Revitalising Vancouver’s Arts and Culture Sector: Strengthening Human Capital Networks in the False Creek Flats by Increasing Spatial Proximity Between Firms

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Executive Summary

This research is conducted on behalf of the Vancouver Economic Commission (VEC) and City Studio in order to assess the strength of the relationship between spatial proximity and number of annual creative alliances across firms. In this analysis of Vancouver’s arts and culture industry, I examine the strength and types of human capital networks present in the False Creek region in relation to geographic region. This formerly industrial area has been encroached upon by real estate and high end development. Development is threatening existing businesses in the area, particularly arts and culture businesses with low rates of revenue. Vancouver Opera and Great Northern Way Scene Shop are the basis for this study, and are considered ‘hot spots’ for the industry, as they appear to be central to the operations of the local arts and culture scene. Types of firms and number of annual contracts or alliances are mapped between the following types of businesses: private, public, non-profit, freelancer, and small-firm networks. It is found that the contracts and alliances are predominantly local, with 75% of the firms residing in the Vancouver-Metro area. Vancouver Opera and Great Northern Way Scene Shop make it a priority to hire local artists or work for local firms, but it is not always financially feasible. Through increasing project opportunities and connections between different types of firms or businesses this strengthens the arts and culture community in the False Creek Flats. The VEC can maintain inner city growth of the arts and culture sector by establishing zoning laws that allow for industrial processes to continue alongside residential development. I suggest that this can be done through mixed use spaces and buildings which favour arts and culture businesses as tenants, and having artists or other individuals who work in the sector to reside in the other parts of the building. This would lower carbon emissions due to decreased transport, and would also support the expansion of a vibrant ‘green’ arts community.

Great Northern Way Scene Shop - False Creek, Vancouver, BC
Introduction

I will be examining the strength and types of human capital networks in Vancouver’s False Creek Flats arts and culture businesses. The purpose of understanding these human capital networks is to assess the benefits of a more integrated circular economy in Vancouver’s arts and culture sector. A circular economy would mean greater sharing of resources, human capital and repurposing of wastes between businesses in a particular sector (Scott 2008). Greater integration within the industry includes centralising False Creek Flats as the area for arts and culture production. In this report I analyse human capital networks in relation to spatial proximity between firms. The businesses analysed are divided into the following models: freelancers and independent contractors, private businesses, non-profits, public institutions, and small-firm networks. With analysis of the frequency of annual alliances between firms, the strength of existing networks is revealed.

Relationships between firms are mapped, distinguishing type of firm and frequency of creative alliances or contracts on an annual basis. Creative alliances are projects where creative vision is shared between firms, while contracts are where creative vision is held by the firm that is hired for the contract for a particular project or purpose (Scott 2008). Alliances are where costs are split between both firms for a common purpose, while contracts involve a monetary exchange from one firm to the other for a product or installation to solely be used by the firm that hires the contractor. I have received annual contract estimates from Great Northern Way Scene Shop (GNWSS) and Vancouver Opera. The strength of these ties will be measured by number of interactions per year between businesses and the physical distance between firms.

Types of Firms

i. Freelancers and Contractors

Freelancers can be defined as professionals that run their own business or practice and are contracted for a service by other businesses for their expertise (Koka and Prescott 2002). Within the arts and culture industry, a variety of tradespeople, professionals, and freelancers (in particular artists) are hired by the larger firms. The Vancouver Opera, an example of one of these larger firms, works with many artists on a freelance basis for costume design and for various props depending on the opera. Contractors that work in Vancouver’s arts and culture industry are in painting or set design, carpentry,
electrical work, mechanics, and other trades or professions. Professionals and other experts that work in the field on a contractual basis can range from historians, to accountants, to lawyers hired for legal advice and contract negotiations.

Contracts and work relationships established between freelancers and firms can extend from single projects to repeat creative partnerships. Freelancers in Vancouver, as noted by Steffensen, tend to divide their time between office jobs and studio work. In total, Steffensen states that it is common for freelancers to pull 80 hours of work a week in order to be financially solvent (2015). Freelancers who contract with Vancouver Opera often have repeat partnerships or contacts, but the contracts also depend on the year and the funding the Opera House receives and can budget towards local contracts. As there is a great diversity in the types of operas presented, it is revealed that Vancouver Opera’s freelance hiring base is quite expansive. At the Vancouver Metropolitan level, approximately 40-50 artists are regularly hired for various projects in the 4-5 shows per season (Steffensen 2015). A possible reason for the diversity in which clients the artists can take on is the competition for potential projects and jobs. A parallel is noted in Oslo’s animating industry, where many firms work with advertising agencies in order to receive a steady pay cheque, and creative ventures such as documentaries are paid for by interested sponsors (Johnsen 2011).

ii. Non-Profit

The majority of firms in Vancouver’s arts and culture industry are non-profit firms. These firms receive funding from the government (public), individual donors, and corporate sponsorships. In this report, I interviewed Vancouver Opera and reviewed their partnerships with other firms or freelancers. Non-profit firms in Vancouver include the Vancouver Opera, Vancouver Art Gallery, and Ballet BC. A great number of employees and volunteers are part of the formula that initiates the creative successes of these institutions. Vancouver Opera hires 35 permanent employees. The bulk of the employees are in charge of telephone lines and contact with donors and sponsors in order to fund the shows and operations. As public funding is given to the aforementioned institution, one seat on the board is reserved for a city of Vancouver representative.

iii. Private
Private firms in the arts and culture industry operate on a for-profit model. Private firms permanently or temporarily hire freelancers and contractors in order to complete contracts or work. Contracts are with all other types of firms, including public, private, non-profit or small-firm networks. Great Northern Way Scene Shop is a local private firm which has contracts for art installations or set design primarily with non-profit, public or small-firm networks. As a result of the 2008 financial crisis, owner Elia Kirby, diversified their contracts to include private contracts through small-firm networks (see section iv) such as TAXI advertising agency. In 2014 approximately 48% of contracts are through private contracts sourced through a small-firm network, while another 48% is through non-profits, usually theatre companies and set design (Kirby 2015). The final 2%, which fluctuates depending on the year, is sourced from art installations for public institutions, such as the City of Vancouver.

iv. Small-firm Networks

Small-firm networks are firms that employ less than twenty full time staff, operating in a larger network of firms (Perrow and Nohria 1992). In the arts and culture industry of Vancouver, these networks are most commonly in advertising, as demonstrated by TAXI advertising. Great Northern Way Scene Shop derives the majority of their corporate contracts through TAXI, which equates to almost half of their total annual contracts (Kirby 2015). TAXI is a subsidiary of a larger network of firms, one of five firms throughout North America.

v. Public Institutions

Public or government institutions are funded through taxes on a greater population. In Vancouver, there are municipal, provincial, and federal taxes. These taxes apply to individuals and business owners, and are collected and redistributed to provide civil services, some of which are to promote the arts and culture industries. In this analysis I did not interview any public institutions in the arts and culture industry. However, my community partner, Vancouver Economic Commission is a municipally funded organization that works to promote various ventures of sustained urban growth in Vancouver. One of these ventures is creating a green economy in False Creek Flat’s arts and culture industry (Vancouver Economic Commission 2015). The role of the VEC mirrors the ways which other metropolitan areas have intervened in order to sustain economic capital in favoured sectors (Olberding 2009).
Another local institution in the public sector is the Alliance for Art and Culture, who works closely with Vancouver Opera and other non-profits. The Alliances distributes grant funding to local artists and firms, and also provides workshops and networking events to help new and established artists find work (Alliance for Arts Culture 2015). Other public institutions that play a vital role in the industry are post-secondary institutions, such as UBC Opera. Steffensen of Vancouver Opera works closely with the UBC Opera department and students for everything from stage production to hiring singers and musicians (2015).

**Types of Alliances**

i. *Small-firm Networks*

In this study small-firm networks are listed as a business model, but are also a type of alliance in the arts and culture industry. Although the network itself is completely internal and unified under one mission, the daily operations and projects of each local branch operate separate from all of the other firms (Perrow and Nohria 1992). Thus, there is one CEO, COO and CFO, consecutively who oversee the major operations of the network of firms. Such an alliance limits external competition throughout the various cities, as these firms are quite established (Grabher 2002). TAXI advertising has multiple locations other than Vancouver, and each firm operates under a unified vision. A negative aspect to this internal alliance is that services may not be tailored enough to the specific area, or that the firm is so established and is a conglomerate, that locally founded firms find it difficult to compete (Chen and Huang 2004).

ii. *Contracts - Temporary and Longterm*

Firms in the arts and culture industry place a strong emphasis on hiring local contractors, not only to support local artists and professionals, but also there is generally a lower cost to this sort of practice. Some services or professionals required are not available in the local area, but this is not a common occurrence. An example is when a Vancouver Opera donor gifts a large sum so that a famous opera singer from outside the region can participate in a local production (Steffensen 2015). Vancouver singers are often not sourced out by other opera houses at the international level, and if so, often permanently move to the metropolitan areas in order to progress their careers and have more stable employment (Steffensen 2015).
Elia Kirby of Great Northern Way Scene Shop and the soon to be established Arts Factory, is looking to provide contracted work spaces at low cost for freelancers to work on their projects. He also hopes that the space created with the Arts Factory will create a more integrated arts community, with greater project collaboration in the long term. This space in the False Creek Flats (which is shared with his scene shop) will provide him with a first hand glimpse of other artists’ work and he hopes to hire artists for temporary projects with his own firm (Kirby 2015). The Arts Factory will be a collaborative workspace with shared tools, which lowers the initial investment in equipment and a workspace, allowing for a greater diversity of artists to complete their projects.

Projects are often on a temporary basis between firms, and the firm that initiates the project holds creative direction (Felin and Zenger et al 2009). The Vancouver Opera states that they have an arts department in house, with five employees (Steffensen 2015). When they seek outside aid for projects, this is done by this department, and the individuals in those departments are project leaders. Repeat contracts occur with the same artists or groups, but are not guaranteed. These networks are based around temporary projects, paralleled in Johnsen’s article on Oslo’s animating industry, and long term partnerships (see section iii) exist when firms share a creative vision (Johnsen 2011).

Longterm contracts exist with building maintenance and other tradespeople. Having a properly maintained building and equipment is important for show preparation and day to day activities is vital (Steffensen 2015). Yet, there is enough work to require needing these individuals on a full-time basis. Other longterm contracts exist between firms of equal size, such as Ballet BC or Vancouver Art Gallery (Canada 2015). Additionally, a large amount of cooperation is required between Vancouver Opera and Ballet BC as they sometimes have an overlap in the musicians they hire (Steffensen 2015).

iii. Creative Partnerships

Longterm creative partnerships differ from longterm contracts as there is a shared creative direction across firms or individuals. Local artists have been noted to work in creative partnerships in order to create larger scale projects (Mursitama 2006). Great Northern Way Scene Shop has longterm creative alliances with other scene shops in the area, such as Scene Ideas in Richmond and BLD Decor & Scenery in Burnaby (Kirby 2015). Vancouver Opera also works with other opera houses outside the area in order to share sets and equipment, and balance the cost of the production between houses. Common
contracts exist between Portland, OR, Santa Fé, NM in the United States, and many of the larger centers within Canada. In both GNWSS and Vancouver Opera, although creative direction is usually shared by both firms, both Kirby and Steffensen said that there is an unspoken rule that the final say is reserved for the company that initiates the project. Such a rule is also mirrored in firms of equal size in Oslo’s animating industry, and they are projects of mutual respect and trust (Johnsen 2011).

Vancouver Opera also works with UBC Opera and stage production, and the University of British Columbia’s music school to source musicians (Steffensen 2015). For the most talented students, they are given the opportunity to work with the Vancouver Opera. Productions between these two organizations, the creative direction is often shared, and academic guidance and requirements are created by the professors in these disciplines for their students (Steffensen 2015).

**Research Methods**

In this analysis I examine the types of businesses and their alliances in relation to their spatial proximity with one another. Data is based on expert interviews of two firms: Great Northern Way Scene Shop and Vancouver Opera. Should spatial proximity be relatively concentrated within the False Creek region of Vancouver, this supports Vancouver Economic Commission’s hypothesis that this region is vital to the local arts and culture industry, and the location of these businesses should be protected from external housing real estate development (Canada 2015). Other cities have demonstrated ‘hot spots’ for industry, such as Silicon Valley, which is known as a tech development centre. Such concentrations are common in the high tech industry, but have also been noted in the arts and culture industry, due to the high amounts of collaboration present in both of these creative fields (Bathelt et al 2004). I will be examining if this trend is present in Vancouver’s arts and culture industry, based on the ‘hot spots’ of Vancouver Opera and Great Northern Way Scene Shop.

In the expert interviews conducted, I asked about internal staff and their roles, as well as external collaborations and temporary contracts or hirings. Trust and shared creative vision are important to both Great Northern Way Scene Shop and Vancouver Opera, a trend common across the creative economy, according to Lepak and Snell. This opinion is mirrored by Lorenzen and Frederiksen, where they note that cultural industries cluster in large urban centres, as in other regions they are deemed ‘non-essential services’ (2008). I will examine whether the level of trust and communication varies across projects, and
if this depends on the type of organisations that have partnerships or alliances. Such a trend is demonstrated in Johnsen’s analysis of the projects of animation firms in Oslo, where projects between artists have a higher degree of trust than projects with advertising firms where communication is more difficult (Johnsen 2011).

**Data**

*Figure i. Annual Creative Alliances and Spatial Proximity Map (Parkinson 2015)*

Figure i. is of the interactive map I constructed based on the data and relationships of creative alliance from two firms: Great Northern Way Scene Shop and Vancouver Opera (Parkinson 2015). The data (Figure ii.) has been sourced from interviews with Elia Kirby of Great Northern Way Scene Shop, and Greg Steffensen of Vancouver Opera. Annual alliances are measured as the number of creative projects completed on an annual basis, whether contracted or creative direction is shared between the two firms.
Figure ii. List of Firms in Interactive Map (Parkinson 2015)

<table>
<thead>
<tr>
<th>Type of Firm</th>
<th>Firms</th>
</tr>
</thead>
<tbody>
<tr>
<td>Freelancer</td>
<td>BG Ball Designs, Jon Shaw Paintings Ltd.</td>
</tr>
<tr>
<td>Non-Profit</td>
<td>Vancouver Opera, Vancouver Art Gallery, Ballet BC, Touchstone Theatre Co., Bard on the Beach, Pacific Theatre, Pacific Opera Victoria, Edmonton Opera, L'Opéra de Montréal, Santa Fe Opera, Portland Opera, The Arts Factory, Theatre Under the Stars</td>
</tr>
<tr>
<td>Private</td>
<td>Great Northern Way Scene Shop, Scene Ideas, BLD Decor &amp; Scenery</td>
</tr>
<tr>
<td>Small-firm Network</td>
<td>TAXI Advertising Agency</td>
</tr>
<tr>
<td>Public</td>
<td>UBC Opera, Alliance for Arts and Culture</td>
</tr>
</tbody>
</table>

Figure iii. Frequency of Creative Alliance vs Geographical Location (Parkinson 2015)

*Data based on interviews with Great Northern Way Scene Shop and Vancouver Opera*
The graph (Figure iii.) measures the frequency of creative alliances on an annual basis and the geographic distances between the two firms with the alliance measured in kilometres. The data is based on the same alliances accounted for in the interactive map. Although quite preliminary data that would benefit from investigating the trends in other firms, this graph does show that the majority of contracts are sourced in a close geographic range. The outliers listed are when Vancouver Opera collaborates with opera houses in other cities to share stage production costs, or purchasing used sets. In particular, Vancouver Opera has a strong alliance with Santa Fé’s Opera in New Mexico, US, as they go through a high volume of sets on an annual basis, and are looking to sell their used sets, or split the costs for set production with houses of a similar size (Steffensen 2015).

*Figure iv. Project Dynamics between Firms (Kirby 2015)*

Kirby of GNWSS distinguishes between the project dynamic of corporate contracts and non-profit contracts or alliances, which is summarized in Figure iv. A hierarchy in communication is present in corporate contracts according to Kirby, and trying to figure out the clients needs is difficult because communication is rarely present between the scene shop and the client. As shown in Figure iv. there is the advertising agency, marketing department, and sometimes a production company that are communicated with before the scene shop or contractor receives clarification on the vision should it not be clear (Kirby 2015). However, the project dynamics present between a scene shop and a performing arts non-profit such as Vancouver Opera are much simpler, where the scene shop works collaboratively with the designer, who
is on equal footing to the director of the show. Johnsen documents similar project communication in Oslo’s animating industry, where projects with advertising firms are more work because of communication difficulties, but are also higher pay (Johnsen 2011). Alternately, Johnsen notes that documentaries or creative films that animators pursue are from private donors or grant funding, and multiple artists collaborate together in production efforts. Such efforts are much like GNWSS’s work with non-profit performing arts companies in Vancouver.

**Conclusion**

The geographic region of False Creek Flats in Vancouver, BC hosts a variety of industrial operations, including many businesses that are vital to the local arts and culture scene. Through interviews of Vancouver Opera and Great Northern Way Scene Shop, I found that many annual creative alliances are within a local proximity. Not only are the contracts with other local businesses, but the types of businesses in these partnerships or contracts are of great diversity, including: private, public, non-profit, freelancers, and also small-firm networks. These networks could be improved by changing zoning laws that prioritise arts and culture businesses as tenants. Mixed use buildings in False Creek that are affordable for artists and other arts and culture workers would decrease the carbon footprint created by transportation to and from work places. As a consequence, this would increase project opportunities for local artists, as the collaborative arts and culture community would be centralised in one part of the city. Increased collaboration could also offer the opportunity for artists and businesses to diversify their project base to include corporate, public and non-profit projects, such as what Kirby of Great Northern Way Scene Shop has done for his firm. Networking opportunities will increase by centralising the industry in False Creek which will subsequently increase the frequency of annual contracts for the businesses or freelancers. A proposal for a more circular economy in False Creek would benefit from an analysis of the capital involved in the annual projects in comparison to the type of firms.
Bibliography


