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# Talent, Technology & Tolerance

## Attracting the Brightest and Best to Lancashire West

A Report prepared by Peter Thomas  
for Lancashire West Partnership

# Why Talent Matters

The reasons why one place is more economically successful than another is perhaps the key question in economic development. Richard Florida, in his book *The Rise of Creative Class*, answers this question by arguing that it is the location decisions of certain types of workers that will determine which places prosper or fail in the modern economy.

He argues that creative people drive the new economy. These people are footloose and will move to places that offer them the kind of creative lifestyle they demand. They will also gravitate to areas that offer a labour market which offers them a range of opportunities in their chosen field. If an area can combine this 'talent' with 'technology' and 'tolerance' then economic growth will occur.

Although certainly not without criticism, Florida offers a very interesting set of ideas by which to consider economic development in the UK. The primary focus is on attracting people, not businesses, and he is openly critical of many current policies, such as using grant aid to stimulate inward investment. His views challenge many of the commonly held assumptions about the economic development process.

'Many say we now live in an 'information' economy or 'knowledge' economy. But what's much more fundamentally true is that we now have an economy powered by human creativity. For creativity is the decisive source of competitive advantage. But it is not a commodity. Creativity comes from people [and that means] people are the critical resource of the new age'. (Richard Florida – *The Rise of the Creative Class*)

# Beliefs: Old Economy vs. New Economy

In the old economy, people often believed that:

- Being a cheap place to do business was the key.
- Attracting companies was the key.
- A high quality physical environment was a luxury that stood in the way of attracting cost conscious businesses.
- Regions won because they held a fixed competitive advantage in some resource or skill.
- Economic development was government led.

In the new economy, people increasingly believe that:

- Being a place rich in ideas and talent is the key.
- Attracting educated people is the key.
- Physical and cultural amenities are key in attracting knowledge workers.
- Regions prosper if organizations and individuals have the ability to learn and adapt.
- Only bold partnerships among business, government, and the not for profit sector can bring about change.

Source: "Metropolitan New Economy Index", Progressive Policy Institute Technology Project, with data from Richard Shatten and Paul Gottlieb "Aha!" *Knowledge Economy*", *Innovation for Regional Advantage*, vol. 2 (2000): pp. 4-7



# Introduction

'The Rise of the Creative Class' was published by Professor Richard Florida in 2002 and set out a new theory of economic development. Although the theory was developed and tested in the USA, the author suggests that the ideas can be applied throughout the world. According to some, his ideas have been reverberating throughout American city halls since the publication of the best selling book and a number of cities, including Portland and Memphis, have attempted to put Florida's work in to practice.

As the Investment and Research Officer at a Sub Regional Partnership, I was very interested to understand more about the potential relevance of these ideas for my own organisation. This is a partial summary of the full report, produced as part of a Masters degree in Local Economic Development. It is published for general information only and is intended to inform the debate within the area.

## Aims

Part 1 –

- An outline of Richard Florida's work.

Part 2 –

- A look at how existing conditions in Lancashire West fit with Florida's notion of a creative place.
- A comparison between mainstream economic development strategy and the ideas of Richard Florida.

Part 3 –

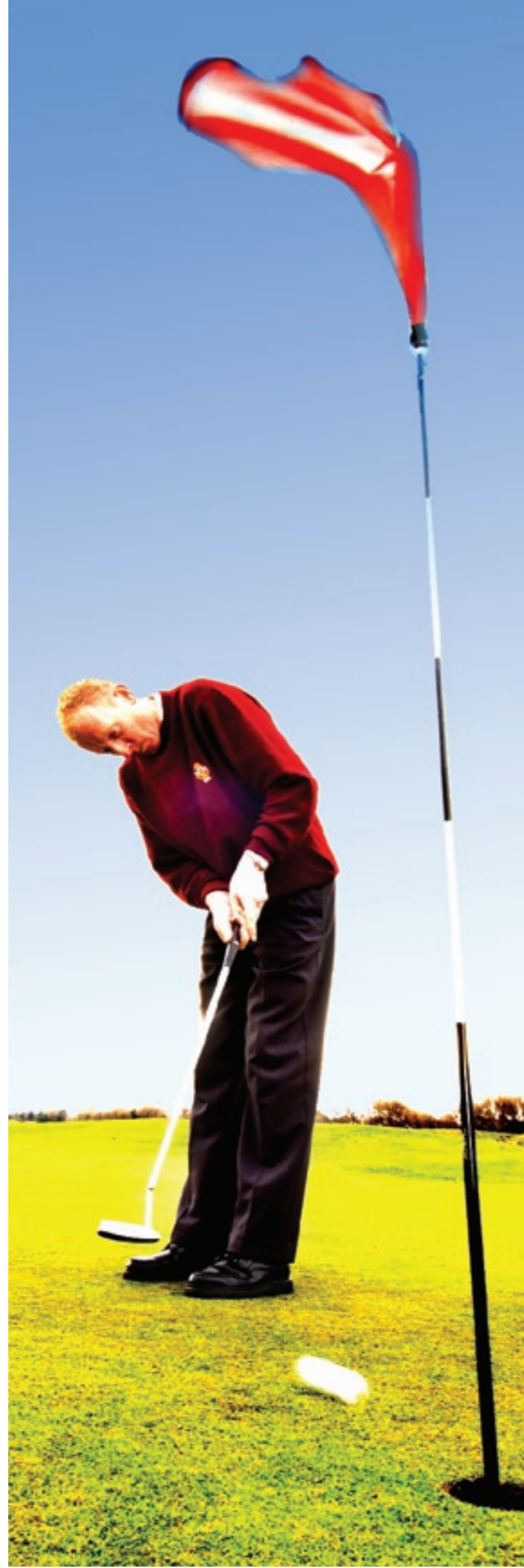
- Suggestions for making Lancashire West a talent magnet.

# Part 1

## Florida's Argument

The theory is both the development of a long term interest in creativity and the result of 'a trigger event' - the decision of internet company Lycos to move its operations from Pittsburgh to Boston. As an economic development professor based in Pittsburgh, he was keen to understand why the company had left the city, when on the face of it, the area offered them everything they needed to be successful. The reason he concluded was human capital, the 'creative people' were in the Boston metro area, and there weren't enough of them in Pittsburgh. He then began to ask people in Pittsburgh and elsewhere how they chose where to live.

'While economists and social scientists have paid a lot of attention to how companies decide to locate, they have virtually ignored how people do so' (Florida, 2002).



## The 3 Ts of Economic Development

Florida's ideas are based mainly on qualitative analysis, particularly around the reasons why people choose to live where they do. Despite this, statistics have an important role and a new set of measures were developed that 'out-predict' conventional measures of economic growth. These measure the 'three Ts of economic development', talent, tolerance and technology and consider a range of statistical data.

### Talent

'creative class index' (based on occupations).

### Tolerance

'melting pot index' (numbers of immigrants).

'gay index' (numbers of 'same sex' households).

### Technology

'innovation index' (number of patents).

'high tech index' (high tech company concentrations).

The measures are used to demonstrate the interrelationships between all three factors. Each is a necessary, but by itself an insufficient condition, and to attract creative people, generate innovation and stimulate economic growth, a place must have all three. This interdependency explains why cities such as Pittsburgh fail to grow, as despite its wealth of technology and the presence of world class universities, the city lacks the tolerance to attract and retain creative talent. To help measure the presence of all these factors, Florida developed a creativity index. This is used as the 'baseline indicator' of a region's overall standing in the creative economy, as well as a 'barometer' of a region's longer term economic potential.

The Creativity Index is the overall measure of an area's creative strength and potential. It is based on a mix of Creative Class percentage, High-Tech Index, Innovation Index and Gay Index.

# Importance of Creativity

We appear to be living through a large scale economic transformation, moving away from the organisational age, characterised by giant 'Fordist' corporations with a focus on control and structure, to a new creative age where the ideas of workers are increasingly demanded and valued. This has led not only to the growth of 'typical' creative occupations but also to a rise in the importance of creative content across other occupations.

Florida picks up on this argument and suggests that there is a need to harness the multi-dimensional aspects of creativity as economic growth can only be achieved when the different forms of creativity identified come together, including:-

- Technological creativity- innovation, new products and ideas.
- Economic creativity - entrepreneurship and turning ideas into new businesses and industries.
- Cultural and artistic creativity – the ability to invent new ways of thinking, new art forms and new concepts.

# The Creative Class

In order to experience economic growth, areas need to attract and retain members of what Florida defines as the creative class.

'The Creative Class consists of people who add economic value through their creativity' (Florida, 2002).

According to Florida, the class has increased ten fold since 1990 to now include 30% of the US workforce. It covers a wide range of occupations and is described as having two components, the 'super-creative core' and the 'creative professionals'. The first group is composed of people who are paid to fully engage with the creative process as a core component of their work, including scientists, engineers, university professors, artists and musicians. The second

group, the creative professionals, includes people from a wide range of knowledge intensive industries who engage in creative problem solving such as lawyers, financial people and business managers.

In terms of its values, the class is characterised by individuality, meritocracy, diversity and openness.

Florida refers to a recent World Values Survey, which describes how values in many societies have moved away from survival to self expression. This 'post scarcity effect' is used to help describe how members of the creative class have moved beyond pure materialism and are now increasingly concerned with lifestyle issues and a passionate quest for experience.



# Attracting members of the creative class

## The Importance of Place

I believe Florida's most important contribution is his development of the notion of 'quality of place' as opposed to 'quality of life'. This offers a different perspective by which to understand, develop and market the strengths of an area's particular lifestyle offering. The term is used to refer to the unique set of characteristics that define a place and make it attractive.

Although people look for the ability to be able to change jobs easily, lifestyle factors are regarded as being the most important in influencing where people choose to live. Creative people expect more from the place in which they live and value a wide mix of often experimental 'options'. Those cities and regions that possess the 'bundle of amenities' that allow members of the creative class to be able to validate their identities as creative people are seen as the long term winners.

Key lifestyle factors include the presence of a street level culture, a cutting edge music scene, outdoor recreation and a vibrant art community. These help not only attract members of the creative class but also in the cross fertilisation of ideas between the different types of creativity outlined earlier. They are also indicators that a place has the energy, excitement, verve, and quality of life, to create that certain 'buzz'.

Places are also valued for their authenticity and uniqueness.

'The last thing regions need is big box retail developments and giant sports stadiums. Creative types won't choose places with generic facilities they can get anywhere - they want genuine, authentic cityscapes with beautiful public spaces and lots of outdoor facilities for playing sports, not watching them' (Florida, 2002).

Diversity is also seen as important in adding to the quality of place as this not only implies that a place has 'low entry barriers' and is open to outsiders, but also that it has a certain level of excitement and energy. Creative people enjoy the mix of influences a diverse community offers and welcome the opportunity to be able to mix with a wide range of people. In many situations people will not socialise with everybody, or do a variety of extreme sports, but importantly they like to know it's available.

'An attractive place does not have to be a big city, but it has to be cosmopolitan - a place where anyone can find a peer group to be comfortable with, and also find other groups to be stimulated by; a place seething with the interplay of cultures and ideas: a place where outsiders can quickly become insiders' (Florida, 2002).



It is this quest for ‘experience’ that regeneration practioners need to reflect upon.

‘The creative centres are not thriving for such traditional economic reasons as access to natural resources or transportation routes. Nor are they thriving because their local governments have given away the store through tax breaks and other incentives to lure businesses. They are succeeding largely because creative people want to live there. The companies then follow the people – or, in many cases, are started by them’ (Florida, 2002).

## The Role of Universities

Major research universities are generally regarded as a huge source of competitive advantage. Florida agrees with this but argues that economic development policy makers have often been led astray by a mechanistic view of a university's contribution. He suggests that people have concentrated too narrowly on such things as university spin outs and knowledge transfer at the expense of other benefits that universities can bring, including their role in creating more tolerant, diverse and therefore attractive communities. This presents a different view of how universities and further education colleges can contribute to the development of the economy in Lancashire West.

# Florida and UK Economic Development

Florida's book stimulated a great deal of debate within UK urban regeneration and in March 2003, a major conference called Boho Britain considered the links between creativity and urban renewal in the UK.

The conference was co-hosted by Demos, the British Urban Regeneration Association (BURA) and the Royal Institution of Chartered Surveyors (RICS) and produced a ‘league table’ of UK cities based on a simplified version of Florida's creativity index.

RANK	CREATIVITY INDEX	
1	Manchester	
2	Leicester	(2=)
3	London	(2=)
4	Nottingham	
5	Bristol	
6	Brighton and Hove	
7	Birmingham	
8	Coventry	
9	Cardiff	
10	Edinburgh	

Demos ranked the UK's 40 largest cities by their creative potential by combining three factors with equal weighting.

1. The patent application figures were received from the National Patent Office (these were not available at sub regional, or district level for Lancashire West).
2. Information on citizens born outside the UK was taken from the 2001 Census.
3. A proxy measure of gay population was used based on the number of ‘gay friendly services’ on the search engine [www.gaytoz.com](http://www.gaytoz.com).

This was a simplified version of the creativity index. Florida uses nine measures.

Source: Demos Press Release (26/5/2003).

There is mounting evidence to suggest that quality of place is an increasingly important factor in the economic geography in the UK.

“Workforce” was the decisive location factor for more than six out ten companies according to a recent survey of more than 4,000 major UK employers (Omis Research, 2004). Most respondents from the survey looked for a large and preferably skilled pool of labour, followed by a “variety of modern buildings” to choose from and “good access to and from the workplace”. Brian McDougall of Omis Research suggested that,

‘Fundamentally, our cities need to focus on their fabric and populace to make themselves more attractive to skilled workers and students as places to work, live and enjoy. They need to constantly strive to upgrade the skills base, either through local endeavour or active in-migration’ (McDougall, 2004).

According to Hugh Sharp, Economic Advisor to the Chief Executive of Sheffield Council,

‘All the work I’ve done on economic performance shows that success is directly correlated to a place’s attractiveness as a location that people want to be in. In the past, the government made some money available to the north, but the people who have the ambition to change the place hadn’t been there. The result was used to paper over the cracks of decline’.



# Part 2

## Lancashire West

There were two main stages of analysis within the empirical findings. The first used Florida's work to assess the existing conditions in Lancashire West and the second compared his work to mainstream strategy.

### Lancashire West

Every case study has peculiarities that need to be understood as well as exhibiting some more general characteristics. Lancashire West offers a single case study which acts as an illustration of how the world in practice in a particular instance is tackling the issues identified by Florida. The area can be described as a fairly typical sub region and as such presents a reasonable choice of case study by which to reflect on the rest of the UK.

Past research has shown that there are marked commercial, social and economic differences within Lancashire West. This means that any comments about the area, as a whole, should be viewed with caution.



## Talent, Technology and Tolerance in Lancashire West

Given the lack of available data sets, it is not possible to simply apply Florida's creativity index to Lancashire West. However, it is possible to apply some of the measures used and where available these have been combined with other analysis to take a view of the creative conditions in the area.

### Talent - Strengths

- Authenticity - a strong sense of the County's "place in history", of local community identity and of belonging.
- A high quality physical environment with a rich contrast between countryside and coast offering active outdoor activities including close proximity to the internationally renowned Lake District.
- Relatively high levels of employment within the creative industries sector.
- A rich cultural and built heritage with increasing availability of modern inner city accommodation.
- The 'bundle of amenities' (Florida, 2002) offered by the urban areas of Lancaster and Preston, as well as close proximity to Manchester and Liverpool.
- Two large universities acting as 'major talent attractors'. Lancaster University has over 10,000 students and the University of Central Lancashire (UCLan), one of the UK's fastest growing universities, has nearly 30,000 students. (30% of all these graduates are in science and engineering).
- Excellent business start up rates in Blackpool.
- A lowering in the quality of place offering in the South East caused by the overheating of the South East and London economies.

### Talent - Weaknesses

- Proportion of creative class members (based on occupation) is below the UK average.
- The 2001 census reveals 17.3% of Lancashire West residents qualified to degree level or above compared with an England and Wales average of 19.8%.
- Problems of graduate retention.
- The local employment market for highly qualified people appears limited.
- An outdated image of Lancashire linked to the area's industrial past. Research shows this perception to be particularly true amongst people in the South of the country.
- A lack of foreign visitors to the Lancashire.
- Dependence on Manchester and Liverpool for many major social and cultural services at the expense of urban centres within Lancashire West.
- Relatively low rates of new business formation and below average rates of business survival in many areas, reflecting in part, a lack of entrepreneurial and business growth ethic.

# Lancashire West's Conditions

## Technology - Strengths

- About 46,000 people in Lancashire as a whole are employed in “high technology” production, a share more than double the national average.
- A world class centre of excellence in aerospace/defence equipment design and manufacture and high technology engineering across a wide range of capabilities. (Lancashire has the largest single concentration of aerospace activity in the UK).
- Two major universities (Lancaster and UCLan) both important sources of research, new technologies and spin offs.
- A range of initiatives such as UCLan's new Computing and Technology Building and Infolab 21, a major new £15 million world class centre of excellence in Information and Communication Technology.

## Technology - Weaknesses

- To some degree, a “branch economy” with poor representation of corporate headquarters and associated R & D functions.
- Relatively low representation of faster growing and high technology activities and emphasis on mature/low value added/low wage and vulnerable industries and services.

## Tolerance - Strengths

- The perception of a ‘special’ quality amongst the people - often described as ‘loyal’, ‘friendly’ and ‘committed’.
- Two universities helping to create a progressive, open and tolerant climate (attracting and retaining members of the creative class) in the Preston and Lancaster areas.

## Tolerance - Weaknesses

- Low levels of ethnic diversity in most areas, compared to the rest of North West and England. (96.4% ‘all white’ compared to an average of 94.4% in the North West and 90.9% in England).

From consulting a wide range of research and analysis, it is likely that much of the Lancashire West area would not strike Florida as being at the top of the UK's creative class index. It could be argued that large parts of the area do not have the kind of ‘plug and play’ communities described as being appealing to members of the creative class. In addition, the area does not offer particularly dense labour markets in many sectors, and its image is often regarded as being particularly weak, especially from those outside of the North West.

These factors are perhaps reflected in the relatively low levels of members of the creative class as defined by occupation. This view is also backed up by the statistics showing the relatively low number of people qualified to degree level or above in the area.

Despite these weaknesses, there do appear to be some key strengths in terms of technology, tolerance and talent that could allow Lancashire West the ability to compete in the future on the basis of creativity.

The main strengths and opportunities appear to be related to attracting ‘talent’. Factors such as the ‘friendliness’ of the local population could actually mean that in reality there are only weak entry barriers to the area. In addition, the close proximity to Manchester and Liverpool also provides

access to a wealth of cultural amenities, especially for those based in the southern and central areas of the sub region. The area has a strong quality of life offering and its rich contrast between urban, rural and coastal areas offers real opportunities for the kind of active leisure pursuits that Florida identifies as being important to creative people. This is articulated by the Managing Director of a fast growing new media company based in Lancaster:

“The specialised and technical nature of the business meant that some of our staff have been recruited from across the country. Being a very young team, it's been brilliant to offer Lancaster as a work base but also it's a ‘buzzing’ place to live. The high proportion of students in the city means it really is an eclectic mix of great museums, theatres and nightlife”.

The North West as a whole appears to be becoming a more popular place to live and looking forward, the potential of Lancashire West to attract members of the creative class would also seem to be improving. Also, the fact that the quality of life in other parts of the country, most notably the South East, is widely believed to be suffering from the effects of an overheating economy, arguably makes areas such as Lancashire West even more attractive.

# Mainstream Strategy

## Compared to Florida's work

When Florida's ideas are compared with mainstream economic development strategy within Lancashire West, it can be seen that although both share common overall aims, i.e. economic development, there are key differences in the 'means' to achieve this.

Unlike Florida's Creative Capital theory, mainstream economic development theory is not predicated on the link between creativity and economic development. Much current strategy focuses on more 'traditional' economic development policy across a wider range of areas and in doing so, represents a departure from Florida's theory. People, or 'key workers', be they 'creative' or not, are often not identified as the key target group in marketing and communications plans and this represents a fundamental departure from the ideas of Florida.

If traditional strategy is to be developed in line with Florida's thinking, the focus would be placed more on promoting the 3Ts of economic development. This would involve focusing more on creating people climate as opposed to the business climate. Projects would be designed to attract and retain creative 'talent' by enhancing the quality of place, whilst at the same time, promoting and developing 'technology' and 'tolerance'.

The main points of convergence between Florida's theory and traditional theory lie in those elements of strategy that stress the importance of attracting and retaining people. Although these people are rarely defined in exactly the same way that Florida defines the 'creative class', it is highly likely that there is significant cross over here.

# Conclusions

Florida does not offer a blue print for economic development, rather he gives an initial set of ideas intended to guide strategy development. In doing this he is very successful. He challenges many commonly held assumptions about the economic development process and in doing so, makes a number of important points that should be considered.

Regardless of the exact view taken on the role of creativity, it does seem increasingly apparent that the more successful places are also those ones which appear strongest in attracting and retaining talented people. Following on from this, the arguments relating to the importance of diversity, tolerance and cultural amenities make particular sense and appear to be highly relevant to the UK situation.

Some commentators have strongly argued against Florida's ideas and warned people against grasping on to the latest fad in economic development theory. It is certainly true that in the UK situation some of the criticisms are strong. Factors such as available sites, natural resources and transport infrastructure surely remain fundamentally important in determining the economic geography of the UK. It is also difficult to apply Florida's measures in the UK given the lack of available data sets. Despite this, however, his ideas remain important and should be given full consideration within UK economic development. The criticisms serve to underline that Florida's work should be used carefully by incorporating certain elements of his work into mainstream thinking.

Perhaps the most important contribution of his work is that he offers a more structured way to deal with concepts such as culture, creativity and the 'buzz' of a place. These are increasingly being cited as key drivers in economic development within the UK, yet are particularly elusive concepts to deal with. Florida's work offers the ability to deal with the elements and activities within these, rather than the concepts themselves. The next section seeks to bring this point to life by considering some of the potential practical applications of his work.



# Part 3

## Making Lancashire West a Talent Magnet

If one agrees with the view that creative people are the critical resource of the new age, then the following gives some ideas about how to attract them. This has been done with the context of the Lancashire West area. The range of activities shows that no one organisation can act upon them alone, but rather they would involve those groups from public, private and voluntary sectors with an interest in making the area an area of choice for smart, creative people.

**Promote technology** – increase technology-related education, business and culture.

**Promote tolerance** – visibly and officially embrace diversity as an economic and civic development goal. Use images of diverse people and their lifestyles in branding and image strategies. Develop and support visible celebrations of diversity.

**Promote talent** – embrace young people and newcomers and seek out and nurture talent. Develop more networking opportunities for the area's young and talented people. The Watermark, a major art and design studio complex in Preston, is a good example.

**Promote a revitalized brand** - Take worthwhile traditional images and icons and place them within the context of the lively, vibrant place of today. On marketing material, use images of younger, ethnically diverse people engaged in exciting active pursuits. Wherever possible, use images that reflect creativity, tolerance and diversity.

**Promote peak experiences** - including outdoor recreation, arts and culture, cuisine and ‘intellectual events’.

### Outdoor recreation

Develop, package and promote peak outdoor recreation experiences. Focus on local active recreational opportunities that can be pursued individually.

- Rivington Country Park – walking and bike riding.
- Flying schools at Blackpool Airport.
- Blackpool North Shore Jubilee Cycleway.
- Rock and River Cliffs farm – an outdoor activity centre offering climbing, canoeing and orienteering.
- Fairhaven Lake - canoeing, boating, windsurfing and yachting.
- Lancaster – Morecambe and River Lune Cycle Path.
- Lancaster Cyclefest – biennial Cyclefest attracting visitors from all over the world.
- Cuerden Valley Park Cycle Route.
- Forest of Bowland.

### Arts and culture

- Lytham outdoor Proms – summer proms.
- Proms and Shakespeare in the garden at Leighton Hall.
- The Dukes Theatre, Lancaster – cinema and theatre.
- Storey institute – proposals for new centre for creative industries.
- The Mill, Preston– nightclub and live music venue.
- Guild Hall and Charter Theatre – concerts, theatre, dance and film.
- Harris Museum and Art Gallery – decorative art and social history, plus temporary exhibitions programme.
- The National Football Museum.
- Preston Playhouse – venue for amateur and junior dramatics.
- Caribbean Carnival – annual carnival event.
- New cultural, retail, business and university quarter – part of Preston's city centre strategy.

### Cuisine

Develop, package and promote peak culinary experiences.

- Poulton-le-Fylde –numerous cafes and bars coupled with a pleasant shopping experience. Buzzing nightlife with a number of restaurants and bars.
- Heathcotes Restaurant – award winning cuisine.

### Life of the Mind

Develop, package and promote peak intellectual events and experiences such as cutting edge academic programs, lectures and classes.