Assessment 2: Written Contextualisation

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Self-belief is the purveyor of action: to energise, create; and in the evolution of enterprise.

- Clare Kelly

We should view entrepreneurship as a form of social action, whereby entrepreneurs may be thought of as social agents that learn by doing and develop their entrepreneurial identities in interaction with others in a socio-economic context.

- (Karatas-Ozkan and Chell, 2010, p. 27)

**Introduction**

This paper aims to offer an explanation of one’s own business development process within an economic, sociological and cultural context, whereby the foundations (in personal skills-building; education; family influences; and the important construction of social capital) have ignited an evolution of self-discovery and the willingness to participate in what Crofts (2003) describes as ‘authentic business’. Ultimately, this involves ‘making you and those around you the primary beneficiaries of your brilliance and energy’ (Crofts, 2003, p. 70).

Bygrave (2009) states that entrepreneurship research will not get to the heart of the [business] start-up process unless it observed happening in the field. Thus, the inspection and in-field processes herein shall invoke critical analyses. More specifically, it is hoped that this paper will provide insight and context to prospective business creators and entrepreneurs in Scotland; unveiling potential pitfalls and pathways - and guiding with aspiration, to highlight some of the noteworthy nuances experienced in dealing directly with organisations such as: Interactive Scotland; Culture Sparks; Starter for 6; Scottish Institute for Enterprise (SIE); Cultural Enterprisel; and Scottish Enterprise.

CitySounds Network – the new venture in question – centres itself in web-based television and social media. Today, in 2012, the boom of online and social media has created a powerful paradigm shift... Firms (online) have morphed into ‘features’; economic recession
remains globally rife; innovation and creativity is seemingly lead by writing code for the Web.

**Starting-up in Scotland**

Scotland: a nation filled with creative individuals; a vibrant music and arts culture – and people with great ideas. Scottish Digital Media IAG states:

> Scotland’s long heritage of creative excellence and innovation is internationally recognised.

(Scottish Digital Media Industry Advisory Group, 2012).

One of the fundamental motivations behind giving birth to the new venture that is CitySounds Network– a quality video network (web television) which connects users/viewers with existing localised music channels, offering them a unique insight into a given city’s music scene., was firstly the UNESECO\(^1\) ‘City of Music’ accolade, presented to Glasgow in 2009. Culturally, Glasgow boasts a ‘vibrant music scene’ (UNESCO, 2010) and is rich in creative talent. Thus combined with the personal-growth of one’s network in Glasgow - utilising a bank of social capital - the foundations of a new web-venture slowly unpacked; presenting vital building blocks for the business-start-up process. Additionally, via the portrayal of successful online ventures (or ‘features’) such as *Mashable* and Instagram, one has duly recognised that 2012 is the time of the Web Entrepreneur.

**The Web Entrepreneurs: 2011/12**

What does it mean to be an entrepreneur in 2012; and what factors drive entrepreneurs to a place of success..? First, to extrapolate meaning from Entrepreneurship in 2012, it is

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\(^1\) **UNESCO** - ‘The United Nations Educational, Scientific and Cultural Organization (UNESCO) is a UN Specialized Agency which contributes to peace and security by promoting collaboration among nations through education, culture, sciences, and communication (UNESCO, 2012).
important to draw upon some key definitions from appropriate theorists. Shane (2008) describes being entrepreneurial as ‘charging down a new path, staying alert to opportunities and taking risks to seize the opportunity’ (Shane, 2008, p. 40). Similarly, Schumpeter (1934 cited in Cassia et al. 2006) highlights the idea of the entrepreneur being an individual ‘moved by the joy to create and by the pleasure of success that can result’ (Schumpeter cited in Cassia et al. 2006, p. 43). In 2011/12, the prevalent creation element within business opportunities – certainly, in those that are web-based - have been exploited (or ‘seized’) by a number of entrepreneurs like Pete Cashmore. Cashmore, a ‘web entrepreneur’ and computer programmer, used his passion for sharing ‘how web tools and social networks were transforming human interactions and reshaping cultures’ (Mashable, 2012) to drive him to create his web-based, social, news platform in 2005. Cashmore - Schumpeterian by his arguable ‘joy to create’ through web code, and characterising that “opportunity-seizing” (Shane, 2008, p. 40) element of the entrepreneur; sold the technology-news website to CNN for £128 million in 2012 (Plunkett, 2012). In this case, the success can be construed twofold: (i) by the sale of the venture for such a large sum of money, and; (ii) by value created in Mashable’s user-base and content. Drucker (1985) states:

> It is not size that is an impediment to entrepreneurship and innovation; it is the existing operation itself...’

(Drucker, 1985, p. 136)

What this signifies is a paradigmatic shift in how web entrepreneurs and online businesses are perceived. Traditionally, a business would be purchased based on a valid revenue model. To the contrary, through the technological forces of evolving social media and broadband enhancements, the online business has become nothing more than a ‘feature’ and a means to attach monetary value to the end-user.
The recognition of this shift provided, in part, the appeal of creating CitySounds Network. Lack of start-up funds made it challenging from an economic perspective. However, being based in Glasgow, culturally, it made sense.

**SME Start-up Organisations in Scotland: A Critique**

Gaining as much perspective from freely-available business start-up organisations in Scotland is both valuable and time-consuming in practice. The aforementioned lack of funds (required for complex web development), set in motion the exploration of available aid for pre-start and new-start businesses. From each organisation encountered, the likelihood of gaining analogous advice is relatively high. In the United Kingdom, this stems largely from governmental goals in (i) attempting to create more jobs to stimulate economic growth, and (ii) endeavouring to make Britain or Scotland a ‘global player’ (see Miers, 2012, p. 36).

Nonetheless, it is worthwhile ascertaining the particular remits each organisation has before making any path-changing decisions in your business idea. From participating first-hand in programmes provided by Interactive Scotland, Scottish Enterprise, Culture Sparks, Starter for 6, Cultural Enterprise, SIE² and Business Gateway; a gradual realisation unearthed, resulting in the slight morphing of one’s original business concept. Understanding the market and market demand – initially instigated through a discussion with Culture Sparks – became the illumination of possibilities; moulding and reinvigorating the original idea³.

**Culture Sparks** – ‘the intelligence and innovation partnership for the cultural sector’ (Culture Sparks, 2012), dealing heavily with organisations funded by Creative Scotland and delivered the early scrutiny of one’s under-thought business idea. The important face-to-face meeting with Senior Partner, Dianne Greig, flagged a number of market research questions that

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² SIE – Scottish Institute Enterprise
³ The original idea was named City of Music TV and had fewer features and benefits.
remained to be asked. Although Culture Sparks did not provide an all-encompassing service at the time of interaction, the expertise shared by Dianne Greig alone, were influential in the formation of one’s succinct verbalisation of what was to become CitySounds Network.

**Interactive Scotland: Uprooting the Schumpeterian Entrepreneur**

Interactive Scotland (developed by Scottish Enterprise) has a remit to ‘drive growth in this important [digital] sector and support digital inspiration - the strategy for Scotland’s digital media industry’ (Scottish Enterprise, 2012). It is a governmental organisation with a strong consensus in harnessing the Scottish Government’s Digital Futures Bill. Interactive Scotland’s remit centres round supporting SMEs with an innovative-technological background, providing advice on business-plan construction, and also build potential bridges-to-finance. The platter of possibility presented by the likes of Interactive Scotland is reflective of the ‘positive movement toward the opportunity driven side the [entrepreneurial] spectrum’ (Stevenson, 2000). With this – certainly on a personal level – comes a notion of inspiration: a heightened sense of self-belief as the purveyor of action in enterprise.

The mentor with whom one worked was Kevin Lonergan. Mentors are important threads of channelling self-belief and, as a process (in the case of dealing with Interactive Scotland and SIE), leans towards the construction of an entrepreneur as depicted by Schumpeter (1934 in Cassia *et al.*, 2006). Perhaps everyone in today’s modern society has the ability to become an entrepreneur – and the previously mentioned ‘innate qualities’ (Schumpeter cited in Cassia *et al.*, 2006, p. 40) need only be effectively uprooted.

Unlike the meticulous interviewing by Culture Sparks, the approach by Lonergan at Interactive Scotland was holistic in nature. More specifically, Lonergan, appeared to have a greater interest in the individual, or creator (of the business concept), whilst tabling the
potential grants available and recommending third-party organisations that one should explore. Consistent with advice specified by Liz Walsh at SIE, and Frank Duffin (CFO of Worldmark – also an advisor to CitySounds Network), whereby it is in the individual/creator (not the product or service) that business angels or venture capitalists tend to invest: a resonance in Netflix’s ‘freedom and responsibility culture’ (Hastings, 2012) appears to be increasingly flagrant in today’s evolution of web entrepreneurs. Hastings’ (2012) philosophical underpinning of employee empowerment is the cornerstone in individual-engagement; and the subsequent free-flow of innovation and creativity. Thus, lies a plausible argument for environmental conditioning as a facilitator in this process. Berlin – described by Caroline Winter in Bloomberg Businessweek as a city that knows only ‘change and disruption’ and where there is ‘nobody defining what the city should be or what an entrepreneur should be’ (Winter, 2012), embodies both Schumpeterian innovative creative-destructive qualities and personifies the essence of ‘Tech Age’ entrepreneurialism.

**Market Research**

At the time of meeting with Interactive Scotland, CitySounds Network as a business concept had significantly evolved - albeit different in name. In turn, this appeared to have enhanced the value and subsequent benefits in the relationship. One key outcome, however, was the clearer understanding of markets and gaps therein. As previously mentioned, there can be a morphing stage of business development to which not only investors, but governmental organisations can be party. As a piece of advice: exploit such criteria only to your advantage whilst maintaining the core business values. Figure 1, below - to which one was directed to view by Lonergan at Interactive Scotland - highlights that music and online video are underperforming as content distribution platforms digital media businesses in Scotland:
Establishing a higher sense of awareness towards said ‘lacking content distribution platforms in Scotland’ (*Ibid*) enhanced confidence in CitySounds Network, its opportunities - and encouraged a distillation of the market research. Additional primary focus-group market research was also conducted, under advice munificently provided by Dr. David Boyle (specialist in focus group research at the University of Glasgow). Acknowledging important gaps in the market; consumer/prosumer\(^4\) demand; and the deteriorating economic climate, became informants of a much more focused plan. Nevertheless, one’s naturalistic deportment swayed much more towards the freedom culture as utilised by Hastings (2012).

Scottish Enterprise, by the same token, supply aid in tackling market research for small businesses by employing market research personnel to distribute findings (in this case, via e-mail) to its members. By engaging with Scottish Enterprise, one found that the time taken to deliver such findings (approximately two weeks per request) as somewhat detrimental... The findings appeared weak overall and the sources mostly readily available to non-members of Scottish Enterprise.

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\(^4\) Prosumer – Referred to here in the producer-consumer sense.
Starter for 6 & SIE: A Kirznerian Approach?
Participation in the ‘Starter for 6’ application process, on the other hand, unravelled two advantageous pieces of counsel. First, through stipulations made on the online application form; secondly - through the interview/pitch stage. The investigative nature of the interview/pitch, undeniably, strengthened key attributes in oneself: in preparedness for business and market-specific questions; and in the delivery of a cogent business pitch. As a learned process, both elements to some extent mirrored a previously-conducted pitching workshop lead by SIE’s Liz Walsh and Ann Davidson in Glasgow’s CCA. Such learned attributes are reflective of the entrepreneur as depicted by Kirzner (1973). Schumpeter (cited in Cassia et al., 2006), however, argues that such traits in a true entrepreneur are ‘innate’ and ‘cannot be learned’ (Ibid, p. 42). The exploitation of opportunity pitted against learned values in a rapidly-evolving technological world, must be credited to the Kirznerian entrepreneur; where ‘optimising against the background of assumed data’ (Kirzner 1973, p. 41) can produce millionaire-entrepreneurs such as Pete Cashmore⁵ – where a gap in the market was identified – and opportunity to fill it, seized. Cashmore’s business, Mashable, is also representative of the 2012 social media and online business boom, where website traffic and integrated databases of end-users equal high value purchases from large corporate companies – in Mashable’s case: by CNN for £128 million. Inspired by such sales and a seemingly lucrative model thrusted the creation of CitySounds Network. Important then, was – and still is – the preparation of oneself to effectively execute a plan to compete with mammoth online companies such as YouTube. Starter for 6 provided encouragement and were motivating in the cultivation process.

⁵ Pete Cashmore – Founder of Mashable.com
Application of the Self

Applying to a prestigious programme such as ‘Starter for 6’ regardless of overall progression, is worthwhile as a learning experience for any prospective entrepreneur (limited, of course, to residents of the UK). Successful candidates to the ‘Starter for 6’ programme often receive expert mentoring, access to workshops and financial investment: the key reasons for one’s application.

It should be noted that an intertwining-of-services offered the aforementioned organisations can often occur – and indeed, should be utilised to a Scottish entrepreneur’s advantage. For example, Interactive Scotland’s Kevin Lonergan delivered advice on specific wording on the ‘Starter for 6’ application form. Similarly, SIE members are enlightened by exclusive news on grant availability from banks including (but not limited to) Barclay’s.

However, underlying these “bootcamps” for new-business preparation (to which SIE actually refer): must one have a connectedness with their Schumpeterian ‘innate’ qualities to succeed..? For Kirzner (1973) conveys that this process of entrepreneurial flair is in fact not innate, but can be learned. In 2011-12 it appears, more accurately, there is equal value in both...

Motivation

Hebert and Link (1982), in their discussion of Schumpeter in and ‘Kirznerian’ entrepreneurial traits, state that one vision seems to complement the other. This is said to consist in the following circumstance:

...while Schumpeter’s innovating entrepreneur is responsible for creating disequilibrium “in the first place”, it is the “Kirznerian” entrepreneur who “springs into action upon recognizing a disequilibrium situation”.

(Ibid, p. 99)
Whether one responds with swift action in recognition to a disequilibrium (or gap in the market), or has the ‘creative-destructive’ approach – as coined by Schumpeter (1911 in Cassia et al., 2006): both appear influential in world of business evolution; as a complimenting force or not. Borrowing strands from both the Schumpeter (Ibid) and Kirzner (1973) perspectives reflect fundamental motivations behind the creation of CitySounds Network. Namely: (i) a response to an online disequilibrium of services; and (ii) a desire to create. Thus, as online virtual cultures become more dominant, the changing face of implicit operations does, too. Arguably, the ‘blend’ mirrors the nature of entrepreneurs (specifically those web-based) and entrepreneurship as a response to a heightened, rapidly-moving intelligent Web.

Subject to Change: Steering in Web Traffic
In the book, Subject to Change: Creating Great Products and Services for an Uncertain World, by Merholz et al. (2008), value is attached to entrepreneurs adapting to a changing environment.

Many companies simply can’t control the system in which they find themselves. Instead, we’re seeing a marketplace filled with functional components that demand greater interconnectedness.

(Ibid, p. 85)

Such functional components within the rubric of “Web 2.0” exemplify the manner in which such online “businesses” can operate within a framework out with their control. Apple, as an example to the contrary, do have control over a larger ‘system’: iPod, iPhone and iPad (playing devices for music); to iTunes (place to buy content for the device); iMac (place with a host of Apple-only applications); App Store (place to buy applications for iMac, iPhone,
iPod and iPad). However, Apple is somewhat unique as a case study for controlling the system. Functional online components or “features”, like Instagram, on the other hand, are successful on the basis of predominantly recognising a particular behaviour (sharing photos online) and providing a simple solution with an enhanced experience. (see Arthur, 2012, pp.7-8). By identifying the type of experience Instagram wanted to deliver, the consumer/prosumer need was filled.

Subsequently, an identification of prospective CitySounds Network user-behaviour, urged an assessment of key competitors in the market. During this period, the following important conclusions were drawn: users want ease-of-access and attach high value to quality online experiences.

**Using Social Capital and Partnerships During an Economic Recession**
Social capital – ‘a relational artefact that plays an important role in facilitating interaction’ (Anderson and Jack, 2002), and referred to by Granovetter (1985) as the ‘social embedded structures [that] can shape sophisticated business action’ (*Ibid*), is also a dynamic, powerful and multifaceted resource for new small businesses and entrepreneurs. In essence, the cultivation of one’s social network can unravel a glorious path of possibility - of opportunity, if appropriately exploited. Frank Duffin, Chief Financial Officer of global company, Worldmark; a key advisor and atom of the social network within that of CitySounds Network, provides his philosophy:

...recognise that there are people around who can help you or even challenge your thinking, whether they be friends, ex-work mates, professional advisors, educators etc. Use them to give you advice, because you cannot possibly know it all yourself. Learn from them, but don't let them deflect you from your aims.

(Duffin, 2012)
Facilitating interaction and sophisticated business action, combined with the crucial behaviour of differentiating elicited good advice from the bad, are the moving particles upon which the dynamic social capital structure exists. Constructing strong personal network, much like an entrepreneur building a business, can be heuristic in nature. Indeed, as CitySounds Network conceptually came to fruition, the consequential exuberances (and pitfalls) provided a strengthened core from which growth in knowledge and experiences prevailed.

Business pitching, for example, can strengthen said internal core such that experiences encountered through the likes of pitching workshops (in the case of CitySounds Network) lead by SIE, Starter for 6 and to potential investors (including Christopher Mitchell of Deloitte U.K.) are indicative of an enlightened entrepreneurial self.

**Economic Impact**
The networks and norms of reciprocity - when married with the term “capital” - are described by Habisch (1999, cited in Spence and Schmidpeter) as productive and important to generate mutual gains of co-operation. The present (and returning) economic downturn or ‘winter period’ within the Kondratieff Cycle (see Mann, 2011 pp. 22-26; Prechter, 2009, p. 113) equating to deflation and a higher cost of living instigates necessity in maximising available non-monetary resources. Skill-swapping and the formation of partnerships have become prevalent in recognition of lacking financial wellbeing. Where ‘some parts of the world have weathered the ‘great recession’ and returned to robust growth, others continue to struggle with massive debt and lacklustre growth’ (Ács and Szerb 2012, p. 1), it is plausible that the former flourishes as a result of subliminal, non-monetary social exchanges.
Throughout the process of creating CitySounds Network, one has deeply comprehended the essential maintenance of partnerships and the intrinsic value of participatory nodes within a social framework in seeding business. The table below provides insight to relational intricacies significant to CitySounds Network:

<table>
<thead>
<tr>
<th>Advisor &amp; Professional Role</th>
<th>Expertise</th>
<th>Connection to CitySounds Network</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chris Connick, Developer at Prezi.com.</td>
<td>Web Development &amp; Social Media.</td>
<td>Met at the University of the West of Scotland.</td>
</tr>
<tr>
<td>Frank Duffin, CFO at Worldmark.</td>
<td>Finance and company growth.</td>
<td>Partner’s father.</td>
</tr>
<tr>
<td>Mike Kinsella, Founder of WeeWorld, Online Community Builder at Scottish Television (STV).</td>
<td>Entrepreneurial / business development; online communities and related technologies.</td>
<td>Introduced by Lecturer, Artist Manager and colleague, Alan McCusker-Thompson.</td>
</tr>
<tr>
<td>Amy Rew, Head of Shawlands Business Association.</td>
<td>People management; entrepreneurial; building business partnerships and networking.</td>
<td>Met through music scene circles in Glasgow.</td>
</tr>
</tbody>
</table>

Additionally, Figure 2 (below) illustrates the key social capital forces in relation to CitySounds Network:
Sir Richard Branson, in his book *Screw It, Let’s Do It – Expanded: Lessons in Life and Business* (Branson, 2007) offers fitting advice which is exercised through the stated social ties pertaining to CitySounds Network: ‘Play the hand you’ve been dealt with’ (*Ibid*, p. 154). This aligns itself to an extent to the optimisation of resources as underlined by Barrow (2008), where working ‘smarter rather than harder’ (Barrow, 2008, p. 210) not only adopts enterprising processes, but conveys key nodes necessary for operating competitively in today’s digital world.
Conclusion: Competing in Future Technological Worlds Can be Easy as Raspberry Pi...

2011-2012 has very much embraced the Web entrepreneurs. From Mark Zuckerberg’s $100 billion Facebook floatation (Williams, 2012) to Pete Cashmore’s mammoth sale of Mashable: there has been a cultural shift apparent, casting adrift traditional (revenue-based) business models and accepting online business ‘features’ (like Instagram) as viable purveyors of our expansive digital landscape. In creating Citysounds Network, one has recognised said shift and acted upon it in a Kirznerian fashion. Speed of action must also be acknowledged here. Lucy Tobin – a business reporter for the London Evening Standard and author of a new book, Entrepreneur: How To Start An Online Business explains this with reference to online entrepreneurs:

Many regretted waiting till their website was ‘perfect’ before going live and missing the chance of a head start on the competitors.

(Tobin, 2012 p. 4)

This compliments a comment made during the final pitch session by Chris Mitchell of Deloitte U.K. Mitchell stated that branching CitySounds Network out as soon as possible to other international cities would be recommended. Ann Davidson (SIE) also added that one of the pitfalls entrepreneurs have is trying to establish such ‘perfections’ before fully launching is often to the entrepreneur’s detriment.

However, to compete in this sense, it has become progressively more obvious that - as Naughton (2012) argues – knowledge of computer science (learning to code) is vital. One modern solution, Naughton (2012, p. 19) writes, is through the utilisation of Raspberry Pi – ‘a credit-card sized computer that plugs into your TV and a keyboard’ (Raspberry Pi, 2012); where the aim is ‘to have it used by kids all over the world to learn programming’ (Ibid). The
point being that it makes sense to prepare oneself (personally, or in team provisions) in future technological worlds with digitally a robust skill set. Certainly, in relation to the building upon the CitySounds Network venture.

In this paper, one has discussed the motivations, processes and attributes of entrepreneurs as depicted by prominent theorists in the area - Kirzner (1973); Shane (2008); Schumpeter (in Cassia et al. 2006); and Drucker (1985) – whilst synthesising arguments reflecting how today’s Web entrepreneurs have, as a result of technological advancements, transformed.

The processes in which one has engaged during the creation of CitySounds Network has unwrapped a sequential growth in business links (personal network expansion); improved the ability to form a coherent business-plan; and enhanced one’s intelligence of the attached market.

Among the multifaceted constructs responsible for underpinning ‘the entrepreneur’, as well as experiences embraced in the business-creation process; one has concluded that self-belief is the purveyor of action: to energise, create; and in the evolution of enterprise.
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