



Craft & Enterprise

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Craft & Enterprise Briefing Note

The UK government is planning – and starting to implement - an ambitious raft of new policies and investment and education programmes, designed to support small business growth and enterprise.

In this briefing note, we explore craft makers' potential contribution to this emerging agenda, as self-reliant, resilient businesses whose work also enables growth in other sectors. In addition, we investigate how craft businesses could – with the right support and brokerage - help to make a success of these new investment and education programmes.

Craft as Enterprise:

Craft is the most entrepreneurial of all the creative industries sectors: 88% of all makers set up their own businesses and a further 6% work in business partnerships.⁽¹⁾ Self-employment is almost three times more common amongst makers than across the creative industries as a whole,⁽²⁾ and is over six times more common than in the overall UK working population.⁽³⁾

Makers' businesses contribute £220m per annum to the UK economy, in terms of Gross Value Added (GVA)⁽¹⁾. Their £457m turnover is comparable with the £512m turnover from West End theatres and £316m from music downloads.⁽¹⁾ Most makers' businesses are self-sufficient: in 2006, only 4% had accessed any form of public sector funding.⁽⁴⁾ Most can be considered highly resilient, with the average business age of makers surveyed in 2011 being 16 years ⁽¹⁾.

For many makers, there is a strong synergy between business strategy and creative direction: new products and services are developed not only to generate income, but also in pursuit of creative fulfilment.

This dynamic between creative and business growth aspiration may account in part for the tenacity evident

amongst craft graduates going into business. Research shows that nearly 40% work freelance in the early years of their careers, moving location or working flexibly as required whilst bringing new ideas to market (5). In addition, three-quarters continue developing their professional skills in the years following graduation, by undertaking training, mentoring or formal study (5).

Leveraging Growth:

Research shows that many makers lever strong growth in other sectors, adopting 'portfolio careers' that include consultancy and other work in a range of industries, as well as more conventional making. Crafts Council research shows almost three-quarters of all makers working in this way, adding value to sectors including film and television, architecture, and retail, interior and product design (6).

In many cases, this work has produced scalable innovations, capable of significant growth.

For example:

- 'Intelligent textiles' developed by [Philippa Brock](#) weave sensors and wireless communication fibres together into new types of fabric, with potential uses in the high performance clothing and biomimetic architecture fields as well as in the fashion industries (7).
- [Resilica](#)®, the waste glass/ resin composite building material developed by Jim Roddis and Gary Nicholson has been adopted by architects, interior designers and artists, being used in the national Pitcher & Piano and Costa Coffee chains as well as by Thomas Heatherwick in Newcastle's [Blue Carpet](#).
- The haptic sketchbook software [Cloud 9](#), developed by metalworker Ann Marie Shillito, allows computer users to 'feel' materials – their resistance and the way they respond to touch – whilst working through a computer interface. This creates new opportunities for makers to independently prototype and market-test new products, particularly when used in connection with remote 3D printing services such as Shapeways and Ponoko, and with market testing services such as Ulule and Kickstarter.
- The Augmented Reality retail company [Holition](#), developed by jeweller Lynne Murray, supplies branded, digital 'try it on' technology solutions to luxury goods clients including IBM, Triumph Essence and BMW.

In the manufacturing industries, there is an established tradition of collaboration with craft makers that has – over the years – produced design and technical innovations for companies ranging from Dartington Crystal to Solaglas. Continuing this tradition in the digital age, makers are increasingly working with rapid prototyping, digital cutting and distributed manufacturing systems, stretching the capabilities of these new technologies and finding new ways of connecting them with consumers.

Metalworker [Trish Woods](#)' work with pewterware manufacturers, for example, is creating new colours and surface finishes designed to extend market potential (8), whilst glass maker [Dr Vanessa Cutler's](#) work with water-jet cutting companies has expanded the technical capabilities of an entire industry sector. Ceramicist [Michael Eden](#) has collaborated on the production of a non-fired ceramic coating for rapid prototyped plaster and gypsum, whilst [Tavs Jorgensen's](#) work with data capture has uncovered new ways of using digital manufacturing technologies to translate movement patterns into solid form.

While these examples are technology-focused, many others demonstrate makers helping manufacturing companies in the acquisition of new design and innovation skills. Research has shown how, by working side-by-side with skilled factory workers, makers can support companies' transformation from commodity producers to knowledge-based companies trading on creativity and problem-solving capabilities (9).

Diversification:

Craft seems to offer significant routes into enterprise for people who have not traditionally been well represented in the business community. In particular, craft offers strong opportunities for women to work as creative entrepreneurs: research shows that whilst, in general men are almost twice as likely as women to start a business, in craft the percentage of female entrepreneurs is close to 70% (1).

Other research finds a high degree of social mobility amongst craft graduates, who often report being the first member of their family to go to university.(5) Significantly, there is no apparent difference in the career success or satisfaction of these craft graduates up to seven years after graduation when compared with those from more privileged backgrounds.(5) See our research briefing on [Craft & Wellbeing](#) for more on the role of craft in creating access to satisfying work.

Growth Opportunities and Challenges:

Makers are working in a domestic market threatened by import competition and economic downturn. Research predicts that future growth in the UK craft market will become concentrated at its higher value end and that originality, aesthetic value, skills and knowledge will become increasingly important sources of competitive advantage (10).

Within this increasingly complex marketplace, specific growth opportunities identified by research include:

Digital manufacturing: Distributed manufacturing and digital printing, cutting and finishing services offer potential new business models and growth strategies. For example, makers can choose to offer customisation options and/or to expand scales of production by sourcing mass or batch-produced components of a consistent quality. Additive manufacturing/ 3D printing technologies offer further innovation and growth potential, and using craft skills and sensibilities to extend the capabilities of these technologies benefits both manufacturers and makers. Makers need the opportunity to experiment with this equipment, however, if they are to harness its innovation and growth potential; and – despite the emergence of [Fab Labs](#) and a small number of [university-based facilities](#) - this kind of access remains a challenge.

Online sales: Online sales offer another promising growth strategy for makers. Well-known craft retail sites such as Etsy have challenged the perception that buyers need to see and touch a craft object before purchase, and – partly as a consequence - the percentage of makers selling online has more than doubled since 2004. Nonetheless, there is still growth potential in this field. In particular, research suggests that the narratives behind craft objects have become increasingly appealing to buyers, whilst websites with a facility for customer reviews can provide the peer endorsement sought by first-time craft purchasers.(10) These digital tools remain under-utilised in bringing UK craft to a global market with two-thirds of makers yet to begin to sell online,(1) and online tools and content strategies remaining under-exploited.

Export: Online selling has created a global export market that, according to research, may offer stronger growth opportunity for makers than UK domestic sales.(1) The BRIC countries and the UAE are seen as being particularly crucial emerging markets for UK craft. Whilst exporting makers currently generate an average of 20% of their business revenues from international sales, only around 30% of UK makers currently export (1) Wide disparities in export rates across the UK (1) suggest that there is significant latent growth potential in this area: again, there is a strong need for makers to be inspired and supported in identifying and engaging with export opportunities.

Growth Solutions:

As sole traders, often working from home and with relatively little available working capital (more than half of makers report making less than £5,000 net profit a year),⁽¹⁾ makers face particular barriers to engagement with the type of opportunity outlined above. Specific questions include:

How can access to finance be improved for creative sole traders including craft makers? Because they lack financial backing, sole traders can find it difficult to access bank loans and other sources of private finance. Sub-contracting rather than employing others – and operating from home rather than from dedicated business premises – can further raise perceived risk for lenders, as does the relatively slow growth trajectory typical of many creative businesses in their early years.

Improving access to finance would significantly increase makers' capacity to invest in the equipment, training and R&D that creates growth. In fact, craft businesses already have a track record in making the most of financial investment. Loans issued to makers at the Cockpit Arts business incubator in London, in 2007 and 2008, increased their turnover by up to 600% over a two-year period, and their profit by an average of 185%.⁽¹¹⁾ [Evaluation](#) of the scheme found that loan recipients reported bigger improvements in overall financial performance than other Cockpit Arts members, who used incubation facilities and / or mentoring services without taking loan finance. The success has enabled Cockpit to find funding partners for a new scheme, launched recently.

How can schemes designed to support SME growth be made accessible to sole traders? Certain funding opportunities and tax credits designed to encourage growth are not open to sole traders. For example, R&D tax credits – designed to catalyse innovation amongst small and medium enterprises (SMEs) – exclude sole traders as they are only available to companies liable for Corporation Tax. Business rate relief, meanwhile, is not available to the 21% of makers who work informally from home. Other schemes, such as the Regional Growth Fund and apprenticeship schemes, are open to consortia of SMEs – including micro-enterprises - but require a level of investment in management and co-ordination time that most sole traders are unable to commit.

How can the successes of Higher Education/ business partnerships be built on, in a time of reduced funding? Knowledge transfer programmes and other academic partnerships produce innovation by enabling makers to work collaboratively with other specialists: many of the examples above – including Holition, Resilica and Cloud 9 – began in this way. Higher Education Institutions (HEIs) build still further on their resident academic expertise through their capacity to invest in specialist equipment and facilities and to broker funding for cross-sector academic partnerships and knowledge transfer programmes. Funding and income reductions threaten this vital work. In this climate, it is crucial that proposed strategies for business/ university collaboration – such as the growth in sandwich courses and university-sponsored internships envisaged by the recent Wilson review – are designed to engage students from across the academic spectrum.

How can craft businesses be encouraged to take part in growth schemes whose success they can contribute to? The examples above demonstrate the type of contribution makers could make to the success of manufacturing and technology sector innovation and growth schemes, such as the [Make it in Great Britain Challenge](#), the relaunched [Manufacturing Advisory Service](#) and the new [Catapult](#) innovation centres. At the same time, the craft sector's latent export potential suggests a strong fit with export support schemes for small businesses, including the [Department of Business, Innovation and Skills'](#) business mentoring for companies moving into new markets, and [UK Trade & Investment's](#) online peer-to-peer self-help community for exporters. The challenge here lies in raising awareness amongst makers who are often not engaged with business networks or trade associations: while it is relatively easy to 'get the message out', many makers may still assume these schemes are 'not for them'.

Addressing these questions will be crucial, if craft is to fulfil its potential contribution to the UK growth agenda.

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- 4) McCauley and Finnis (2004): [Making it in the 21st Century](#), Crafts Council
- 5) Hunt, Ball and Pollard (2010): [Crafting Futures: A study of the early careers of crafts graduates from UK higher education institutions](#), Institute for Employment Studies / Crafts Council.
- 6) Schwarz and Yair (2010): [Making Value: Craft & the economic and social value of making](#), Crafts Council.
- 7) Randell, Anderson et al (2004): [The Sensor Sleeve: Sensing affective gestures](#).
- 8) Woods (2008): [Collaborative Practices: The alliance of craft, science and industry through practice based research into the colouration of pewter](#).
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- 11) Cockpit Arts (2010): [Raising the Bar](#).