

FORWARD CHARLESTON



Targeted Economic Development and Marketing Strategy

Creative Industries Cluster Analysis

April 2005

Target Industry 4: Creative

Industry Overview

The creative industry cluster is a compilation of industry sectors that utilize creatively skilled talent. Businesses in these industries tend to cluster together not because of supplier advantages or value chain synergies. Rather, these firms choose locations that will provide a high quality of life and an environment in which creatively-minded individuals can flourish.

Considering that, the ultimate "target" is not necessarily the creative industries, but rather the people that constitute those industries. Charleston provides the ideal setting in which to draw these individuals. Charleston is also home to an established cluster of creative businesses in the arts, architecture and historic preservation. Coupling these traditional industries the region's emerging businesses in software and information technology presents the opportunity for a new, strictly Charleston cluster to be built.

AngelouEconomics recommends targeted initiatives to build this cluster in two areas:

- **Community Planning & Urban Design**
- **Digital Design and Film**

Community Planning & Urban Design is a niche sector that would bring together architecture, technology, design, and urban planning to address issues and create solutions in historical preservation and smart community planning. The Charleston region can be used first as a testing ground and showcase for developing methods to combat blight and urban sprawl. The process would involve different groups from architecture and engineering, academia, urban planning, and the technology sector. Although initially the focus would be local, after expertise is developed, companies involved in the process could transfer their technology and expertise to other regions in the U.S. and the world.

Digital Design and Film is the complex combination of computers, visual media, and the art world. This target is largely driven by the skills of the workforce. The workforce is largely mobile and usually is attracted to an emerging cluster in their desired area of expertise. With both artistic and commercial appeal, occupations can be found in a broad spectrum of industries. AngelouEconomics recommends the fast

Creative Industries

NAICS Definition

- 323 Printing & Support Activities
- 5121 Motion Picture & Video
- 5413 Architectural, Engineering, & Related Svcs
- 5414 Specialized Design Services
- 5418 Advertising & Related Services
- 541430 Graphic Design

Industry Employment

- 2.8 million employed - US

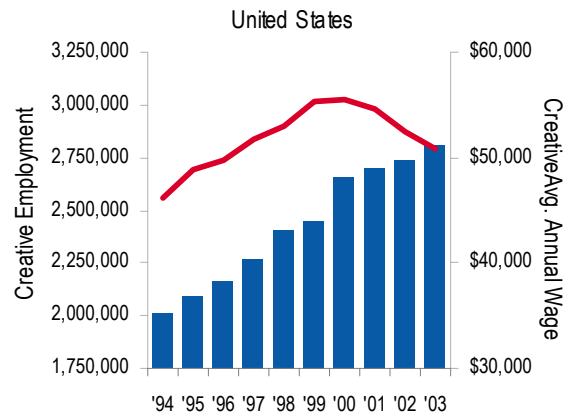
Wage Rates

- \$51,250 annual wage in the US

Location Criteria

- Large pool of skilled designers
- Technical design training programs
- Cultural & lifestyle amenities important
- Quality office space

Creative Industry, 1994 - 2003



Source: AngelouEconomics;BLS

growing and high paying targets of **digital media content creation, graphic design, and film and visual media production** as a primary sector in which Charleston can find a differentiating niche compared to other communities.

Digital design continues to work its way into all fabrics of American life. As more of our day-to-day activities involve computers, designers keep these systems efficient and user-friendly. According to the Bureau of Labor Statistics, nationally, design occupations are expected to grow by 21% to 35% over the next ten years. Design applications tied to software will be the fastest growing segment, as software engineers in any industry will be the quickest growing career option in the country.

Most people are familiar with occupations such as computer animation and graphic design, though many overlook the more industrial applications. Commercial and industrial designers develop and design manufacturing products, from cars to biomedical lab equipment to missiles. Growing a Charleston are design cluster could have spin-off impact in some of the region's more traditional industries. Designers in Charleston can begin to work with the other target clusters in the biosciences, automotive, and aircraft industries.

Industry Requirements

Economic Conditions. Design firms tend to be small in size, consisting mainly of high-skilled workers and few support staff. Roughly one third of all designers are self-employed. Thus, the entrepreneurial network of a community is vital to the success of local design firms.

Structural Assets. The infrastructure needs of creative firms are not as critical as those in other industries. Typically, these firms need access to telecommunication and electricity services, but cost and reliability concerns are not as crucial. These firms prefer to locate in Class "A" office space generally located in central, downtown, and vibrant locations.

Workforce. The creative cluster comprises a broad range of occupational categories, from computer-aided design, software development and architecture, to graphic design and marketing. The workforce spans such varied industries as motion pictures and industrial machinery. These jobs generally require advanced training using design software and artistic techniques.

Architects: Plan and design structures, such as private residences, office buildings, theaters, factories, and other structural property. (BLS SOC definition)

Urban and Regional Planners: Develop comprehensive plans and programs for use of land and physical facilities of local jurisdictions, such as towns, cities, counties, and metropolitan areas. (BLS SOC definition)

Graphic Designers: Design or create graphics to meet specific commercial or promotional needs, such as packaging, displays, or logos. May use a variety of mediums to achieve artistic or decorative effects. (BLS SOC definition)

Multi-media Artists: Create special effects, animation, or often visual images using film, video, computers, or other electronic tools and media for use in products or creations, such as computer games, movies, music videos, and commercials. (BLS SOC definition)

Commercial & Industrial Designers: Develop and design manufactured products, such as cars, home appliances, and children's toys. Combine artistic talent with research and product use, marketing, and materials to create the most functional and appealing product design. (BLS SOC definition)

The table below gives a more detailed breakdown of the types of occupations in the creative cluster, as well as their projected growth rates, wages, and educational requirements.

SOC Code	Occupation	Cluster Employment	% of Cluster Employment	Annual Mean Wage	10-year Growth Forecast	Relative Growth Level	% Jobs Requiring Bachelor's
Digital Design and Film							
27-1024	Graphic designers	151,950	35.84%	\$41,300	21.9	VH	53%
27-1014	Multi-media artists and animators	32,910	7.76%	\$52,880	15.8	H	58%
27-1027	Set and exhibit designers	8,060	1.90%	\$39,070	20.9	H	48%
27-2011	Actors	51,840	12.23%	\$48,940	17.7	H	66%
27-2012	Producers and directors	54,370	12.82%	\$64,550	18.2	H	73%
27-3043	Writers and authors	43,740	10.32%	\$50,460	16.1	H	84%
27-4012	Broadcast technicians	32,750	7.72%	\$34,560	11.3	L	36%
27-4014	Sound engineering technicians	11,840	2.79%	\$46,780	25.5	VH	33%
27-4031	Camera operators:TV, video, and film	21,430	5.05%	\$38,140	13.4	L	57%
27-4032	Film and video editors	15,100	3.56%	\$46,420	26.4	VH	50%
Community Planning & Urban Design:							
19-3051	Urban and regional planners	30,770	11.32%	\$53,210	10.7	L	96%
17-3011	Architectural and civil drafters	97,800	35.97%	\$39,190	4.2	VL	24%
17-1011	Architects	91,010	33.47%	\$64,850	17.2	H	87%
17-1012	Landscape architects	18,910	6.96%	\$54,900	22.2	VH	87%
27-1021	Commercial and industrial designers	33,390	12.28%	\$54,920	14.6	H	53%

Source: BLS; AngelouEconomics

Research & Development. While generally not overly reliant on R&D, the technically focused niches in this cluster do require product development and customization. Additionally, the industrial and commercial design segments require research and an involved product development process.

Charleston's Assets and Constraints in Creative Industries

Assets.

- **Quality of life, cultural amenities, and a rich history.** Charleston has the intangible qualities that are highly sought after by creatively-minded individuals.
- **Strong liberal arts programs at local colleges and universities.** The College of Charleston's School of the Arts is one of the only schools in the Southeast and the only school in South Carolina to offer degrees in arts management at the undergraduate level. The School of the Arts also offers degree programs in historic preservation and community planning, which requires coursework in subjects such as architecture, urban design, and historic preservation in Charleston.

- **Model urban design projects underway in the Charleston region.** The Charleston region is currently home to model urban design projects that could be touted nationally. Among these are the Magnolia project, Ion, Noisette, and Daniel Island.
- **The first four-year college devoted to the classical building arts.** The American College of the Building Arts in Charleston is the only four-year college in the United States where a degree can be earned in the building arts. The curriculum combines a general college education with expert hands-on training in the building arts.
- **The Clemson Architecture Center in Charleston (CAC).** Part of the Clemson School of Architecture, the center utilizes a hybrid academic/professional environment with a faculty of practicing architects, urban designers, craftsmen and landscape architects. The Clemson program was ranked as the second best school of architecture in the South by *Design Intelligence Magazine*.
- **A community that embraces historical preservation and smart urban growth.** In public input received during focus groups and interviews, as well as the online survey, members of the community demonstrated a true understanding of the importance of preserving Charleston's historical buildings and downtown, while acknowledging the need for smart urban growth to control sprawl.
- **Organizations in place to grow creative software and technology companies.** Charleston's *Digital Corridor* and the Chamber's *Thinktec* program are good organizations to support a growing cluster in creative technology companies. These organizations can act as a bridge between the technical and artistic worlds that currently exist in Charleston.
- **A good base of creative occupations, particularly skilled architects and designers.**
- **A higher concentration of young college graduates.**
- **A vibrant downtown with an established artistic community.**

Constraints.

- **Rising cost of living.** Artistic and creative-minded individuals desire living in vibrant downtown areas. Charleston's rising cost of living is making it more difficult for these typically young workers to afford the high price of living in central locations.
- **Lack of equity capital.** Many of the firms that comprise the creative cluster are small and emerging companies. These entrepreneurial firms need access to equity capital in order to launch a business and grow.

Final Niche Targets

1. Community Planning & Urban Design

1. *Historic preservation activities*
2. *Architecture and building design*
3. *Architecture design software*

Definition: Companies involved in community and urban design specifically targeted at solutions for historic preservation, or urban design and development.

Why a fit? Charleston is home to a dense historical landscape, and is also home to a community that embraces the importance of historical preservation. The Charleston region could set itself apart as a leader in historical preservation as well as a model for smart urban design. The region has good assets to support this cluster, including the American College of the Building Arts, and a handful of sector-related companies already in operation as well as a number of model urban/suburban developments that can be used as a base from which to build. In addition, Clemson University's Composite Materials Center is researching and studying the technology applications that composite materials can have in preserving historical buildings.

Type of Target: *Entrepreneurship & Recruitment / Retention*

Organization responsible: *Entrepreneurship will drive the development of this niche (organization unknown, perhaps the formation of a new Urban Planning and Preservation Industry Organization to be the umbrella group)*

CRDA for minimal recruiting

Three Counties and Chambers of Commerce for retention efforts of companies present in the region

Timeline: *Intermediate (1-3 years)*

2. Digital Design & Film

1. *Graphic Arts & Multi-media*
2. *Digital media content*
3. *Film and Visual media production*

Definition: Graphic Arts, digital media, and film production all involve the design and creation of digital, media, or visual content. More and more, this content is being created through the use of technology.

Why a fit? This industry cluster will thrive and locate in an area that has a young, educated populace. Charleston has a high percentage of 25-34 year olds, which is constantly bolstered by the area's local colleges and universities. Input received in a focus group with young professionals in the area indicated that there could be an even larger percentage of young residents. Many new graduates are forced to leave the region because of the lack of employment options. Developing this creative technology cluster will help to retain many of these new graduates.

Type of Target: *Entrepreneurship & Recruitment / Retention*

Organization responsible: *Entrepreneurship will drive the development of this niche (organization unknown, perhaps the Digital Corridor can be the umbrella group)*

CRDA for minimal recruiting

Three Counties and Chambers of Commerce for retention efforts of companies present in the region

Timeline: *Long-term (3-5 years or beyond)*

Creative Specific Recommendations

1. *Increase the number of young professionals (aged 22-35) who move to and stay in Charleston.*

Young, skilled workers are the fuel behind most high tech companies and the energy that keeps a community vibrant. With its high quality of life and comfortable attitude, Charleston is an attractive community for young people. Many young professionals, either graduating from local colleges or moving into the region, are accepting jobs below their skill level because they enjoy living in the area. However, with lower than average wages and competitor communities like Charlotte offering greater career opportunities, Charleston's population of young people is slowly shrinking. Charleston must increase its base of young talent if it intends to grow knowledge-based, higher income jobs.

Empower young professionals to take a leadership role in economic development. The more involved they are in the community, the less likely they will be to move. **Create a shadow board of directors** for either the CRDA or the Charleston Metro Chamber that is comprised of young professionals. Each regular board member would mentor one young professional shadow board member. Assign the shadow board with implementing some of the recommendations in this plan.

Establish a young professionals network. One of the focus groups for this project was attended by 20-25 young professionals. They expressed strong interest in formalizing a group that would allow them to network, socialize, and give them a way to get involved in the community. The establishment of the network could be the responsibility of the shadow board (described above).

Create a region wide internship program for both high school and college students. The internship program could be organized and operated by the Metro Chamber. Fund the development of a website that connects interns with local companies. Promote the program through local media and one-to-one business retention meetings led by county economic developers or Chamber staff. See www.internshipprograms.com for an example of a national internship matching program whose format could be adopted at the local level.

Create a quarterly magazine dedicated to career life in the Charleston region. The Greater Richmond Partnership recently launched a lively magazine called *WorkMagazine* that profiles local small business owners. The magazine offers recognition to young professionals and portrays Richmond's business community as being energetic and creative. The GRPVA now mails copies of the magazine to prospects nationwide as a marketing tool.

Venture Capital Act. The original act is currently being reviewed by South Carolina's courts. Continue to pursue the concept and make adjustments to the proposed Act so that it also offers benefits for seed and early stage investors.

2. *Treat creative industries as a target: retain + recruit.*

Building the creative industry is an issue of recruiting and retaining creative people in Charleston. By actively acknowledging this industry as a final target cluster, the region sends a signal that creatively-minded individuals are desired and that Charleston is a place where they can flourish. This can be enhanced by involving the base of creative individuals and businesses that are currently operating in the region.

Communicate with businesses in the visual and performing arts, digital media, and historic preservation field, inviting them to participate in economic development activities. Make them aware that they are considered economic development targets, and that community leaders will work to make sure Charleston remains a viable business location for them.

Santa Fe, New Mexico is a model for organizing arts-based economic development. The city recently voted to dedicate ¼ cent sales tax to fund a new organization, Santa Fe Culture Net, a group that is dedicated to developing the region's creative cluster.

3. Create a business climate that helps entrepreneurs launch successful new companies.

Charleston is already a great environment for freelancers and is a draw for entrepreneurial-minded people. The region, however, lacks important infrastructure for helping small businesses thrive. Charleston does not have a well-supported, established capital network. The most prominent group in town, the Charleston Angel Partners (CHAP), is well organized but, with only 30 members, only a small percentage of accredited investors in the region are participating. Also, organizations dedicated to educating entrepreneurs are not well supported.

Inform the region about the importance of entrepreneurship. Before start-up businesses can flourish, the community must embrace entrepreneurship's essential role in economic development. The CRDA, local chambers, and Digital Corridor need to strengthen an internal marketing effort aimed at educating the community about entrepreneurship.

Grow and create capital networks within the region. The region's chambers of commerce should inform members about angel networks and encourage members to participate. Host informational sessions that instruct members about the requirements to become an accredited investor, how to invest, and how to get involved with regional organizations such as CHAP.

Boost support of organizations dedicated to educating entrepreneurs. A top complaint of prospective investors in the region is that local start-ups lack the business plans or managerial knowledge to compete for capital. The College of Charleston's Tate Center, the FastTrac program, and the Business Accelerator (ThinkTEC) are good programs that can be expanded. Local executives can volunteer to teach FastTrac classes and become advisors in the Business Accelerator.

The region needs a one-stop-shop for entrepreneurs. Long-term, Charleston should have a one-stop-shop that provides a single point of contact for issues related to starting a company. Participating organizations could either co-locate in an office / incubator space or the one-stop-shop could take the form of a website. Larger companies in the region could utilize the one-stop-shop to locate start-ups from which to purchase goods and services.

"There is an educational gap, a lack of information about how to start and operate a company. Programs like FastTrac are good starts, but the region needs a lot more."

- ForwardCharleston participant

Encourage small business growth in the African American community. Involve CDCs and local faith-based organizations in hosting educational events. Morris Brown Church, for example, currently offers education programs, youth mentoring, and seniors programs. Morris Brown and other local churches could partner with CDCs to provide entrepreneurship classes.

4. ***Promote Charleston as the nation's hub for historic preservation.***

Charleston needs to be promoted as the leading-edge area for historical preservation activities. There is a growing industry developing around what is referred to as the "Restoration Economy." The University of Clemson is researching potential applications for advanced composite technology in historical preservation. Charleston should promote itself internationally as the hub for these activities.

Affordable housing is a critical aspect of smart urban planning. We recommend that historical preservation initiatives **support the activities of groups such as the Charleston Housing Trust.** The Trust aims to be the regional coordinator on topics related to affordable housing. First, through advocacy and education, bringing affordable housing problems to the forefront. Second, to become a permanent source of funding for affordable housing projects.

The Housing Trust could also be tied to the region's "Restoration Economy" by bringing historical preservation issues to the forefront as well as using historically preserved buildings as potential affordable housing options. By tying itself to the "Restoration Economy," the Charleston Housing Trust can set itself apart from the many other housing trusts operating in the nation.

5. ***Charleston leaders should take marketing missions to Creative Industry benchmark communities such as Santa Fe, Asheville, and Orlando.***

Visiting other communities that have been successful in promoting a creative cluster will give Charleston's leaders ideas. Prior to launching initiatives at home, Charleston should organize marketing/educational missions to Asheville and Santa Fe to learn from their cultural leaders. Build a unique program for Charleston based on lessons learned from these communities.

A major marketing mission should be organized for 30-50 Charleston representatives to Orlando, Florida. Orlando shares two of Charleston's target industries, Advanced Security and Creative, and is an excellent example of an economic development effort that has been aggressive and innovative in growing these sectors. The external marketing recommendations in Chapter 2 contains details about organizing this trip.

Creative Benchmarks

1. Orlando, FL.

The lead economic development organization serving the Orlando region is the Metro Orlando Economic Development Commission, www.orlandoedc.com.



Overview of E.D. Activities

Since its founding in 1977, the Metro Orlando Economic Development Commission has undergone many transformations, assuming its current name and brand of “Putting imagination to work” in 2001. Today, it operates with funding from 323 private and public sector investors a staff of 38 consisting of an executive team, a business development team, and a corporate resources team. Its mission is “to build a diverse economy capable of withstanding dramatic shifts in the global marketplace and to position Metro Orlando as the world’s premier business location.” Services provided by the EDC include:



- Statistical data
- Permitting
- Site location and scouting assistance
- Workforce recruitment and training
- Export council
- Financial assistance
- Entrepreneurial assistance

In just the last five years, the EDC’s assistance efforts have resulted in \$7.1 billion in community investment, 129,000 jobs, and more than 60.1 million SF of office and industrial space leased or constructed. It has been recognized as one of the top economic development groups in the world. The Orlando region is currently rated as the strongest regional economy in Florida, one of the nation’s fastest growing employment and population markets, and one of the fastest growing high tech centers in the world.

Creative Industry Initiatives

Crucial to the growth of Orlando’s high tech center has been the Central Florida Technology Partnership (CFTP), a program operated by the EDC in cooperation with the Florida High Tech Corridor Council, the Orlando Regional Chamber of Commerce, and the University of Central Florida. Since its organization in 1999, the CFTP’s mission has been “to build and enhance the technology community of Central Florida by developing the infrastructure needed by high technology companies for success.” It works with its partners to implement the Metro Orlando Technology Strategy, manage eight areas of focus, and coordinate events and messages through its website and regional technology newsletter.

2. Asheville, NC.

The lead economic development organization in the Asheville region is the **Asheville Area Chamber of Commerce**, www.ashevillechamber.org, www.ashevilletechnology.com.



Overview of E.D. Activities

The primary leader of economic development in Asheville, North Carolina is the Asheville Area Chamber of Commerce Economic Development Department. The Economic Development Department is led by a vice president of economic development and a vice president of small businesses who are aided by a director of business and industry services, a director of research and information, a research assistant, and an administrative assistant. It provides services to relocating and expanding businesses such as:

- Current statistical data
- Labor market analysis
- Information on community services, government and financial issues, etc.

Incentives play an important role in Asheville's economic development. In addition to State and County incentives and programs, the City of Asheville offers a small business incentive for investments between \$250,000 and \$1,499,999, and an infrastructure development reimbursement program of up to 90% of tax revenue generated for up to five years.

Creative Industry Initiatives

In August 2000, the Asheville Chamber Economic Development Department launched an initiative to promote creativity and high tech in the area. The Chamber formed the Asheville Area Technology Council, which meets bimonthly and aims to provide educational and networking opportunities to existing technology firms and to develop strategies which promote the growth of these companies and the attraction of new technology companies and talent to the area.

The Technology Council also exists to market Asheville's unique blend of creativity, technology, and outstanding quality of life. Asheville ranked the #1 out of 10 Great Adventure Towns by *National Geographic Adventure Magazine* in 2004 and number 10 out of 25 Top Art Destinations by *AmericanStyle* magazine. In addition, *Cities Ranked and Rated* ranked it the #8 Best Place to Live out of 331 metros.

Benchmark Data Comparison:

Creative Benchmarks	Charleston MSA	Asheville, NC	Orlando, FL
Total Population, 2004	578,667	234,495	1,851,872
Total Population, 2000	548,986	225,976	1,644,560
Total Population, 1990	506,837	191,686	1,224,851
Population Growth:			
1990 - 2004	14.2%	22.3%	51.2%
2000 - 2004	5.4%	3.8%	12.6%
Total Civilian Labor Force 16+	316,795	119,628	945,277
Unemployment rate	4.5%	4.8%	4.6%
Average Wage 2003	\$31,186	\$31,730	\$32,220
Average Wage 2001	\$28,887	\$28,511	\$31,276
Wage growth: '01-'03	8.0%	11.3%	3.0%
Gross Metro Product(GMP)-\$Bn	\$17.0	\$8.3	\$65.8
Growth in GMP, '00-'03	12.3%	14.4%	13.0%
Median Age	35	40	36
% Age 25-44	30.0%	27.2%	29.7%
% without HS diploma	18.8%	19.4%	17.4%
% with bachelor's degree or higher	24.9%	24.1%	24.5%
Median Household Income	\$42,708	\$38,999	\$44,984
Average Cost of Living	98.4	100.2	98.4
Average Rent	\$722	\$757	\$797
Average Home Price	\$233,846	\$274,166	\$216,369
Total R&D State Rank*	29	16	14
Venture Capital Funds, '00-'04 (\$M)	\$17.8	\$10.0	\$1,191.5
Top Personal Income Tax Rate	7.00	8.25	0
Top Corporate Tax Rate	5.00	6.90	5.50
Property Tax Rate	2.96	2.35	3.17
Sales, Gross Rec., Excise Tax	2.88	2.88	4.14
Workers Compensation rate	1.82	2.17	4.50
Unemployment Tax rate	1.42	2.82	1.16

* Total R&D funds from Industry, Academia, and Federal Government; Source: NSF