Denmark in the Culture and Experience Economy

— 5 new steps

The Danish Growth Strategy

Government
September 2003

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Foreword

That the arts and the corporate sector can mutually benefit from each other is no new phenomenon. It is legitimate nowadays to speak in terms of commercial culture and in many respects cultural and corporate environments are indeed closely connected.

The culture and experience economy is a major field both here in Denmark and abroad. A field that has grown as nations become wealthier and people have more money to spend. This development has provided new stages and new markets for the arts and culture, the world of sport and the corporate sector. The culture and experience economy concerns more than merely selling a greater number of Danish films abroad, going to a football match on a Sunday afternoon or designing attractive packaging for our products. Interaction between culture and the corporate sector has matured over time and in recent years many artists and companies have come together to cooperate in the interfaces of the culture and experience economy. However, interaction between the arts and the corporate sector is in a constant state of change. And this poses new challenges to both cultural and industrial policy.

The Government has already implemented several targeted initiatives to strengthen conditions for growth and boosted production in the culture and experience economy. And the companies and artists that move in its market place are also reaping the benefits of general Government efforts focused on strengthening corporate framework conditions.

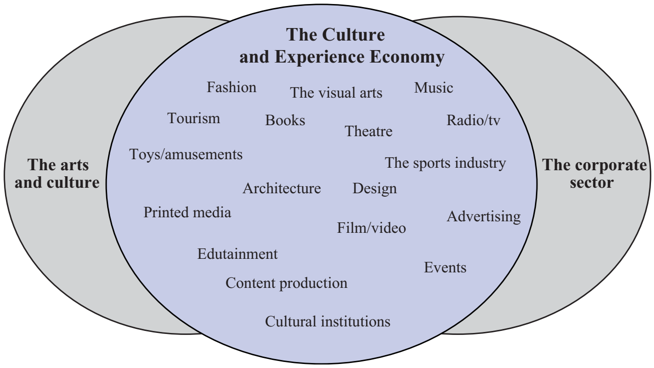
In this publication the Government presents initiatives within five new strategic target areas designed to create favourable frameworks capable of reinforcing development and growth potential in the culture and experience economy.

Bendt Bendtsen | Brian Mikkelsen

1. The Culture and Experience Economy

From the fusion of culture and the corporate sector a new form of economy has emerged. An economy based on rising demand for experiences that build on the added value creativity generates both in new and more traditional products and services. It is an economy that capitalises from a consumer society with money readily available - money spent increasingly on leisure, the arts and cultural events. Developments are propelled largely by technological advances like, for instance, the internet, that facilitate the provision and dissemination of culture and experience products in a global marketplace.

Figure 1: The Culture and Experience Economy[1] *:*



The culture and experience economy then is the arena where the two worlds meet and generate a synergy that is of interest to both industrial and cultural policy.

New competition parameters

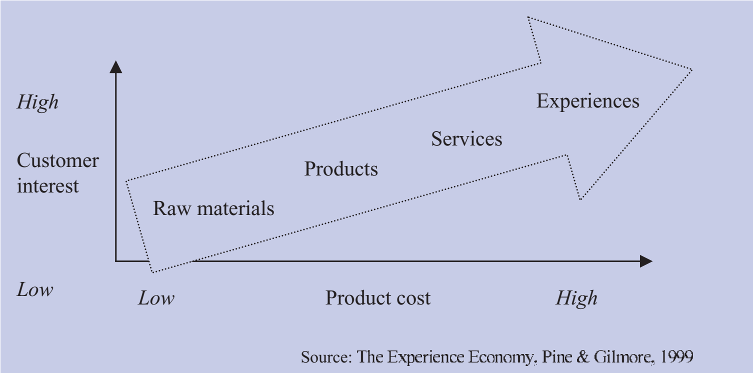
In a time of steadily increasing global competition and in a knowledge economy, like Denmark's, where innovation and creativity are increasingly becoming the new competition parameters for producers and suppliers, it is important to differentiate one's products from those of competitors and create unique value and experience for consumers.

The ability to produce inexpensive, technologically superior products will no longer suffice. Of crucial importance for companies and industrial competitiveness, and consequently for the country's interests and prosperity, is our ability to provide quality products and services that embody sentiments, values, convictions, identity and aesthetics,

1 Compared with Denmark's Creative Potential (2000), an earlier report on the cultural industry in Denmark, The Culture and Experience Economy expands on the definition to embrace more extensive fields, such as tourism, fashion and advertising.

for which consumers are willing to pay extra. In other words, skills that will help boost productivity and growth in Denmark (cf. figure 2 below).

Figure 2: Value creation in the culture and experience economy



Creativity in culture and the arts is the essential ingredient that is increasingly becoming an integrated component in all aspects of industry. The ingredient that contributes to the added value of products and services, benefiting productivity, growth and boosted cultural production. Simultaneously, interaction with the corporate sector provides the arts and culture with new stages on which to unfold, new inspiration, new financial opportunities, and so forth. The arts and culture can therefore benefit from the management competence and business acumen of the corporate sector.

A sizeable economy, nationally and internationally

The culture and experience economy has come into focus, here in Denmark and abroad, largely because it is a steadily expanding constituent of the economy, generally.

The culture and experience economy, which has sprung from the meeting of the arts and more traditional industries, is in many respects a numerically uncultivated field. This makes it difficult to measure, weigh or evaluate over time. Comparisons with other countries are complicated, too, inasmuch as demarcation within the culture and experience economy varies from country to country. The figures published here must naturally be seen in this light.

In Denmark the culture and experience economy in 2001 generated added value of almost DKK 62 billion, or approximately 5.3% of total GDP.

The box below provides examples from other countries which have given priority to the field[2]:

Box 1: International development in the culture and experience economy

In the *UK* the field constitutes a significant component of the British economy (almost 8% of GDP). From 1997 to 2000 growth averaged 10% per annum, compared with 2% per annum for the British economy as a whole. Development stagnated in 2000, although with highly varied developments within the various sectors.

In *Sweden* about 400,000 people or approximately 10% of the workforce are employed in the »experience industry«, which in total constitutes 9% of GDP.

In the *USA* culture and entertainment is the country's largest export sector, constituting 7.8% of GDP.

In *New Zealand* the creative industries are growing at a faster rate than the remainder of economy, constituting 3.1% of GDP and about 3.6% of employment, respectively.

In international terms Denmark ranks well, although there is still quite a way to go to catch up with the front runners, like Sweden and the UK.

In Denmark the culture and experience economy is a sector that in 2000/2001:

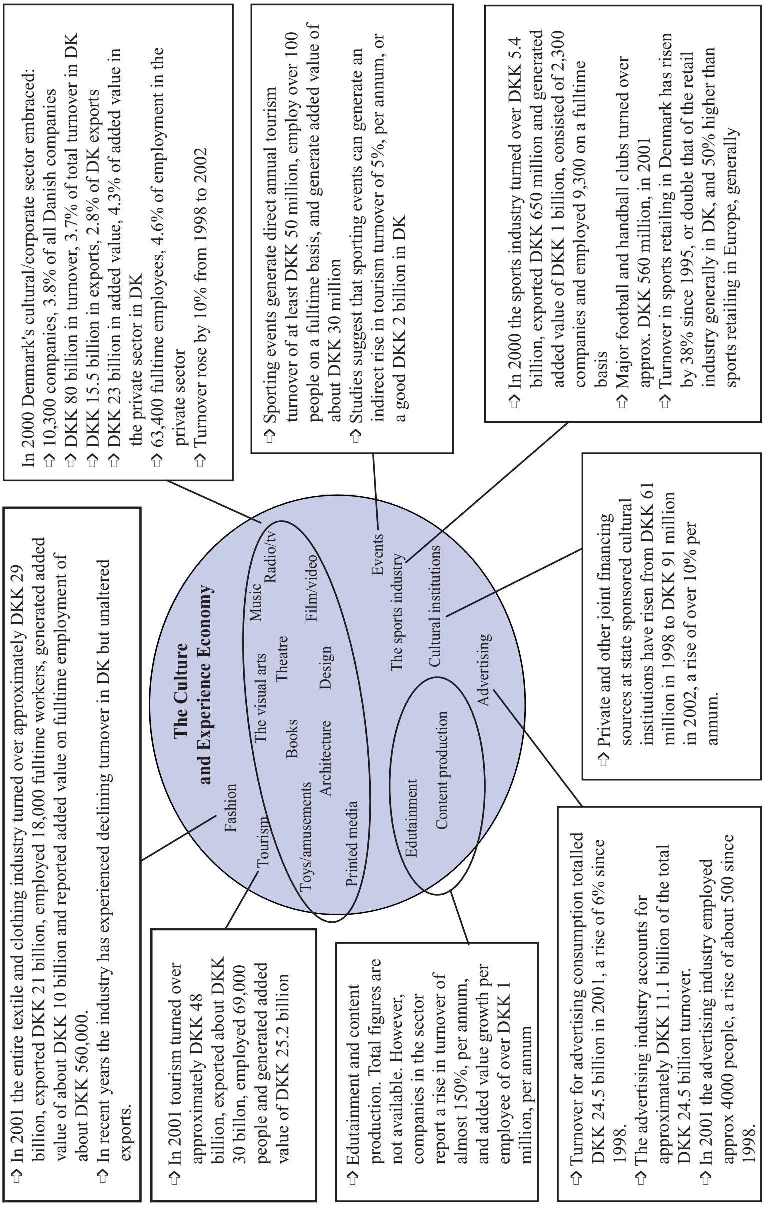
- *Turned* over about DKK 175 billion, annually, or a good 7.3% of total private sector turnover in Denmark.
- *Employed* about 170,000 on a fulltime basis or about 12% of the total fulltime workforce employed by the private sector in Denmark.
- *Exported* over DKK 68 billion, annually, equivalent to over 16% of total Danish exports.
- *Generated* consumption among Denmark's population of DKK 64 billion, annually, on leisure equipment, entertainment and travel, or over 10% of all Danish household consumption.

2 Definitions and categorisations in the creative sector vary between countries and therefore cannot be precisely compared.

The culture and experience economy is a sector of multiple sub-divisions with various associations with and significance for its development. The figure below reports the compass of the various components constituting the culture and experience economy's contribution[3].

3 It is, however, important to keep in mind that figures cover entire industries, for example, textiles and clothing. It is difficult to isolate the extent of the proportion actually working in fashion and clothes design, as an integral part of production. And, as well, figures cover total turnover generated by Danish and foreign tourists.

Figure 3: Key figures for the culture and experience economy's constituent industries



In spite of the difficulties involved in providing an accurate picture of the culture and experience economy, figures point in the direction of total economic activity that equates with other major industries in Denmark. It is a field, or sector, that in many parameters is larger than, for instance, the construction and engineering industry, or Denmark's agriculture and fishing industries. Culture and experience economy exports are extensive, too, being, for instance, almost 50% higher than total agricultural exports. With over 170,000 fulltime staff, or double the number employed in the financial sector, the culture and experience economy is a major employer. Although its sub-divisions contribute distinctly and differently to total activity, it is clear from the table below that the culture and experience economy remains a field of great significance to the Danish economy.

Table 1: Key figures for sub-divisions of the culture and experience economy

DKK billion.	Tourism	Textiles/ clothing.	Culture/ corporate	Sport	Adver- tising
Turnover	48	28.8	80	5.4	11.1
Added value	25.2	10	23	11	-
Exports	30	21.6	15.5	0.7	-
Employment (numbers fulltime)	69,000	18,700	63,400	9,300	4,000

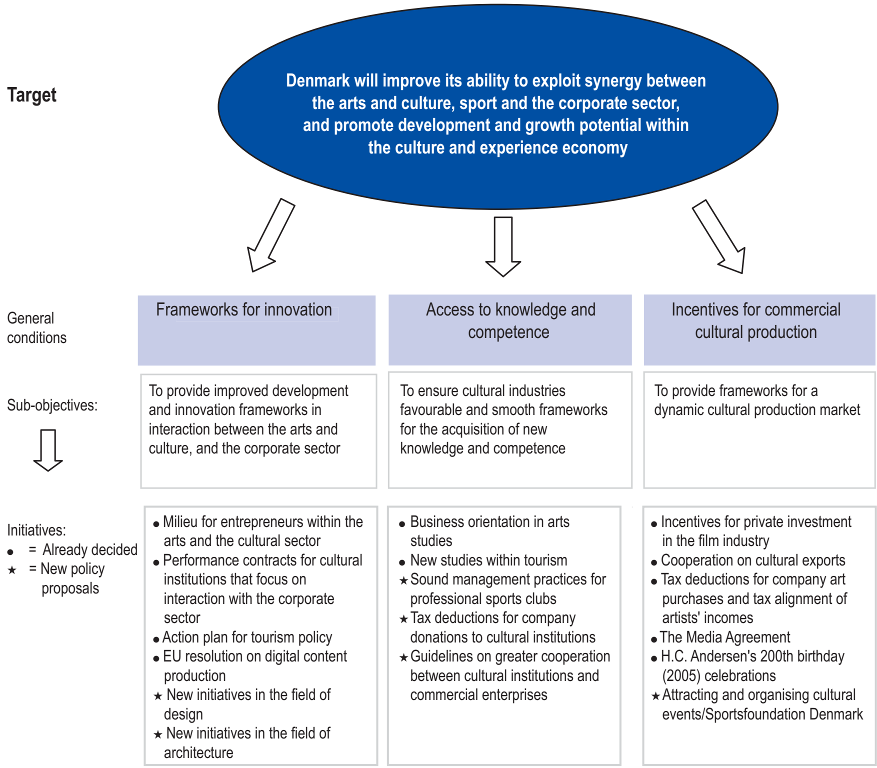
Note: Content production, events and cultural institutions are not included in the above figures as macroeconomic figures are not available.

The culture and experience economy, which experienced major growth up through the 1990s, has lost some ground in recent years as a result of general economic decline. A number of factors suggest that the culture and experience economy grows at a faster rate than general growth in boom periods and less in periods of recession. But as the above figures and following chapters indicate major variances persist between the individual fields that go to make up the culture and experience economy.

1.1 Government strategy and targets

Denmark's point of departure from which it intends to reinforce its culture and experience economy is quite favourable. Denmark invests large sums in the arts and culture, and enjoys a dynamic, open and development-oriented corporate sector. And, as we have seen, it is a field that makes itself felt in the Danish economy. Denmark intends to become even better at exploiting synergy between the cultural and corporate sectors, and promoting growth potential within the culture and experience economy. The Government will achieve this objective by strengthening all framework conditions pertinent to innovation, affording improved access to knowledge, developing competence, and strengthening the incentives available to the culture and experience economy for commercial production.

Figure 4: Government targets and efforts on behalf of the culture and experience economy



In reinforcing the culture and experience economy the Government does not intend to introduce a new round of subsidies. Instead, the centre of focus is on strengthening general framework conditions within the sector. Political initiatives will contribute to generating an effective market place for the cultural and corporate sectors. A marketplace where both can come together and be inspired each by the other, thereby generating new and improved cultural and business opportunities.

Government strategy for the culture and experience economy recognises that a need remains to support the arts and culture on its own premise, and to target subsidy policy towards quality and culture's germinal layer rather than quantity. Targets for the culture and experience economy simultaneously underpin Government efforts to strengthen growth conditions for the corporate sector, generally, contributing to boosted growth. The growth by which we make a living, the growth that will finance future wealth and guarantee that we remain one of the world's most prosperous countries.

Government initiatives already taken and those presented in this publication have in common that each in its own fashion makes it a little easier to navigate in and around the culture and experience economy.

Frameworks for innovation are essential to the development of new products of boosted cultural and financial value. In this context the Government has already embarked on the following initiatives:

- *Action plan for tourism policy,* designed to strengthen the scope open to the tourism industry to generate boosted growth through new innovative cooperation on product development and strengthened joint branding of Denmark.
- Enhanced *cooperation with the corporate sector* is a particular focus area of forthcoming *performance contracts for state-owned cultural institutions.* All institutions are called upon to assess scope for greater interaction with the corporate sector.
- Establishing a *milieu (Louiz) for entrepreneurs within the arts and the cultural sector* to assist small business start-ups in the cultural sector with knowledge, networks and advisory services. Other cultural entrepreneurial milieus are being organised nationwide.
- The adoption of an EU resolution on *cultural content production* for new digital media during the Danish presidency of the EU. Member states and the Commission are encouraged to follow-up and if necessary strengthen development in this important market, which is becoming increasingly significant both economically and culturally.

Access to knowledge and developing competence is crucial if development within the cultural sector is to be ensured. The creativity of the arts and culture must interact with the business acumen of the corporate sector to ensure that both advance, individually and mutually. In this context the Government has introduced the following initiatives:

- Interjecting a greater element of *business orientation in arts studies* as part of multi-year agreements on education. Making it easier for candidates to adjust to the future labour market and ease transition to – for many – a life as freelancers or self-employed.
- Introducing *advanced studies* on the service economy at the Syddansk University and at the Copenhagen Business School. Curricula will combine *business economics, languages and culture,* which among others benifit the tourism industry.

Appropriate ***incentives for commercial production*** in the cultural sector are central to exploiting the potential that lies in an expanding culture and experience economy. Here the Government has introduced the following initiatives: :

- Strengthening the commercial media sector by means of *The Media Agreement*. One stipulation of this agreement calls on DR to farm out 20% of its production to independent producers.
- Strengthening cooperation *on cultural exports* by generating greater international focus on Danish cultural productions in collaboration with, for instance, the Danish Trade Council.
- The introduction of *tax deductions for company art purchases* to stimulate demand, guarantee incomes and uplift the working environment.
- Incentives designed to boost *private investment in the film industry* are being examined as part of the film agreement.
- Subsidies for *H.C. Andersen's 200th birthday celebrations in 2005*. The project will branch out nationwide and abroad, and is organised as a private/public venture.
- *Realignment of artists' incomes* to reduce taxation in periods of high income from art sales. This will improve scope for self-financing

Since taking office the Government has worked incessantly to align and strengthen framework conditions for growth and production in the culture and experience economy. With this publication the Government is taking yet another step forward and introduces five new target areas. These are outlined in more detail in chapters 2-6:

- **Guidelines for sound management practices in professional sports clubs**
  Leadership and management of professional sports clubs has proven difficult and has often resulted in bankruptcies, poor balance sheets and dissatisfaction among players. To strengthen framework conditions for development and professionalisation of the sports industry, and thereby to underpin the industry's scope for boosted growth, the Government has set up a committee to draft guidelines on sound management practices pertinent to financial control, stakeholder relations, sponsorship, personnel management, employee conditions, and so on, in professional sports clubs. These guidelines will be presented by the end of 2003.

- **Enhanced cooperation between cultural institutions and commercial enterprises**
  Heightened interaction between cultural institutions and commercial enterprises carries many advantages for both parties. The Government will continue to promote such interaction by, firstly, presenting a proposal allowing for tax deductions on company donations to cultural institutions. And, secondly, by supplying information on the tools and inspiration available, and regulations in this field. In the first instance advising companies on their scope for interaction and on how such interaction can be established in fact, and then providing advice on professional sponsorship and supplier cooperation to cultural institutions, supplemented by concrete cases. Read more on www.kulturpartner.dk.

- **New initiatives in the field of design**
  Design is becoming increasingly significant in competition between companies in efforts to be the most creative and innovative. The Government will help Denmark to sustain its leading position in the design field. A new strategy allowing the Danish Design Centre to reinforce conditions for growth in design is one initiative. Professionalisation of the design industry, enhanced and improved application of design in industry, and encouraging knowledge transfer to the corporate sector are central to this strategy. Further, the Government will introduce a more systematic system of global branding for Danish design in the years ahead. INDEX 2005 (INternational Design EXhibition) scheduled for Copenhagen in 2005 is one initiative, while the World Design Congress, WDC, which will also be hosted by Copenhagen in 2005, is another. The strategy will also ensure that education and research in the design field are of the highest international standards.

- **New initiatives in the field of architecture**
  The application of architectural excellence in the construction industry has a bearing both on cultural policy and on economic growth potential. The Government intends to promote this potential by means of a new strategy for the Danish Centre for Architecture, including intensifying architecture's industrial promotion role. Research and education will be enhanced and extra focus will centre on the impact of architecture.

- **Professionalising cultural and sporting events in Denmark**
  In recent years major cultural and sporting events have increased in significance due to their ability to boost Denmark's international profile, which in turn profits growth and employment, while simultaneously offering cultural experiences. In the years ahead therefore the Government intends to designate extra funds to Sportsfoundation Denmark and to a competency unit established with the declared aim of attracting international cultural and sporting events to Denmark. Both will adopt a more professionalised stance in attracting and organising major international events in Denmark.

The Government is thus setting renewed focus on the culture and experience economy's significance for development and growth within the arts and culture, within de facto cultural industries and within the more traditional corporate sector, and on the imperative that we in Denmark exploit our creativity and cultural competence to innovate and thereby generate additional economic growth and boost cultural production.

While constantly monitoring the culture and experience economy the Government will, on an ongoing basis, assess whether there are fields in which framework conditions need to be somewhat adjusted to better exploit potential. Government initiatives already under way will include giving added impetus to elite sports, underpinning the regional perspective of culture/corporate cooperation, revising the Copyright Act, and upgrading business orientation of education and offering scope for (legal) digital distribution in the music industry.

2. The Sports Industry

Sport plays an important role in Danish culture, both spectator sports (primarily elite sport and professional clubs) and public participation in sporting activities. Equally, the world of sport has become economically consequential offering significant earnings, employment and growth.

Over the past few decades sport has undergone tremendous change. Commercialisation has become the watchword on many fronts testifying that financial interests set the agenda for large sections of the sporting world. Sportspeople and TV rights are traded for colossal sums. The merchandise and sports equipment market has grown to gigantic proportions. Sponsorship plays an increasingly important role in a range of sports and in its wake generated financial dependence in many clubs. A super-star economy with consequent financial polarisation has expanded both between clubs and between sportspeople. (cf. box 2 for international examples of commercialisation in the world of sport.)

Box 2: International indicators of commercialisation in sport

- In the USA sport is one of largest and fastest expanding industries in the country. Its declared turnover in 2000 was DKK 1,504 billion. This is more than double the turnover of the US automobile industry and seven times greater than the US film industry.

- Real Madrid in 2002 earned a few hundred million DKK alone on the sale of jerseys carrying the names of the club's superstar players.

- Sponsorship funding in sport has now topped DKK 200 billion, annually. Three times the 1990 figure.

- FIFA received DKK 13 billion for the TV rights of the 2002 and 2006 World Cup, a rise of 5250% from DKK 243 million for the 1998 World Cup.

- Adidas shares fell 3% when Adidas-sponsored Germany lost to Nike-sponsored Brazil in the World Cup final of June 2002.

No overall figures are available for the sports industry and its development in Denmark. But a look at sports retailing and at our largest football and handball clubs shows a turnover of approximately DKK 5.4 billion, in 2001. Turnover in sports retailing has since 1995 risen by 38%, which is more than double the rise reported in the retailing business overall in Denmark, and more than 50% higher than developments

in the sports retailing business in eight EU countries[4]. Looking again at the same eight EU countries Denmark tops the list as the highest consumer of sports equipment per capita.

Professional clubs in particular have experienced a rise in turnover in contracts and salaries to sportspeople, sponsorship, TV earnings, spectator receipts, merchandising etc. And sports equipment (clothing, footwear, balls, boat equipment, golf equipment etc) is a major market in itself. The facility side, which includes grounds, stadiums and related industries like flooring, nets, track, coverings and so on, has also experienced a rise in turnover. The figure below gives an outline of the businesses embraced or touched on by the sports industry.

Figure 5: Outline of the sports industry

Production	**Distribution**	**Spectator sports**	**Commercial leisure activities**	**Services**	**Media**	**Sponsorship**
Sports equipment	Retailing	Professional handball	Fitness centres	Design	TV, www	From non sports firms
Sportswear	Transport	Stadiums	Golf	Agents	Radio	
Sports shoes		Facilities etc	Other private facilities	Consultants	Releases:	From sports firms
Other sports equipment		Sporting events	Sports travel		newspapers, videos,	
					computer games	

Admittedly sport is a growth industry in itself. But sporting events and sports stars are also commodities for which many companies are willing to pay massive sums. For this reason sponsorship constitutes a significant component of the sports industry. In fact, sport sponsorship turnover rose by an average of 12.9% per annum from 1994-2001, significantly higher than the rise in the advertising industry generally (with growth rates of 3.8%, annually).

2.1 The challenges facing sport

The commercialisation of sport is a source of income for many companies, which in turn contribute to job and wealth creation in society. The Government intends to encourage this development. Sport as an industry must be given scope to develop on a market marked by free competition, few barriers and a healthy market structure.

Commercialisation implies challenge. Professional sports clubs are sourced in voluntary associations and the borderlines between free association and professional sport are invariably clouded. Some clubs employ both contract players and amateurs on the same team, while many voluntary clubs avail of sponsorship. It is essential to acknowledge here that a professional club must be managed following other

4 Germany, France, UK, Italy, Spain, Netherlands, Belgium, Denmark.

than those principles applying to free association. Without this awareness and differentiation clubs and players risk serious financial and ethical dilemmas. It is relevant therefore to constantly evaluate how developments impact the professional club, sport generally and the free association ideal in Denmark.

The Government has set up a committee to put forward proposals for a revised Elite Sports Act. The outcome will be of interest in many respects to interaction between sport and industry, including professional sports club management. The consequences of commercialisation, striking a balance between popular and elite sport, and municipal investment in sports facilities/grounds are some of the issues being looked at. cf box 3.

Box 3: Excerpt from terms of reference for the Committee to Revise the Elite Sports Act

"With the object of establishing a basis for decisions on a future Elite Sports Act in Denmark a committee has been set up to study developments within elite sports, nationally and internationally, to draft a declaration of society's responsibility in relation to elite sports, to specify the objectives of an elite sports policy, and following on from this the objectives of any projects or strategies initiated. In conducting its activities the working group will take due consideration of the following:

- The impact of intensified commercialisation
- Differentiation/financial balance between popular and elite sports
- Municipal investment in sports facilities/grounds
- Evaluation of financing models in elite sports, including relations with other sections of the sporting world.

(…)«

2.2. Government strategy

To underpin its scope for boosted growth the Government intends to reinforce framework conditions for development and professionalisation of the sports industry.

However, the Government does not intend to institute new regulatory provisions on interaction between commercial sport and voluntary association sport in Denmark, or within the sports industry. Rather actors are encouraged to take up the debate and exploit the opportunities inherit in such interaction.

Several businesses operating within the sports industry function efficiently as unqualified commercial enterprises. These include sports equipment producers and suppliers, media and commercial leisure activities. As noted above a second main division of the sports industry, namely professional sports clubs, is confronting a number of challenges. Professional clubs in many aspects function as commercial enterprises. Their executives are business leaders, their turnovers run to billions, they operate in international networks and have made significant inroads onto the stock exchanges of the world. In Denmark the money makers of the sporting world are primarily ice hockey, handball, football and cycling. Clubs most often have grown from the free association ethic but are now largely managed as companies. Although not always companies in growth and not always as professional managements would otherwise run a commercial enterprise.

Taking its point of departure in the needs of sports clubs and in constructive dialogue with the world of sport the Government intends to stimulate the cutting edge in this area.

Initiative: Guidelines for sound management of professional sports clubs

Many professional sports clubs in Denmark are in serious financial difficulties. The same tendency is evident abroad. In the UK total turnover among professional football clubs in 2000 was DKK 12 billion, but with a deficit before tax of DKK 1.7 billion.

Sound management of sports clubs turns on financial control, social responsibility, personnel management, labour market conditions, opportunities for further education and relations with club interests, including sponsors, the press, voluntary associations, municipal officials, the local community and share holders.

But professional sports clubs are not necessarily companies akin to all others. A club’s origin in the world of voluntary sport tends to leave its mark on management practices and perspectives. When running a professional club sporting results often carry more weight than financial considerations. And, on top of this, professional clubs in their relations with sportspeople, associations and local authorities are often confronted with several highly specific challenges in the shape of social responsibility.

There is a need therefore for the industry to draw up a set of voluntary guidelines on sound commercial management qualified to inspire professional clubs and those considering going professional. Such guidelines would help strengthen scope for boosted growth and arm the professionals for intensified international competition.

However, the Government has no intention of dictating guidelines on sound management. Instead it advocates competent actors in the world of sport to evaluate what is needed to strengthen development in this direction. Against this background the Government has set up a committee composed of the following:

- Flemming Østergaard, Chairman, Parken Sport & Entertainment (Chairman)
- Lars Krarup, Mayor of Herning and former director of Blue Fox Herning
- Bjarne Riis, Sports Director and owner, Team CSC
- Jesper Jørgensen, Partner, Deloitte & Touche (Auditors)
- Arne Buch, Director, GOG and Chairman of Divionsforeningen

This committee has been requested to evaluate the need for straightforward and workable recommendations that will assist professional clubs in their decision-making processes and day-to-day operations. Such recommendations would also assist clubs considering or in the process of going professional. The committee's recommendations will also embrace how professional sports clubs approach relations with vested interests, cf. above. Significant financial interaction often persists between professional and semi-professional clubs and local authorities, where practices are anything but clear-cut. Experience shows that such interaction is not always smooth going and often occurs based on various preconditions set by the municipalities, damaging fair competition between clubs[5].

The Ministry of Culture with assistance from the Danish Commerce and Companies Agency is offering secretarial assistance to the committee. The committee's terms of reference are listed in Appendix 1 of this publication. The committee's recommendations and ultimate guidelines are scheduled for publication at the end of 2003.

5 The Danish Competition Authority published a report in August 2003 on local authority leasing of sports facilities/grounds. The committee will be able to draw on this report.

3. Interaction between cultural institutions and commercial enterprises

The meeting of cultural institutions[6] and the corporate sector generates a dynamic in the culture and experience economy from which new value emanates. Cultural institutions are imbued with fresh scope, inspiration and opportunities to develop their artistic or cultural product. And not alone does the corporate sector reinforce its scope for financial growth through access to new sources of inspiration, marketing and product development, it is provided values for which it wishes to be recognised among its clients or customers, its employees and potential employees. We are talking in terms therefore of reciprocally profitable cooperation.

Scope for interaction is not confined solely to conventional sponsorship contracts. Cooperation can take many forms and permit many different objectives and rewards for involved partners. Some of the many interaction models envisaged along with concrete examples are highlighted below:

Box 4: Interaction models for cultural institutions and the corporate sector

Reinforcing artistic inspiration and innovation in new ground-breaking projects
The Herning Museum of Art and the Trade Council for Herning-Ikast-Brande have come together to cooperate on the »Socle du Monde« project. Here artists visit various businesses and contribute to everything from product development to design and decoration. The results are exhibited at the museum, which has witnessed a rise in visitor numbers. The initiative attracted wide press coverage and will now become a biannual event. The project also stimulated fresh marketing approaches, product development and internal debates in the companies involved.

Product development projects designed to benefit both a cultural institution and a business enterprise
One example here would be The Royal Theatre's liaison with the light producer Martin and Sony, respectively, both of which have used the theatre as a laboratory to develop new products and capabilities. For its part the theatre received some specially designed products. The end result is an improved product both for the theatre and the companies involved. Or Denmarks Library for the Blindand Partially Sighted which has joined forces with IT companies to

6 In this context cultural institutions must be understood in the broadest sense. State and local authority funded, autonomous and other cultural institutions can benefit from enhanced interaction with the corporate sector, whether their focus be music, the visual arts, theatre, literature, film, national heritage or an arts academy, or some entirely different cultural function.

develop encryption and digital audio books. These products have enormous market potential for IT companies and assist the partially sighted access literature.

Cooperation based on an institution's own physical frameworks, material, other characteristics, values and visitors
A prime example here would be The Royal Museum of Fine Arts' collaboration with business and industry in hosting events (everything from personnel seminars and banquets, to literature readings). Turnover on these types of activities is over DKK 8 million, annually, of which hire of premises alone accounts for DKK 1 million (enough to finance 3 research posts). Businesses are offered creative frameworks in which to entertain their clients and inspire their employees. Nykredit fully sponsors exhibitions of contemporary art in the museum's X-Room. Erik Jørgensen Furniture supplies furniture to the museum, free of charge; a survey of visitors found that such furniture is in high demand. And, finally, the museum has departed from the conventional »money for marketing« contracts to, for instance, awarding tickets and arrangements in return for catalogue printing, and so forth. All of this opens up new avenues of opportunity for both The Royal Museum of Fine Arts and its partners in the corporate sector.

Skills exchange
For instance in Aarhus, where Den Gamle By in cooperation with trade and industry groups, and a private foundation, holds trainee and advanced courses for tradesmen, on loan from local companies, instructing them in bygone trades and in the restoration of old buildings. The corporate sector in this instance learns unique, specialised skills, while buildings in the old town are restored and guaranteed future upkeep.

Team spirit among employees and employee relations
Gladsaxe Theatre invited 400 employees from what was then Damgaard A/S to a performance produced by 40 of Damgaard's own workers. An initiative that contributed to reinforcing a team spirit among company staff, and improving employee relations. For its part the theatre received publicity, gained financially and came into contact with a new audience.

Local cooperation in a region
Aalborg where various cultural institutions have come together around the life style magazine »Appetize«, which carries articles on artistic events and organisations, and is sponsored by the corpo-

rate sector. And in Horsens where Horsens Ny Teater has become an international location in the music industry hosting concerts by such stars as Robbie Williams and David Bowie, with the financial backing of local businesses, all providing positive press coverage for the town and the theatre.

The examples quoted above are but a few of numerous interactive models open to the corporate sector and cultural institutions. Interaction that can simultaneously reinforce interest in cultural institutions, and thereby the arts, furnish companies with a creative edge, promote customer goodwill and of course provide financial gain. Many companies and cultural institutions are showing the way forward and inspiring those who have not, as yet, taken the step towards cooperation.

Because this type of cooperation is all embracing and complex by its very nature its extent is difficult to calculate. In 1999 sponsorship within the arts and culture was estimated at DKK 190-230 million. But other types of cooperation[7] must be appended and the numerous funds and foundations involved in the arts contribute significantly, as well.

Internationally, too, renewed interest is being expressed in potential expanded interaction. In this context the UK has been a front runner. Since 1975 Arts & Business has worked to promote interaction between organisations and agencies involved in the arts and culture, and the corporate sector. Arts & Business has published surveys of company investment in the arts, especially with respect to cultural institutions. In 1999/2000 this investment totalled over £300 million.

3.1 The challenges

Although many in Denmark still tend to interject the prejudices of the past between the arts and the corporate sector barriers are being dismantled, albeit slowly. In spite of the rising number of favourable results ensuing from new models of interaction and cooperation, many companies and cultural institutions insist on cooperating along conventional sponsorship lines, or else ignore cooperation altogether.

Relatively few have taken that one step further to cooperate on, for example, product development.

7 This is most often patronage, i.e no reciprocation demands

Experience also shows that many institutions and companies are either unaware of the many opportunities cooperation can offer or question the fruitful impact of such cooperation. There is also evidence to suggest that collaboration remains the preserve of major institutions and well-established companies. And, finally, for many parties just getting started constitutes a barrier in itself. Only few establish the right contacts to a business or cultural institution, agree on which form of cooperation would be the most beneficial for both parties, or how such cooperation can be implemented in practice.

In other words there is quite a way to go before full potential is realised.

3.2. Government strategy to intensify interaction

The Government intends to promote interaction between institutions involved in the arts and culture, and the corporate sector. Government strategy aims to boost the scope of cultural institutions by heightening cooperation with the corporate sector. The Government will be instrumental in ensuring that interaction contributes to a company's product development, branding, customer and employee goodwill, etc. And the strategy should be seen as a supplement to and not a substitute for the economic role already played by the Government in cultural institutions. The Government has already helped establish a forum for the arts and the corporate sector, namely NyX, designed to strengthen bonds between artists and commercial enterprises. The Government has also stated that all forthcoming performance contracts agreed with state-owned cultural institutions must embody provisions for cooperation between the arts and the corporate sector. Also, and as part of its plan of action for tourism policy, the Government has initiated a project designed to develop a labelling scheme for tourist attractions, taking in cultural institutions. However, the Government does not intend to force collaboration. Corporate interaction with the arts and culture, and its institutions, can only bear fruit if pursued on a voluntary basis and with manifest advantages for both sides. Government initiatives have and will help break down barriers.

Conditions and scope are not identical for all types and sizes of institutions. However, the Government will encourage all — large and small — to assess the possibilities, think creatively and seek reciprocal inspiration. To help both parties reap the advantages of interaction the Government will implement the following initiatives:

Initiative 1: Proposal on extra tax deductions for company donations to cultural institutions
The Government will present a proposal allowing companies to deduct against tax donations to cultural institutions. This will encourage companies to assist in preserving and promoting Danish heritage, and extend the financial scope of cultural institutions.

Initiative 2: Cooperation tools
To help counter the difficulties experienced by companies and cultural institutions, alike, when entering into reciprocally stimulating and positive cooperation a number of tools are required to assist and inspire institutions and companies.
The Government has therefore in cooperation with various actors active in the field drawn up material to advise and inspire both parties. This material will be published in conjunction with this report and is designed as a concrete tool for future interaction. The material is available on hard copy and electronically. An internet site will also supply news, additional tools and referrals to relevant publications. Here we refer you to the recently opened site www.kulturpartner.dk.

The website will also carry examples of productive cooperation between the arts and the corporate sector, and offer sound advice on how a company and a cultural institute can avoid pitfalls.

Box 5: Content of www.kulturpartner.dk

As an extension of already executed initiatives the Government will convene a conference on interaction between the cultural and corporate sectors in the autumn of 2003. This conference represents the beginning of several local and regional initiatives, and will be a forum for open and prejudice-free debate on interaction and the scope and challenges it entails.

4. Design

Design underpins the Government's resolution to strengthen conditions pertinent to innovation and development in the domain between creative design and the remainder of the corporate sector.

Denmark has a long tradition in the field of quality design. This will be sustained and built upon. B&O hi-fi equipment, Novo's insulin pen, the Wegner chair, Montana shelving and many other classics are shining examples of how Danish design can lead to international market success.

Design is increasingly becoming a competition parameter within the corporate sector. Annual design investment is estimated at between DKK 6.5 and 7.5 billion[8]. Properly applied design offers more effective solutions, new application potential and greater user friendliness. Design can assist companies to develop new and differentiate their existing products from those of the competition and, at the same time, occasion experience, and offer the status and identity constantly demanded by consumers.

The economic significance of design is greater and more far reaching than the design industry itself, inasmuch as a company's competitiveness can be improved by applying design. This is illustrated in the table below.

Box 6: Design facts

Bottom line results for companies applying design[9]

- Companies that employ designers or purchase design services export an average of 34% of their turnover, compared with 18% for other companies
- Looked at over a period of five years companies availing of design experience a gross result gain of about 22%, compared with companies generally
- Over a five-year period companies that have boosted their design efforts experience 40% greater gross result gains than other companies

8 From a study entitled *Designs økonomiske effekter - en samfundsøkonomisk analyse* (2003). A major proportion of this investment level, including internal company investment in design, is not contained in Statistics Denmark figures, cf. table.

9 From *Designs økonomiske effekter - en samfundsøkonomisk analyse* (2003). This applies to companies that either employ their own designers or purchase external expertise.

A design sector in growth[10]

- Turnover in the design industry proper in 2002 amounted to DKK 2.2 billion. A growth rate since 1992 of about 20% per annum, or almost four times the average of other companies
- Added value per fulltime employee amounted to DKK 443,000 in 2000, surpassing the average for the culture and experience economy
- Exports in the design sector amounted to almost DKK 450 million in 2002. A rise since 1992 of about 20% per annum, or three times the average for the corporate sector

4.1 The challenges facing Danish Design

Danish design is a growth industry and companies availing of design in production or processes can gain significantly. Still, the design industry and its clients are faced with several challenges connected with the application and expansion of design.

For the Government this means generating smoothly functioning markets and favourable growth conditions for design users and clients, as well as providing easy access to knowledge and education. Equally, there is a need to rethink overall branding initiatives, both nationally and internationally.

Reinforcing the design user's access to knowledge and tools

Companies using and applying design in their operations can gain an edge. In a survey of Danish companies 66% declared that international competition intensifies the need for design[11]. Only the few systematically integrate specialised competence into their strategies and development processes, and for many (especially smaller companies) it does not pay to build up such expertise in-house.

Although an increasing number of companies recognise the opportunities inherent in employing design as a component of a company's

10 Statistics Denmark figures

11 An Evaluation of the Design Icebreaker Scheme suggests that about 90% of companies that have cooperated or cooperate with designers for the first time feel that design reinforces competitiveness

innovation and development processes, design application demands easy access to the latest knowledge and tools.

Keeping abreast of the latest international trends and development tendencies is all but impossible for the majority in the Danish corporate sector. Equally, easy access to information on, for instance, best practices in the field, bench marking and financial key figures is essential to further development both for designers and the corporate sector, generally.

Professionalising the supply of design services

Seen in isolation the design industry is a small business with good growth rates and enormous entrepreneurial will. The number of newly started companies operating in the industry is approximately 11%, compared with an average for the entire corporate sector of about 5%. This is equivalent to a ninefold increase in the number of operating companies and a threefold rise in turnover and in numbers employed by the design sector, between 1992 and 1998. A growth rate only a few other fields can hope to match.

Nevertheless, a series of structural barriers stand in the way of a steady market for Danish design services. Most companies are one-man firms. These companies need easy access to the correct tools and the acquisition of business acumen capable of underpinning development and growth. Otherwise they could block the Danish design industry's capacity to take on major and more complex design projects. From the point of view of the consumer the design market can be difficult to come to grips with and greater clarity is needed here in terms of consistency and quality levels.

Access to education

Access to quality research and education is a must for the design industry itself and companies in the market for design. Equally, curricula must guarantee the same high artistic and creative standards in the future. Until now the research component of design-related studies has been at best weak, while education generally is insufficiently oriented towards careers in business and industry, or focused on establishing successful and flexible transition from the sphere of education to commercial enterprise.

Branding Danish Design

Denmark is world renowned for Danish Design. Denmark has benefited from this renown as a tourism and an exciting investment destination, both helping to give the stamp of high quality to the Danish corporate sector and Danish products.

But studies suggest that the »Danish Design« brand is losing ground internationally and some foreign commentators caution that Denmark as a design country is in retreat. Although Denmark is a serious player in the international classic furniture market, providing a great deal of opportunity, it poses a major challenge to newer more contemporary designs, which have been unable to break through internationally with the same vigour.

4.2. Government initiatives in the design field

Government efforts focus on strengthening Denmark in the design field. Design promotion initiatives will be intensified to centre on framework conditions to boost growth, including establishing favourable markets for the design industry and its clients. Public efforts will largely focus on improving market conditions, promoting the visibility of Danish design and enhancing research and education in the design field. But the Government cannot and will not take on this project alone. The Government's design strategy rests on yet closer cooperation between the public sector, the design industry and those sections of Denmark's corporate sector determined to expand the use of design in their development processes.

Government initiatives in the field are twofold. Firstly, the Danish Design Centre will expand upon and implement a new strategy, and function as a national knowledge centre within the design field. It will intensify its efforts to reinforce the prominence of Danish Design internationally and reinforce interaction between designers and the Danish corporate sector, to embrace efforts targeted at promoting a higher level of professionalism within the industry. Further, the Government will assist in the organisation of the World Design Congress in Copenhagen in 2005 and jointly finance INDEX 2005 with Copenhagen Municipality.

Secondly, efforts will be stepped up to enhance research and education in the design field, notably at the schools of architecture and design, and to promote greater focus on careers in the industry, without losing sight of constant advancements in artistic quality.

Initiative 1: New strategy for the Danish Design Centre

The Danish Design Centre was established in close association with the private sector. In promoting the Government's growth policy within the design field the centre remains the principal actor. DDC also constitutes a central platform for designers and design consumers, and acts as an important exhibition window for Danish design.

Over the past year the Government has examined the possibilities of fully privatising the DDC and its activities. Studies suggest, however, that DDC's role as operator cannot be dispensed with and full privatisation is neither possible nor desirable in the present challenging climate.

DDC is called upon to strengthen growth conditions for Danish design. To enable it rise to this challenge the Government has allocated in the 2004-2007 period DKK 12.5 million, annually, for design promotion, thus securing DDC's grant for the years ahead. The centre will concentrate on elaborating upon and implementing the new strategy but must now adjust activities to its future grant level. The Government will provide DDC with the latitude it needs to meet these challenges and further develop and implement the new strategy, including exploring new avenues for private sector funding and inviting project financing.

DDC is working from a favourable point of departure, compared with similar design centres abroad, in that it benefits from a high turnover in its own right, in 2003 surpassing 50% of the public grant. Continued positive developments in operational earnings are important to sustain and enlarge upon.

Besides its Government grant the DDC operates on behalf of a number of ministries, local authorities and other actors. Collaboration with the recently established Arts Council international cultural exchange programme and other agencies active in the field of design promotion offers obvious scope for expansion.

The DDC's new strategy focuses on three interrelated target areas. Initiatives the DDC will undertake by availing of regional and international partnerships, and in close cooperation with design consumers and the design industry.

a. Danish knowledge centre for design

By seizing upon its capacity and capabilities, and availing of its wide international network, the DDC will develop, gather and disseminate information on the design field at a high international level and function as a sparring partner to benefit the design industry, the corporate sector and agencies active in the field.

DDC will document the economic impact of design[12] and publish key figures, research results, best practices, development trends and research, via cooperation with the Design Research Centre, and others. The knowledge centre will likewise develop competence centrally and be in a position to offer various courses for the design industry, advisers and the corporate sector, or promote the basis for such in cooperation with other actors.

Tools will be available to less experienced companies helping them to apply design in their operations, while more established enterprises can avail of the centre to reinforce their role as front runners in the field.

b. Branding Danish Design, including INDEX 2005

Branding will market and promote Danish Design, nationally and internationally. Equally, branding offers an excellent opportunity to promote a new understanding of design, from being thought of merely as the finishing touch, to the means by which to set to work on development and innovation.

Branding is a multifaceted undertaking conducted under the auspices of the DDC, at home and abroad. Continued development of and upgrading the Danish Design Prize will be an important contribution to the design debate.

DDC will play a role, too, in attracting and organising international design events, such as the World Design Congress scheduled for Copenhagen in 2005 and INDEX 2005, a global design event of awards, exhibitions, festivals, and so forth. To date the Government has invested DKK 4 million in the ideas and development phase of INDEX 2005, and in cooperation with the Copenhagen Municipality will grant a further DKK 8 million (in 2004). DDC partner financing (via participation in concrete projects) will increasingly supplement branding initiatives.

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12 An example of this is the recently conducted study Designs økonomiske effekter - en samfundsøkonomisk analyse (2003).

c. Offensive design promotion initiatives

Design promotion initiatives will improve on and develop the competence and capacity of Danish design companies, notably their economic management and advisory proficiency. To reinforce and develop cooperative relations with design consumers the design industry needs a level of exposure capable of displaying and documenting the high standards of services offered; a voluntary certification scheme is apt here.

Design promotion initiatives should benefit the corporate sector, nationwide. DDC cannot and will not undertake this project single-handed. Rather, it will provide opportunities targeted at strengthening local and regional operators with direct knowledge of and contact with local industry. Applying a fee system the DDC will then gear initiatives to boosting the competence of regional operators, e.g. in the industrial promotion field.

Initiative 2: Enhancing research and education in the design field

Improved research and education is a precondition for future development and growth in the design field.

a. Strengthened research initiatives

The Government's target is to insure education and research within the design field comparable with the highest international standards. Accordingly, strengthened design research is an integral component of initiatives forming part of the multi-year agreement with Ministry of Culture sponsored arts academies, from 2002. This multi-year agreement stresses that research initiatives within the design field be intensified and coordinated. Extra funding will be provided for design research and cooperation will be stepped up between the schools of design and architecture, and the research field.

Following on from this the Ministry of Culture, in liaison with the schools of architecture and design, will establish a Design Research Centre. With a budget of approximately DKK 20 million, in total, the centre will coordinate and intensify Danish design research, and act as a base for elevating the two design schools to top standard, research-based institutes. The objective of the centre is to boost knowledge and know-how in the design field to benefit education, the design industry and other sections of the corporate sector dependent on design.

b. Greater business orientation in education

When drawing up multi-year agreements with design schools performance contracts emphasise that curricula make allowances for the industrial sectors that will eventually employ their graduates and encourage intensified interaction between the schools and industry, parallel, of course, with continued advancements in artistic quality.

Improved opportunities for merit and flexibility will make it easier to combine Ministry of Culture sponsored arts studies with more career-oriented components from other third-level programmes, while design students will be guaranteed greater access to merit-conferring internships. A formalised merit internship scheme has been established for design students at the schools of design and the two schools of architecture. DDC acts as administrator.

5. Architecture

The Government will renew focus on architecture and quality construction in new buildings, and the upkeep and renovation of the existing building stock. A well-designed town with good urban facilities and institutions is attractive, both as a place to settle and for the corporate sector.

Architectural quality is also an important factor in deciding a property's valuation. Investment in property is long term and good visual, functional and material quality is the best prerequisite for continued high valuations.

Architecture helps to promote innovation and productivity in building, and is part and parcel of competitiveness in the construction industry.

Combining quality architecture with modern industrialised building processes is the challenge ahead.

Box 7: Facts about architecture

- There are approximately 7,200 architects in Denmark, graduates of the country's schools of architecture
- There are 675 registered architectural firms in Denmark, 27% one-man and about 33% two-man operations*
- About 80% of total contract costs is payable to registered firms of architecture**
- Architectural exports in 2002 amounted to DKK 161 million, maintaining its approximate level since the mid-1990s
- Added value per fulltime employee in 2000 was DKK 504,000. Or over the average for the culture and experience economy and the private sector, generally
- Turnover in architecture in 2002 was DKK 4.7 billion, a growth rate of almost 7% since 1992 and surpassing the rise in total turnover

* Figures provided by The Federation of Danish Architects
** Figures provided by the Danish Architectural Council

5.1. The challenges facing architecture in Denmark

Generally speaking architecture is well established and a good performer. The challenges facing architecture in the years ahead centre primarily on interaction with the construction industry to boost productivity. The Government has already taken several steps to improve growth conditions in the construction industry, as a whole. Notwithstanding, studies suggest a need for development and new cooperation models, the implementation of digital processes and continued industrialisation[13].

A principal challenge is the digitalisation of information flow in the building process as a whole, from the architect's and engineer's drawing boards to the tradesman on site. And architecture, a profession in which digitalisation is well and truly entrenched, will play a pivotal role in this process.

Reinforcing the newly emerged cooperation models in the construction industry is another major challenge. This involves the early involvement of all parties in integrated planning and projecting, and promoting quality design and workmanship in the building process. Giving architects added scope to remain at the forefront of this process is vital in this context.

Guaranteeing scope to architecture to contribute to industrialised, high-performance building that provides functionality, flexibility/ individuality and quality is the third challenge. Technological advances since 1960s mean that new industrial production methods and prefabricated elements/panels now fulfil several contemporary »soft« consumer demands with respect to product specifics, such as the environment, indoor climate, total economy, upkeep and a building's overall design and image. What the Government has in mind here is quality optimisation in construction. It is the role of the architect to focus on the qualitative and architectural aspects of continuous industrialisation of the construction process.

5.2.Government initiatives in the field of architecture

From an overall perspective Government initiatives in this field are designed to secure and promote architectural quality in the construction process, erecting buildings that will stand the test of time and encouraging an efficient construction industry.

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13 Task force on construction policy 2000

The Government will play its part in strengthening the scope of architecture to function increasingly as an instrument in the construction industry's innovation process. This will involve making architecture a central player in boosting efficiency in the construction industry, and in ensuring quality architecture for our cities and towns, and buildings.

Some initiatives will highlight the way in which architecture can play an enhanced industrial promotion role as an instrument in building innovation and as an integrated constituent of new cooperation models within the construction industry.

The target is for construction to further expand its use of technology and in so doing provide cheaper, better and more flexible/individual production methods and products. This would both benefit productivity and promote quality architecture.

Initiative 1: New strategy for the Danish Centre for Architecture
The Centre for Architecture is the Government's prime actor in the architectural field. The centre's activities embrace exhibitions, a 3-D showroom, conferences, marketing of Danish architecture, education, a web-guide, and so forth.

The Government continues to look to the Danish Centre for Architecture as a central player in efforts to strengthen growth conditions in the architectural field. The Danish Centre for Architecture will highlight and exemplify how architecture and architects can contribute to promoting an upsurge in innovation, productivity and quality in construction. Equally, the Government would like to see exhibitions and presentations organised in a manner that appeal to a wide public in the ongoing debate on design in our physical environment.

It is important for the Government that DAC's day-to-day running costs are not financed exclusively by the state. Operations and project funding should to a far greater extent be forthcoming from the private sector. The Danish Centre for Architecture's state grant of DKK 6.3 million in 2002 and 2003 is financed jointly by the Ministry of Culture, the Ministry of Trade and Industry and the RealDania Foundation. The Government looks to continued partnership with RealDania on public/private funding and with this in mind has set aside DKK 4.2 million, per annum, to DAC for the 2004-2006 period.
The new strategy for the Danish Centre for Architecture will focus on the following new areas:

- **Strengthening industrial promotion efforts in the field of architecture**
  - Highlight how architecture can promote innovation, quality and productivity in the Danish construction industry
  - Contribute to developing new industrialised building methods that can pave the way for quality architecture
  - Provide a meeting place and dialogue centre for architecture and the construction industry, to include conferences, seminars, etc, with a view to promoting innovation and efficiency within construction in central areas, such as digitalisation of building processes and new cooperation models among actors in the construction field

- **Exhibitions and promotion projects with broad public appeal**
  - Informed presentation of architecture's importance in and for Danish culture

- **Documentation and advisory services**
  - Commissioning studies and reports that aim to raise knowledge levels, quantification and documentation of the socioeconomic correlations of which architecture is part and on which it has an impact

- **Analysis of architecture's economic impact**
  - To secure and promote architectural quality and to highlight the ways in which architecture can play an enhanced industrial promotion role the Government has, under the auspices of the Danish Centre for Architecture, commissioned a study of architecture's economic impact and how the various processes involved in the construction industry can be organised to promote added value in architecture. This study will be conducted jointly with the Construction Evaluation Centre

- **Initiatives focusing on architecture's value generating features**
  - Accepting that architectural quality is integral to the industrialised building process, it is crucial that cooperation models within the industry guarantee and promote such quality. An important area for the Danish Centre for Architecture therefore is cooperation and partnership with other relevant actors in the field to develop and introduce initiatives that focus on architecture's value generating qualities within:

- Existing buildings:
  How higher valuations can be attained for the present building stock (experiencing rental problems, vandalism etc) with the aid of architectural initiatives
- New buildings:
  Cooperation models — partnerships within the construction industry that give due consideration to a building's architectural quality, finances and time plan
- Urban areas:
  How package oriented architectural policy can boost valuations in urban areas, financially and culturally.

Initiative 2: Giving a boost to architectural studies

a. Intensifying research efforts

A multi-year agreement for Ministry of Culture sponsored arts academies will intensify research and education in architecture. Under the terms of this agreement extra funding will be made available for architectural research, while cooperative efforts will be stepped up between design schools and the schools of architecture in the research field. The schools of architecture have come together with design schools to establish the Design Research Centre, as outlined in chapter 4. The goal of this centre is to boost knowledge acquisition in the field to benefit education and those sections of the corporate sector dependent on design know-how.

In performance contracts with the schools of architecture for 2003-2006 emphasis is placed on curricula making due allowances for the industrial sectors that will eventually employ their graduates. These include the IT field, where research efforts will look at exploiting IT in architecture. Interaction between industry and the schools of architecture will be intensified in the years ahead, parallel with continued advancements in artistic quality.

Improved scope for merit transfer and flexibility will make it easier to combine studies at Ministry of Culture sponsored arts academies with more careers-oriented components of other tertiary programmes. Furthermore, students will be guaranteed access to merit conferring internships.

b. Intensifying efforts within industrial architecture

A recently conducted study[14] suggests that Danish architecture and the Danish construction components industry should exploit the architectural potential inherent in industrialised construction and seek to procure an international position of strength within design and the knowledge-based construction components industry. The Government is cooperating with the schools of architecture in efforts to integrate industrialised construction as part of architectural studies.

The school of architecture in Aarhus is already focusing on this field and will intensify its efforts in the years ahead. The Royal Academy's School of Architecture will make special efforts on behalf of »The Industrial Architect« by instituting a professional milieu in the form of a Centre for Industrial Architecture. Intensified research in this field will ensure that the best traditions and architectural quality are carried forward and developed in contemporary innovative industrial architecture. The Centre for Industrial Architecture will strengthen dialogue between architects and producers in research and education.

14 PLS Consult: Danish architects' workplace and the future of the architectural profession, 2000.

6. Professionalising cultural and sporting events in Denmark

Cultural and sporting events have become highly significant culturally and financially for audiences, spectators, companies, regions and nations. It is a field experiencing tremendous growth and an arena of fierce international competition as it attempts to attract major events capable of raising a nation's profile and boosting growth and employment. Such events often have considerable value from a cultural policy perspective, as well, inasmuch as they offer citizens quality performances and stimulating experiences.

Staging events of the calibre of the »New Years Eve Concert in Vienna« or the »Cannes Film Festival« or hosting a major sporting event typically requires long-term and professional efforts. Cultural and sporting events are proven good business, and a unique image-promoting event centres focus on a region or country. This is good for tourism, for the population generally, and for the corporate sector and the economy specifically. The Government intends to help strengthen this field.

Box 8: Examples of the immediate[15] *financial impact of international events*

- ⇨ In New Zealand the America's Cup accounted for a turnover of over DKK 2 billion in 2002, equivalent to 0.6% of GDP. The sailing event generated employment equivalent to 15,000 full time jobs in one year and significantly boosted growth in the country's boat building industry.
- ⇨ The European Cup in the Netherlands and Belgium earned the exchequer DKK 90 million, after deductions (police costs etc).
- ⇨ Researchers at the German Olympic Institute in Berlin estimate that the Berlin Marathon (1998) generated 500 fulltime jobs directly associated with the event and value added from spectators and participants from outside Berlin of a total of DKK 200 million, from a total investment of DKK 31 million. A cost/benefit ratio of over six.
- ⇨ Studies in the Netherlands indicate that efforts designed to attract major international events bring in 5% more international tourists. Carrying this over to Danish conditions we get a rise in the number of foreign visitor bed nights of over 1 million, annually, and a rise in tourism added value of approximately DKK 800 million, per annum.

15 Immediate impact is the financial and employment activities directly related to an event and not more diffuse results like, for instance, the economic and employment benefits that result when such events heighten the profile of a region or country.

⇨ Regus the ‘office hotel’ company was with an investment of DKK 5 million the main sponsor of the London Film Festival 2000. As a direct result Regus reported a turnover boost of DKK 35 million in the first year, while at the same time attaining a more creative image. The Regus London Film Festival 2000 was the most successful ever attracting 122,000 participants and record audiences (74%). A smoothly cooperative and reciprocally profitable exercise.

The figures above are but a few examples of the immediate earnings events of this nature can deliver. But besides the direct benefits several more indirect and perhaps not so easily measurable results associated with hosting major international events are worth noting. For instance, major events can strengthen elite sport, contribute to increased production in the cultural and arts field, boost cultural /arts exports and raise the global profile of Denmark and Danish industry. Such events attract tourists, investment, foreign companies and skilled workers, as the Cannes Film Festival does for Cannes and the Roskilde Rock Festival does for Roskilde, and the Berlin Marathon does for Berlin. Such events can be used as a regional upgrading device i.e. using an event to raise a region’s profile while at the same time reinforcing creative, cultural and sporting milieus to benefit economic growth and cultural development. Strategies with which Brisbane in Australia, Manchester in England and Bilbao in Spain have had remarkable success.

Abroad the significance of an event’s impact on a nation or region has long been recognised and activities are targeted at developing, attracting and hosting major international events. Cases in point include Victoria in Australia, the Netherlands and Ireland.

In Denmark the number of companies, local authorities and regions at various levels engaged in hosting events has expanded in recent years. The aim here is to give added impetus to sporting and cultural events, attracting media attention and employing events as a device for development and growth.

At national level priority has focused on supporting one-off *major international events*, such as the Eurovision Song Contest in Copenhagen, H.C. Andersen’s 200th birthday celebrations in 2005, and the major design exhibition INDEX 2005. All of which are organised and staged by independent boards and working groups.

In the world of sport *Sportsfoundation Denmark* was set up in the mid-1990s to support initiatives designed to attract major international sporting events and conferences to Denmark. Studies conducted by the foundation suggest that the economic impact of the twelve international events hosted by Denmark since 1999 have generated direct tourism turnover of approximately DKK 200 million, of which at least DKK 125 million was derived from foreign participants and spectators. These events also created over 400 full-time job equivalents and generated added value of over DKK 100 million. However, these figures do not take into account fx. the police costs involved, in some events.

Although Sportsfoundation Denmark does not, at present, have the capacity to attract major international sporting events it has a major part of the competence Denmark needs in this field.

6. 1 Challenges

Denmark is well placed, considering the numbers engaged in attracting sporting and cultural events to the country. A number of organisations have sprouted up in recent years at regional level which, along with the private sector, have come a long way in professionalising efforts focused on attracting, organising, hosting and subsequently evaluating major events. Unfortunately, however, experience gathering is not a systematic exercise. Experience from which other actors could learn to avoid the imperative of starting from the bottom each time round. Competence and coordination are also wanting at national level. Denmark is not sufficiently systemised or professional in attracting and organising major cultural/arts and sporting events. Without such competence high calibre events will elude us.

Attracting and organising the best-suited and sustainable international events requires significant strategic input. Events that can put Denmark on the map, profiting the arts, sport and the corporate sector. Privately, locally and regionally there is often neither the opportunity for nor the interest in taking on such events single handedly, while insufficient focus is generated from short sighted, sporadic initiatives. Examples abound of events organised devoid of requisite professionalism. The end result is that their full potential goes unrealised.

Accepting that the entire community tends to benefit from cultural and sporting events, private enterprises are rarely interested in shouldering their organisation alone and unaided. A purely private market with the

capacity to attract and host major international events does not in fact exist in Denmark.

6.2 Government strategy

The Government's goal is to attract a greater number of international events to Denmark and boost professionalism in their organisation. The Government will seek to integrate and coordinate the activities of the numerous actors in the field. Enhancing the appeal of and evaluating events, and ensuring that the knowledge and experience thus gained is passed on to benefit all interests concerned is integral to these efforts. Only then will Denmark be equipped to compete globally on hosting major international cultural and sporting events, and be provided with the means to exploit their inherent economic and cultural scope.

On the facilities side responsibility for the provision and upkeep of sporting and cultural facilities lies with regional and local authorities. The Government does not intend to disrupt this practice. The Government feels that investment should focus solely on new, larger sporting and cultural facilities where Denmark holds a position of strength. In other words, fields in which we have a realistic possibility of attracting major international events, and then only in facilities capable of generating sustainable results.

Initiative 1: Reinforcing Sportsfoundation Denmark

Sportsfoundation Denmark, which was founded in 1994 by Team Denmark, Danish Sport Federation (DIF), the Ministry of Culture and the Ministry of Economic and Business Affairs, has in recent years with an annual budget of DKK 1.5 million assisted efforts to attract international sporting events to Denmark. These events have on average generated an immediate turnover of approximately DKK 50 million, per annum (of which DKK 35 million was sourced in foreign participants), employment of over 110 man years and added value of at least DKK 30 million, annually. To this must be added the indirect but more difficult to quantify results that attend international focus on such events.

A recently completed evaluation of Sportsfoundation Denmark reports that the foundation's partners, such as sporting associations and commercial actors, are satisfied with its level of activity. The evaluation stresses the substantial public utility of the events the foundation, with relatively modest sums, attracts to Denmark. But the report also highlights the need to strengthen the foundation's base and points out that efforts of the many interests in the field would be best coordinated at national level. The Government will assist in this process.

The Government has allocated DKK 5 million, annually, from 2005 up to and including 2007 for Sportsfoundation Denmark's future activities, upgrading it to a higher level. This represents a tenfold rise in funding. The Ministry of Economic and Business Affairs together with the Ministry of Culture will meet involved parties, including the foundation's executive board, to discuss the future structure of the foundation's activities. Conclusions will be presented before the summer of 2004. The Government's continued and heightened involvement in Sportsfoundation Denmark presupposes that all involved interests contribute financially to its work. The strategy outlining the foundation's future operations will be coordinated with imminent legislative changes in the Elite Sports Act, which the Government expects to present in the first half of 2004.

Initiative 2: Competence unit for developing and attracting international cultural and sporting events

The Government intends to improve conditions to attract events targeted at international audiences. Special attention will be paid to the professionalism of such activities and promoting financial sustainability.

The Government will establish a competence unit to meet the enormous challenges involved in attracting major international events to Denmark and ensure that the know-how accumulated does not go astray. The unit will institute improved framework conditions qualified to attract, develop, implement and evaluate national and international cultural and sporting events. The focus will be on raising Denmark's global profile, enhancing the scope open to sport, helping the arts and culture attain full potential, and satisfying public demand for unique, identity-generating experiences.

The competence unit is advised to build a network to gather together competence and expertise already in place. This will secure ongoing experience gathering and strengthen accessible know-how on methods of attracting, organising and staging international events.

The primary focus of the unit will be arts and cultural events that complement Sportsfoundation Denmark's activities in the sports arena. The unit will assist in appreciating business competence among organisers,

thereby promoting more and better quality events to benefit production in the arts and culture, and boost growth.

The competence unit will assist with the following:

- ⇨ Gatekeeper for evaluating potential events for investors based on professionally compiled criteria that take due regard of cultural content and business perspectives, including how to maximise marketing impact. All aspects of an event's value chain will be thoroughly thought through to optimise socioeconomic results.
- ⇨ Collaboration with interested parties, such as regional event organisers, to attract major international events, where investment is shouldered by the organisers.
- ⇨ Advise the Government ad hoc on potential joint financing of upcoming major international events.
- ⇨ Analyse facility needs in the world of sport and the arts, looking to events that Denmark can realistically stage.
- ⇨ Concentrate on organising and attracting international events focused on international participation.
- ⇨ Study the possibilities of setting up an event fund in cooperation with relevant actors that can financially support events, working with various financing models.
- ⇨ Develop a self-financing model for the unit following the start-up period.
- ⇨ Evaluate the impact of major international events.

The competence unit will be organised in association with Denmark's Tourist Board, which has already accumulated an amount of expertise organising and staging major international events in a number of categories, and developing financial models. The Danish Tourist Board will meet with interested parties and before the end of 2003 present proposals to the Ministry of Economic and Business Affairs and the Ministry of Culture that will include a plan outlining methods by which targets will be reached and efforts organised.

Possible participants include municipal event units, the tourism industry, cultural institutions, sponsorship agencies, the Danish Labour Market Holiday Fund and other funds. Individuals with professional organisational experience and expertise in organising sporting and cultural events must, of course, be taken on board.

The competence unit will establish close cooperation with Sportsfoundation Denmark. This cooperation will also be defined as part of the new activities of Sportsfoundation Denmark after 2004.

The Government grant to the competence unit is DKK 2 million, annually, from 2004 up to and including 2006, and is allocated as a start-up subsidy. After this date the Government expects the unit's activities to be fully self-financing. The competence unit will be the subject of evaluation in 2006 with a view to assessing the centre's future activities.

Appendix 1. Terms of reference set for the committee on: *Sound management of professional sports clubs in Denmark*

The Government has in the context of presenting *Denmark in the Culture and Experience Economy* looked more closely at the sports industry in Denmark. Heightened business interest in sport carries with it not just scope and opportunity but confronts professional sports clubs with major challenges. A club's financial status, the role and responsibility of its management towards sportsmen and sportswomen, and its relations with the club's interests still come in for criticism in the public debate.

The point of departure therefore is to examine the extent to which professional sports clubs work in a manner that meet their social and economic responsibilities, and determine whether they possess the necessary competence to adequately execute their role.

The Government is setting up a committee to highlight these issues. The committee is requested to evaluate whether a need exists for a Danish definition of sound management of professional sports clubs, and if it so finds to put forward proposals on what this definition such embrace.

Committee members are:

Flemming Østergaard, Chairman, Parken Sport & Entertainment
Lars Krarup, Mayor of Herning and former director of Blue Fox Herning
Bjarne Riis, sports director and club owner, Team CSC
Jesper Jørgensen, Partner, Deloitte & Touche
Arne Buch, Director GOG and Chairman of Divionsforeningen

The committee is given overall responsibility for all work associated with *Sound Management of Professional Sports Clubs in Denmark.* The committee is composed of individuals with wide experience within club sponsorship, etc.

The committee is not accountable to any particular sports field, company or vested interest but is appointed solely on the basis of its qualifications and expertise. The Ministry of Culture is providing secretarial services with the assistance of the Ministry of Economic and Business Affairs (The Danish Commerce and Companies Agency).

Professional sports clubs today in many respects function as companies. They have boards headed by company leaders, turnovers that run to millions, international networks and have made major inroads onto stock exchanges around the world. However, sports clubs differ from other industries in that they attempt to meet both sporting and financial targets. And, furthermore, sport stands out as a business marked by a high degree of media exposure.

In Denmark ice hockey, handball, football and cycling are the main money-makers in sport. Clubs have most often grown from the sphere of voluntary association but are managed increasingly as commercial enterprises. But apparently not always as professional managements would run any other type of business. When explaining the difficulties facing sports clubs many will point to the need for a more professional sports sector. But in the wake of such a transformation invariably follows several challenges in the form of new competence requirements, employment responsibilities, management systems, financing models and communication demands that these clubs must meet.

Relevant themes for sound management of professional sports clubs would be financial control, social responsibility, personnel management, labour market conditions and relations with a club's interests, including sponsorship, the press, the local community and share holders. The ambition is to draw up straightforward, workable guidelines and recommendations that can act as an aid for professional clubs in their decision-making processes and day-to-day management. Such guidelines and recommendations must also be applicable to clubs considering or in the process of transforming from a traditional sporting association to a professional enterprise.

Guidelines/recommendations should likewise embrace how professional sports clubs relate to their vested interests. Professional and semi-professional clubs are often tied financially to their local authorities in the form of facilities/grounds rentals. Experience would indicate, however, that such relations are not always smooth going and are often contingent upon various preconditions set by the municipal council that damages fair competition between clubs.

The committee's deliberations and ultimate guidelines are scheduled for presentation to the two ministries at the end of 2003. Publication will follow shortly afterwards.

In their deliberations the committee is asked to look particularly at the following:

- Work out a timetable for its work

- Evaluate the need for Danish guidelines on sound management of professional sports clubs, seen in the light of the Nørby committee's recommendations on good corporate management and the experiences of professional clubs abroad
  and to:
  - Identify particular problem areas that the committee finds relevant
  - Evaluate the impact and relevance of ultimate guidelines prepared by the committee

- In any event to put forward proposals for a Danish definition of sound management of professional sports clubs

- To embrace the following aspects:
  - The financial, in the light of the number of bankruptcies and clubs faced with substantial financial difficulties
  - The executive, including training, career after competitor status, savings and pension funds, etc.
  - Relations, including to local authorities, voluntary sports associations, and other private and public interests.