missoula Dance Academy organizes workshops.

4.2 Relationships and social capital

Networking and informal learning are very important to creative people and enterprises who have to keep up with fashions and trends, market opportunities, and new techniques and technologies. To do this, they depend on networks, associations, guilds, friends, and acquaintances. Members of the cluster are linked together by personal relationships that exist among the individuals, entrepreneurs, and managers of firms that produce the art; with the public relations firms, agencies, publishers, and galleries that handle their products; and with customers who value and purchase their goods and services.

The fact that this cluster is dominated by people who work alone or in very small enterprises may contribute to a strong culture of association and collective activities. Despite the perception that artists are 'loners', nearly all those interviewed mentioned the value of companionship, opportunities for exchange of ideas, and a need for recognition by friends and peers. Just as the social capital of many high tech clusters is not association among companies but association among engineers, or human resource managers, or purchasing agents, symphonies, weavers, potters, and web designers have their own networks and organizations.

To facilitate relationships, the creative enterprise cluster is represented by a wide range of non-profit associations that serve various interests (Table 6). The non-profit arts sector in particular represents both a highly valued social infrastructure as well as important sources of employment and income. An economic survey of 137 Montana non-profit arts institutions conducted in 2003 found that they had an economic impact of \$85 million, generated \$36

Table 2.2 Illustrative Membership Associations for Creative Enterprises

Association	Location	Members	Services
Montana Association of Weavers' & Spinners	Butte	9 affiliates	Conferences, workshops, lectures, juried shows, map of weavers
Missoula Quilters Guild	Great Falls	150	Bi-annual shows, networking, children's projects
Montana Art Gallery Directors' Association	Great Falls	n/a	Organizes tours, disseminates technical information, procures public and financial support
Montana Watercolor Society	Havre	200	Organizes shows, workshops, develops presentations, newsletter, annual meeting
Montana China Painting Art Association	Helena	100	Professional development and annual show
Montana Dance Arts Association	Bozeman	80 + 350 students	Workshops, scholarships, communications, travel stipends

Source: Web sites, brochures, Montana Council on the Arts.

million in payroll income, and served 260,000 out-of-state visitors (Montana Arts Council, 2003).

4.3 Suppliers and services

For the majority of firms, access to suppliers and equipment manufacturers is handy but not a significant advantage. Close access to knowledgeable supply and equipment distributors and to support services is far more important than proximity to the companies that actually manufacture the supplies or equipment—with a relatively small number of exceptions. Landscape architects, for example, benefit from access to plants that can be examined and selected, manufacturers of niche consumer products benefit from the proximity of key suppliers, and interior decorators often prefer goods made locally by artisans that clients can meet. The film and video industry needs access to full production crews and specialists from riggers to stuntmen and the equipment needed by any company shooting in the state. South western Montana is a rich supplier of clay for ceramic companies and potters across the nation, and proximity to such a heavy material may create some advantage. The Archie Bray Foundation sells clay bodies, glazes, and other ceramic supplies and materials, advises ceramic artists on equipment investments, and sells and services the equipment. Associations and non-profits are major players in this cluster, providing not just a collective voice but offering a wide array of services (Table 3).

4.4 Marketing and delivering products and services

Marketing outside of the region is generally difficult for individual artists, writers, and crafts people, many of whom lack business acumen and interests. They tend to rely on intermediaries—galleries, shops, agents, cooperatives, guilds, associations, publishers, advertisers, and state promotional efforts to find customers. The Emerson Center for the Arts and Culture in Bozeman and the Carbon County Arts Guild and Depot Gallery are studios/businesses/galleries that aggregate products and services and therefore attract potential customers. Muddy Creek Artisans brings 17 creative heritage artisans together to learn about skills like packaging, customer relations, marketing, and business projections, and to set quality standards and sell

Table 3.2 Selected Service Organizations

Association	Location	Staff	Services
Montana Association of Symphony Orchestras	Bozeman	Part-time	Conferences, networking, sharing resources
Muddy Creek Artisans	Vaughn	1	Marketing, setting quality standards, education, preserving artisan skills, business skills.
Archie Bray Foundation	Helena	8	Workshops, residencies, community classes, shows, source of supplies, equipment, technical support
Montana Writers' Voice	Billings	1	Workshops, classes, readings, rural arts education programmes, assists new artists
Montana Film Center	Livingston	Volunteer	Creates awareness of & promotes industry, advises, informs individuals in the industry, organizes conferences
Montana Arts Council	Helena	9	Promotes art and culture, awards grants, technical assistance, strategic planning, research
Montana Arts Foundation	Bozeman	2	Strategic planning, budgeting, bookkeeping, conferences, grant writing, IT, marketing
Montana Performing Arts Consortium	Bozeman	Part-Time	Supports arts in small communities, annual conf., block booking, some grants

Source: Web sites, brochures, Montana Council on the Arts

their work. The Paradise Valley Arts Association promotes the 35 to 40 artists in and around Emigrant.

4.5 Technology and innovation

Innovation lies at the core of this cluster and represents its strongest competitive advantage. Technology and the creative arts are increasingly intertwined through computer-based design, drafting, and graphic arts programs; filming, digital photography, art, and music; optics and imaging; and web-based marketing. Many of the technologies are products of the information technology sectors and are used as they become commercially available. Those firms that incorporate art into products and creative content into services also may use industrial and information technologies, but generally access to experts within the supply chains is sufficient to keep abreast of new market technologies. Technologies associated with handicrafts often are developed by an individual and informally shared with associates.

4.6 Entrepreneurship and capital

The creative enterprise cluster is made up largely of entrepreneurs. The innovator or person with creative and artistic talent flourishes in an independent work environment and often does not fit easily into the traditional corporate structure. Further, capital needs to start many of the enterprises based on art and design are relatively low. Those who want to move to scale production may need equipment and technology but, unable to promise rapid growth and

because the value of the products are based on market tastes, not needs, they have trouble attracting even low amounts of capital.

4.7 Equity and opportunity

Creativity is a characteristic that is indistinguishable by class, race or gender. While it may be more likely to benefit those with the resources to support themselves as they develop their skills, talent is found in all cultures, places, and populations, even in low – income regions—musicians in the Mississippi Delta, woodworkers in the back woods of Appalachia, and weavers and jewellers on Native American reservations. Engaging youth in the arts via this cluster also has been shown to raise their educational aspirations and levels of attainment—especially in rural communities and on reservations. The Writers Voice of Billings, for example, has special programs that go out into the schools and get rural and Native American students interested in reading, writing, and creativity.

5. Challenges and Opportunities

Montana has two assets that have attracted the relatively large numbers of talented people that comprise this cluster. The first is a combination of the state's biodiversity and low population density coupled with its western history, independent lifestyle, and cultural amenities. These characteristics have led to enclaves of creativity, especially around universities and vacation areas because talent attracts talent. But as the enclaves grow they also tend to spread gradually into smaller cities and towns across the state. The second asset is the homegrown talented residents of rural areas and reservations who have honed their skills over long periods of rural self-sufficiency and are now turning those skills into commercial endeavours—as knitters, weavers, woodworkers, canners and potters.

The cluster, given its intrinsic value and potential impacts on other clusters, has not yet reached its full potential. Perhaps because it is so dominated by entrepreneurs and micro-enterprises, it lacks the recognition of the new technology-based clusters as a job and wealth generator and is rarely ranked on lists of regional economic development priorities except as it affects tourism. The legislature's appropriation in 2003 for state arts agencies in Montana on a per capita basis ranks 47th in the nation. The film industry, despite some outstanding and well-connected talent, support crews, and an outstanding university programme, has not been able to compete with states and countries that offer tax incentives or subsidies to major production companies.

The state's universities have some good programmes in the creative arts, but below the university level support is weak and not commensurate with its potential impacts on the economy. Creative enterprises lack sufficient outlets for marketing, especially outside of the US. Moreover, because much of the attractiveness of the state as a place to live and work and as a creative environment is the scale of life and access to natural diversity and beauty, the growth among artists could be slowed by significant change in the state's ecology and population.

This cluster offers three very important opportunities for the State that go beyond the growth of the cluster itself.

1. The chance to transfer the creative art to products in other industries. Industrial design is an undervalued asset in the US, and Montana has a chance to take advantage of it.
2. An amenity that draws technology-dependent firms and potential entrepreneurs. People in many growth industries have told us that they choose to do business in Montana because of its amenities, not the conventional factors of production.

Table 4.2 Cluster Competitiveness Factors

Factor	Comments
Skills and labour	The level of talent is very high and the state has the amenities to attract more talent. Informal sources of training are excellent and university programmes good.
Relationships and social capital	Most companies are part of some formal association and networking is the norm. But both are problematic for many isolated communities.
Suppliers and services	Most supplies are plentiful via regional distribution channels but original manufacturers are almost all out of state. Specialized services are plentiful, often from non-profits.
Marketing and transportation	Limited support, most not well connected outside of state, depend on individual random contacts.
Technology and innovation	Ideas flow easily and this cluster is nationally known for its innovations and advanced techniques.
Entrepreneurship	Low start-up costs but little support, entrepreneurial education is weak
Equity and opportunity	No educational barriers, talent exists independent of race or class, or gender.

3. The chance to use local art to establish Montana as a recognized brand name for products, which the state is already doing but could emphasize even more.

The information provided in the previous section leads to the identification of relative strength shown in Table 4. The cluster rates high on its talent, social infrastructure, innovativeness, and equality of opportunity. It rates low marks in its location of companies along supply chains, entrepreneurial energy (mainly for growth enterprises), access to markets, and ease of transportation, particularly of people.

6. Suggested Actions

The following recommendations were aimed at establishing Montana as a prime location for businesses that rely on art, design, and creativity in appearance, form, sound, or word.

1. **The Montana Department of Commerce should treat creative enterprises as an area for potential growth.** Creativity is a primary competitive advantage of many Montana companies in other clusters as well as the core of a cluster itself.
2. **Increase emphasis on art and design in the high school and college programmes, offer concentrations in design for talented students, and investigate the possibility of establishing a full scale design centre at one college and one university site in the state.** The aesthetics of design are vastly underappreciated in most American industries. One way to change that is to integrate art, creativity, and design into the educational system. Selected colleges in different parts of the state should be designated as ‘Design Colleges’.
3. **Offer incentives to people who have demonstrated creative talents with potential for producing goods or attracting tourists and entrepreneurs and who choose to live in less prosperous parts of state.** The state ought to use incentives to recruit talented university faculty members, professionals, researchers, small and mid-sized companies, teleworkers, and independent contractors who will be able to expand the economy, blend into it, and enhance the creative impulse—particularly important for the eastern half of the state, which is losing population and jobs.
4. **Establish cluster one-stop resource centres with outreach offices in distant**

- parts of the state to provide missing services, develop a single point of contact for information, and point individuals to existing resources and associations.** One-stop centres would provide technical assistance and information at low costs, matches artists with possible customer companies, and aggregates needs would enable artisan firms to expand their markets. These centres should have a specific focus on all creative enterprises and be staffed by people who understand the arts.
5. **Organize special workshops bringing together artists and writers interested in commercial applications, companies that make final products, and associations and form an ad hoc task force to more effectively integrate art and industry.** Although some Montana artists and writers provide product and content to manufacturers and services, there ought to be individuals who are continually looking for opportunities and guiding Montana companies to people who can make their products and services more attractive, unique, and therefore more competitive.
 6. **Promote Montana's galleries, studios, and workshops as tourist destinations.** The attraction of arts and crafts ought to be merged with cultural heritage and nature to motivate more tourism and provide opportunities and encouragement for tourists to purchase goods.
 7. **Offer tax and other financial incentives for small and creative enterprises to attract talented people, encourage innovations in existing micro-enterprises, and promote the state as a site for the movie, television, and commercial film industry.** Montana, because of its scenery, small cities, and support services (crews) has a chance to develop into a major site for the film industry. This would both create jobs and also go a long way toward making Montana better known in other parts of the world as a place to work, live and visit.
 8. **Promote and support classes and workshops in creative arts operated by non-profits and intermediaries and make them eligible for state workforce development and training funds.** Educational programmes taught by expert artists and artisans attract people who spend money in the state, return, and spread the word about the state's creative environment. The state ought to provide support for programmes that attract resident artists and artisans and pass on the creative skills of Montana.
 9. **Through the cluster one-stop centres, assist artisan networks to establish partnering relationships with peer groups in other countries that lead to shared marketing activities.** Innovation and creativity require stimuli; and connections to different cultures and experiences can catalyze creativity and new production techniques and help locate new markets. The state could begin by transforming existing sister city relationships to regional economic partnerships and defining collaborative activities.

6.1 Implementation, 2004

The creative enterprise cluster, along with wood and furniture, was selected by the Montana Governor's Office for pilot programmes to further develop and implement an economic development orientation toward clusters. The state's first step was to bring together a cluster leadership council composed of representatives of various strata of the cluster to select priorities for advancing the cluster. The Montana Arts Council took the lead in organizing that meeting and, with support from the state, hired a Director of the Creative Enterprise Cluster—a person with a strong marketing background. The leadership group selected as its initial goals (1) conducting an economic impact study (in part to justify future requests for public sector funds); (2) planning for a Montana wholesale marketing efforts for traditional art, artisan crafts, Indian art; (3) developing new entrepreneurial programs for creative businesses

at the College of Technology-Great Falls; (4) strengthening marketing support; (5) bundling creative enterprises with cultural tourism (as the Havre area has done with its Harvest Trail that maps the artists and craftspeople), and (6) creating an web based communication system for members of the cluster.

7. Conclusions: Creativity as a Basis of Clustering

Creativity may be an unconventional definition of a cluster because, like technology, it can be found in any sector of the economy. Yet there are some firms in which creativity and originality are the primary characteristic of what they produce. Because Montana is such a large and diverse state, these firms classified as creative taken together constitute a cluster only in the broadest sense of the term. The externalities come from the state's recognition of the cluster and willingness to provide targeted resources and services. Even though various subsets (i.e., sub-clusters) of creative enterprises such as writers, visual artists, weavers, web designers, and architects have their own individual networks, language, and support systems, there are sufficient common interests and needs that cut across a region's creative enterprises to justify labelling them collectively a cluster, even though they may be loosely coupled. Within this cluster in Montana, we found that a large majority of the companies and individuals:

- depend on an educational process that promotes and rewards creativity
- need access to more credential or degree programmes
- lack the business and entrepreneurial skills and/or business assistance needed to prosper and, in some instances, grow
- make little use of (but need) public sector services
- require special marketing strategies to reach the kinds of customers that value art and creativity
- have insufficient opportunity to connect with peers, innovators, and customers outside of the state and need help in making connections

At the same time, companies in this cluster will benefit even more from the tighter independencies and relationships that exist in geographic and work areas where face to face interaction and networking is easier and interests are more closely aligned.

This cluster plays an important enabling role for regional economic development by bestowing competitive advantages on a region as a result of (a) the potential new markets when embodied in the products or services of other clusters, (b) its value as a cultural amenity in attracting educated and talented residents and tourists, and (c) its contributions to public education, which have been shown to produce better outcomes.

Notes

1. This project was conducted for the Montana Governor's Office of Economic Opportunity in 2002-2004.
2. The cluster definition used in this case study limits its core membership to industries that add value to their regions and may leave out some personal service industries that rely on art and originality.

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