Minneapolis-St. Paul Metropolitan Region
Creative Industries Cluster

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Introduction

The Minneapolis-St. Paul region\(^1\) has historically represented a significant force in the arts, displaying high visibility and a national reach for its artistic and cultural ventures. Through the clustering of artistic, entertainment, corporate, cultural, media, philanthropic, and higher education institutions, the region has developed a well-recognized strategic presence that both fosters and claims a wide-variety of creative resources. There is an artistic and creative infrastructure in place that has won the region a leading role within national artistic environment and creative production. The intersection of the multiple sectors form a relationship within the Twin Cities that multiply and magnify their individual impacts. As Fodor’s Travel Guide states, “From its nationally recognized names to small independent venues, Minneapolis is a vibrant arts city.”\(^2\)

The following report will examine the arts, entertainment and cultural industries through the context of a regional economic cluster analysis. The report will show that these related industries provide a source of income and employment for many artists, leisure and spiritual fulfillment for audiences, consumers, and citizens and that it serves as an input for a wide range of Twin Cities’ businesses.

Harvard Professor Michael Porter makes the case that companies within a certain industry and a certain geographical area can increase their competitive advantage nationally and internationally through cooperation with one another; drawing on mutual innovative and inspiration, attracting their field’s top talent through their aggregate bargaining power, and creating spin-off companies. Most notably, they can work together to increase the economies of scale of labor and natural resource inputs, distributing networks, consumer demand, and other specialty infrastructure that allow crucial cross-industry and institutional interconnections that strongly impact the competitiveness of each individual organization, and the cluster as a whole.\(^3\)

The arts cluster is composed of three layers. The core of this cluster contains leading arts organizations such as The Guthrie Theater, The Minneapolis Institute of Arts,

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\(^1\) “Minneapolis-St. Paul region” refers to the 13 county Metropolitan Statistical Area (MSA). The counties include Hennepin, Ramsey, Anoka, Dakota, Carver, Chisago, Isanti, Scott, Sherburne, Wright and the Wisconsin counties of Pierce and St. Croix.


\(^3\) Porter 1998
Minnesota Orchestra, the St. Paul Chamber Orchestra, the Walker Arts Center, and many others. Forming a second layer are businesses and organizations that provide supplies, specialized services, talent, management and creative design to these organizations and others involved in the arts. A third layer is comprised of the necessary economic building blocks for the arts, such as a well-developed infrastructure, advanced and comprehensive arts education and training, a generous pool of financial contributors and public sector support – all essential elements of a vibrant arts cluster and competitive economy.

For the purposes of this analysis however, this description and representation of the cluster speaks to a “traditional” view of what constitutes “the arts.” Within that framework, artistic creation and performance is positioned as the output or product of the cluster. Art galleries, literature and musical or theatrical performance represent the finished product that is then consumed. While this traditional analysis is necessary, the analysis must look beyond “traditional” artists and art, and lays the groundwork for an analysis of creative positions within industry.

It is in this way that the content within this cluster analysis will differ from others. The creative cluster, while a strong contributor to the Twin Cities’ economy in its own right, also serves as an input into Twin Cities businesses in the form of creative labor. The post-industrial economy is one that deals heavily in ideas, and local companies
such as Target, Best Buy, 3M and Thompson Reuters, are increasingly hiring employees from the creative arts industry, directly and indirectly supporting the arts cluster’s development and longevity as well as purchasing and selling its outputs.

There is not a uniformly-used definition from which to differentiate positions within the arts industry and creative positions within industry. The creative industry cluster, like all clusters, evolved as a result of a multitude of factors including a philanthropic and charitable culture, a regional proclivity for higher education and knowledge production, higher than average incomes, and a solid base of institutions of higher learning.

**Definition of the Creative Arts Economy**

Defining what constitutes “The Arts” is difficult, with various studies and statistics of this cluster using varying parameters and job classifications. Some limit their definition to those activities associated with the “traditional” arts such as theater, painting, sculpting, and music. Others give it a broader definition, including commercial artistic pursuits such as advertising, architecture, and graphic design. There is also disagreement as to whether it is appropriate to include activities that are peripheral or supporting to the arts within the definition.

For the purposes of this report, the definition of the Creative Industries Task Force (CITF) in the United Kingdom is used, which defines the arts economy as “Activities which have their origin in individual creativity, skill and talent and which have the potential for wealth and job creation through the generation and exploitation of intellectual property.”

Our quantitative analysis of arts employment follows the guidelines of the New England Foundation for the Arts (NEFA). NEFA defines who is employed in the arts as those who fall into 113 specific job categories of the North American Industrial Classification System (NAICS), a coding system used by businesses and government to classify types of economic activity. NEFA breaks these 113 job categories down into three sub-categories:

- Cultural goods production

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4 Creative Industries Task Force 2000
• Cultural goods distribution
• Intellectual property production and distribution.

Under each of these three sub-categories, jobs are further broken down into “core” and “peripheral” jobs; the former being those that are most directly involved with arts activity, and the latter being relating and supporting jobs.\(^5\) A full list of the relevant NAICS codes can be found in the appendices to this report.

**History of the Arts in the Minneapolis-St. Paul Region**

The region’s cultural roots trace back as early as 1862, when four musicians from Germany formed a stringed quartet in St. Paul. Other music lovers and players soon followed and, just one year later formed the St. Paul Musical Society. Eight years later, an orchestra, based in Minneapolis and composed of local citizens, was playing music in towns around the state.\(^6\)

This single example is illustrative of a pattern seen in cluster analysis, and also in the artistic community at large: there is some event or person that serves as the genesis for the creation of a cluster. The event, group, or person is followed by other like-minded individuals or organizations to the region for the simple reason that a regional precedent or advantage had already been set in that particular area. While many industries are located in a given region because of a certain type of natural resource, and while the burgeoning of an arts industry in the Twin Cities could conceivably reflect something as ephemeral as establishing a hobby or pastime during Minnesota’s formidable winter months, this would not explain why Des Moines, Madison, or other regional centers did not develop a comparable arts sector.

By the 1880’s, the region had not only become a thriving economic center, but the educational and cultural hub of the Northwest. Many world-renowned lecturers such as Mark Twain and Oscar Wilde traveled to the area in response to the demand of culture-hungry citizens. In 1870, Minneapolis founded an Athenaeum Society, which providing funds for book purchases in the hopes that a growing percentage of citizens would become literate and thereby increase the economic and cultural productivity of the region.

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\(^5\) DeNatale & Wassall, 2007
\(^6\) American Guide Series 1998
Also, in 1883, the Minneapolis Society of Fine Arts was established, followed shortly by the Minnesota State Society of the Arts.\(^7\)

That same year, the Minneapolis Institute of Arts was established, with its neoclassical building opening in 1915. The Minnesota Orchestra, an important cultural landmark, dates back to the same period, 1903, when it was founded as the Minneapolis Symphony Orchestra. It was followed by the MacPhail School of Violin in 1907 and the Walker Art Center in 1927, the first public art gallery in the Midwest.\(^8\)

Following the Second World War, the region became known for its early computer companies such as Sperry Rand, Control Data, and Cray. It also became a regional center for the arts. The St. Paul Chamber Orchestra became the second full-time professional orchestral ensemble in the Twin Cities. The Guthrie Theater, the creation of Sir Tyrone Guthrie, who wanted to found a regional theater without the commercial constraints of Broadway, opened in 1963. The Walker, meanwhile, expanded its collection in the 1960’s to reflect contemporary art, performing arts, film, and education programs. It is now seen as a national leader for its innovative approach to audience engagement.\(^9\)

During the 1940s, 50s and 60s, a number of successful Twin Cities businesses were headed by highly philanthropic leaders. At their fore was the Dayton-Hudson Corporation, known since 2000 as Target. In 1946, CEO Kenneth Dayton instituted a practice of giving five percent of its pretax profits to organizations that support workforce development, elementary and higher education, women’s issues and the arts.\(^10\) Following Dayton’s lead, 147 Minnesota corporations joined the Keystone Program, a group of companies who donated five percent of their pretax profit, with another 90 pledging two percent, by the end of the 1960s.\(^11\)

Their reasons for giving, while they originated out of a tradition of tithing instituted by the original founder of the Dayton’s retail company, were many. In 1980, Kenneth Dayton cited Dayton’s social responsibility to their customers and workers, saying, “I say it’s immoral for a company to take profits out of the community without

\(^{7}\) American Guide Series, 1998
\(^{8}\) Ibid
\(^{9}\) Ibid
\(^{10}\) Helms & Olson, 2003
\(^{11}\) Dayton Family
putting something else back in.”  He and the other managers of the company argued that the health of the company is attributed to the attention paid to its stockholders, customers, employees and community and that the giving of five percent, which at that time was the maximum allowed by federal law, differentiated them from other companies in the best way and also gave them a leg up on recruiting the most advanced talent.  

Wayne Thompson, who headed the Dayton Foundation in the 1970’s, noted the intersection of the arts and business by stating that “I am convinced that our profitability as a company is as much reliant on the quality of life which exists there [as anything else].”  He notes that they supported social action and the arts because high quality institutions are correlated with a high-quality standard of living for a community. By enhancing the quality and quantity of cultural institutions within a community, they believed that the people within that community will also develop in their artistic and creative capacity. This in turn provides better quality labor for Dayton’s business as well a more sophisticated and devoted consumer of Dayton’s products.  

In 2008, Minnesota voters passed the Clean Water, Land, and Legacy Amendment, an amendment to the state Constitution that dedicates a new .375% sales tax towards environmental, cultural, and artistic endeavors. 19.75% of the revenue generated from this tax is specifically earmarked for the purposes of “…arts education, and arts access, and to preserve Minnesota’s history and cultural heritage.” $48 million is expected to be raised this way in fiscal year 2010, and $54.5 million in fiscal year 2011.  

Minnesota is the only state in the United States to have a dedicated revenue stream for the arts in this manner. 

Today, the region boasts literally thousands of creative outlets from small local arts organizations to nationally recognized facilities such as the Minnesota History Center, The St. Paul Children’s Museum and the Minneapolis Sculpture Garden. Northeast Minneapolis is a vibrant visual arts community, which includes the Northeast Minneapolis Arts District. The Guthrie Theater and Walker Art Center have become nationally recognized names in the arts. Hundreds of arts events are held each year in the

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12 Dayton Family  
13 Ibid  
14 Ibid  
15 Clean Water, Land and Legacy Amendment 2010  
16 Smith, 2010
Twin Cities, such as the Uptown Art Fair and The Stone Arch Festival. The region is second only to New York in live theater per capita and is the third-largest theater market in the U.S., supporting the Jungle, Mixed Blood, Penumbra, Theater Latte Da and the Children’s Theater Company, among others.\textsuperscript{17} Dr. Ann Markusen, an economist at the University of Minnesota, describes Minneapolis-St. Paul as a “second tier” city in terms of the arts.\textsuperscript{18} That is to say, it is not as strong as the “big three” cultural centers of New York City, Los Angeles, and San Francisco, but is still stronger than the country as a whole.

The Regional Economy

To fully grasp the way in which the arts economy in the Twin Cities region has developed, it is useful to view the cluster in light of the greater economic and demographic arena in which it exists. The Minneapolis-St. Paul region, has for three decades, outpaced its neighbors in the Midwest, as well as the nation as a whole, in terms of both economic growth and median income.\textsuperscript{19}

The Twin Cities region boasts a high concentration of corporations, including 18 Fortune 500 companies. These large public and private corporations together accrue around 400 billion dollars in annual revenue. These corporations occupy a diversity of sectors, such as health (Medtronic and UnitedHealth Group), finance (Travelers, Thrivent Financial and Ameriprise Financial) consumer goods (General Mills and 3M) and retail sales (Best Buy, Target and Supervalu). The region boasts the third most Fortune 500 companies per capita and ranks sixth for the most Fortune 400 private companies, led by Cargill and Carlson Companies\textsuperscript{20}

The Minneapolis-St. Paul region has performed well in GDP growth for the past 30 years, and its success is largely attributed to its highly educated and productive workforce, research and innovation, and “a quality of life that has attracted and retained talented people”\textsuperscript{21}

\textsuperscript{17} McClatchy 2007
\textsuperscript{18} Markusen, 2006
\textsuperscript{19} Minnesota Compass, 2009
\textsuperscript{20} Itasca Project, 2009
\textsuperscript{21} Ibid
While outperforming other regions, its growth has, in recent years, dropped below the national average. The Milken Institute’s “Best-Performing Cities” index dropped the region from 99th to 123rd,22 as did Forbes in its “Best Places for Business and Careers” ranking, dropping the region from 20th to 76th.23

In terms of employment, the region has not escaped the economic downturn, with a significant drop in local job growth, albeit with an unemployment rate lower than the nation’s average; the September 2010 unemployment rate for Minneapolis-St. Paul was

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22 Milken Institute, 2010
23 Badenhausen, 2009
7%, while the national average was 9.6%.\textsuperscript{24} Job growth in the Twin Cities outpaced the rest of the country throughout most of the 1990’s, but during the 2000’s, job growth has slowed to below the national average.\textsuperscript{25} This trend has not only strained government revenues, but has created additional challenges for arts institutions and other non-profits.

![Minneapolis-St. Paul Region Unemployment Rate](image)

**Demographics of Minneapolis-St. Paul**

The region has seen a steady growth in population over the past two decades. The Metropolitan Council has projected that the population growth will continue and will outpace that of other metropolitan regions. Minneapolis-St. Paul boasts a highly educated population; nearly nine of ten of those over 25 have a high school diploma, making it the third highest level of educational achievement in the country. Nearly 40 percent have a bachelor’s degree or higher.\textsuperscript{26}

\textsuperscript{24} Bureau of Labor Statistics, 2010
\textsuperscript{25} U.S. Census Bureau, 2008
\textsuperscript{26} U.S. Census Bureau, 2008
A young and educated demography in the Twin Cities’ contributes to both the input to and demand for creative products. The state outranks other states in reading and math scores, fully 28 percent higher in math and 14 percent higher in reading. In addition, the region ranks tenth highest among other metro areas in college destination based on academic environment, quality of life and professional opportunity. The

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27 Education Week 2009
28 Collegia, 2008
Minneapolis-St. Paul region also has a vibrant culture with one of the highest levels of civic involvement in the nation, with one in four residents actively volunteering on a regular basis.\textsuperscript{29} The large corporate presence in the region also accounts for a continual tradition of philanthropy, with nearly 5.5 billion in annual grants to local non-profits, with $120 million going to the arts alone.\textsuperscript{30}

The racial characteristics of the Minneapolis-St. Paul metropolitan area have been changing in recent years, becoming somewhat more diverse. From 2000 to 2008, the number of African-born Minneapolis-St. Paul residents increased from 26,595 to 59,307 due to the influx of immigrants from east Africa, increasing their percentage of the total population from 1% to 2.1%.\textsuperscript{31} During the same time period, the percentage of Asian-Americans increased from 4.4% to 5.3% American-born blacks also increased their proportion of the population, from 4.8% to 5.3%.\textsuperscript{32} Caucasians still constitute the vast majority of residents in the Twin Cities. During 2002-2008, their total number increased from 2,236,012 to 2,298,979, but decreased as a percent of the total population from 85.1% to 82.5%.\textsuperscript{33} Overall, persons of color grew as a percentage of population from 16.7% to 21.1% from 2000 to 2009, increasing their number from 2,651,983 to 2,846,576.\textsuperscript{34}

\begin{figure}
\centering
\includegraphics[width=\textwidth]{persons_of_color.png}
\caption{Persons of Color (number) Twin Cities 7-county region, 1960-2009\newline\newlineCompiled by MNCompass, from U.S. Census Bureau, Decennial Census and U.S. Census Bureau, Inter-censal estimates.}
\end{figure}

\textsuperscript{29} Corporation for National & Community Services, 2009
\textsuperscript{30} Minnesota Council on Foundations, 2009
\textsuperscript{31} Minnesota Compass, 2009
\textsuperscript{32} Ibid
\textsuperscript{33} Ibid
\textsuperscript{34} Ibid
The Twin Cities has historically been more prosperous than the United States as a whole. Median household income adjusted for inflation in the Twin Cities grew steadily for several decades, outperforming the national average, before peaking in the late 1990’s at $70,145.\textsuperscript{35} Since that time, real median household income in the Twin Cities has seen a moderate decline, but, as of 2008, household income was still significantly higher than the national average. In that year, household income in the Twin Cities was $65,862, as opposed to the national median of $52,029.\textsuperscript{36}

\begin{figure}[h]
\centering
\includegraphics[width=\textwidth]{median_household_income.png}
\caption{Median household income: Twin Cities 13-county region and U.S., 1969-2008}
\end{figure}

\textit{Note: In 2008 inflation-adjusted dollars.}

\textit{Compiled by MNCompass, from U.S. Census Bureau, Decennial Census and U.S. Census Bureau, American Community Survey}

\textbf{Shift Share Analysis}

A shift share analysis examines comparative industry statistics over time illustrating, for example, that during 1990-2009, the nation’s employment grew by 18.4 percent and the region’s biggest employer, the Education and Health Services sector, had the highest national growth component and overall, the national growth component was responsible for a total of 239,126 jobs in the region.

The industrial mix component measures how well an industry has grown, net of effects from the business cycle. The highest industrial mix component was 38.2 percent in the Professional and Business Services sector, responsible for 70,102 jobs. Adding together all eleven sectors, the industrial mix component was responsible for increasing the region’s employment by 16,537 jobs, suggesting that the Twin Cities region has a concentration of employment in industries that are increasing nation-wide.

\textsuperscript{35} Minnesota Compass, 2009

\textsuperscript{36} Ibid
<table>
<thead>
<tr>
<th>Sector</th>
<th>National Growth Component, Percent</th>
<th>National Growth Component, Jobs</th>
<th>Industrial Mix Component, Percent</th>
<th>Industrial Mix Component, Jobs</th>
<th>Competitive Share Component, Percent</th>
<th>Competitive Share Component, Jobs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manufacturing</td>
<td>18.4</td>
<td>38,010</td>
<td>-52.2</td>
<td>-107,828</td>
<td>15.2</td>
<td>31,297</td>
</tr>
<tr>
<td>Education and Health Services</td>
<td>18.4</td>
<td>38,373</td>
<td>34.9</td>
<td>72,645</td>
<td>14.7</td>
<td>30,557</td>
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<tr>
<td>Financial Activities</td>
<td>18.4</td>
<td>18,362</td>
<td>-7.2</td>
<td>-7,228</td>
<td>18.3</td>
<td>18,270</td>
</tr>
<tr>
<td>Public Administration</td>
<td>18.4</td>
<td>9,506</td>
<td>-1.1</td>
<td>-578</td>
<td>14.4</td>
<td>7,438</td>
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<tr>
<td>Natural Resources and Mining</td>
<td>18.4</td>
<td>559</td>
<td>-16.5</td>
<td>-500</td>
<td>36.6</td>
<td>1,111</td>
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<tr>
<td>Information</td>
<td>18.4</td>
<td>7,436</td>
<td>-16.5</td>
<td>-6,659</td>
<td>1.5</td>
<td>602</td>
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<tr>
<td>Construction</td>
<td>18.4</td>
<td>8,746</td>
<td>-4.5</td>
<td>-2,131</td>
<td>0.4</td>
<td>203</td>
</tr>
<tr>
<td>Other Services</td>
<td>18.4</td>
<td>8,293</td>
<td>7.5</td>
<td>3,364</td>
<td>-7.0</td>
<td>-3,168</td>
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<tr>
<td>Leisure and Hospitality</td>
<td>18.4</td>
<td>20,741</td>
<td>20.9</td>
<td>23,593</td>
<td>-8.8</td>
<td>-9,890</td>
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<tr>
<td>Trade, Transportation, and Utilities</td>
<td>18.4</td>
<td>53,830</td>
<td>-9.6</td>
<td>-28,106</td>
<td>-4.5</td>
<td>-13,196</td>
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<tr>
<td>Professional and Business</td>
<td>18.4</td>
<td>33,748</td>
<td>38.2</td>
<td>69,954</td>
<td>-25.0</td>
<td>-45,855</td>
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</tbody>
</table>

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U.S. Census Bureau, 2009
The final component of is the competitive share, or the remaining employment change left over after accounting for the national and industrial mix. Across all sectors, the competitive share component totals 17,369, indicating that the region is competitive in securing additional employment. The Leisure and Hospitality sector, which includes many sectors of the arts economy, had a negative competitive share component suggesting the need for strategies to improve local conditions to bolster the cluster.

<table>
<thead>
<tr>
<th>Sector</th>
<th>National Growth Component, Percent</th>
<th>National Growth Component, Jobs</th>
<th>Industrial Mix Component, Percent</th>
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<th>Competitive Share Component, Percent</th>
<th>Competitive Share Component, Jobs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Services</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td></td>
<td>237,604</td>
<td>16,526</td>
<td>17,369</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Employment Changes in MSP Region, 1990 to 2009**

<table>
<thead>
<tr>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Education and Health Services</td>
<td>208,368</td>
<td>349,944</td>
<td>141,576</td>
<td>67.9</td>
</tr>
<tr>
<td>Trade, Transportation, and Utilities</td>
<td>292,296</td>
<td>304,824</td>
<td>12,528</td>
<td>4.3</td>
</tr>
<tr>
<td>Professional and Business Services</td>
<td>183,254</td>
<td>241,102</td>
<td>57,848</td>
<td>31.6</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>206,394</td>
<td>167,873</td>
<td>-38,521</td>
<td>-18.7</td>
</tr>
<tr>
<td>Leisure and Hospitality</td>
<td>112,623</td>
<td>147,067</td>
<td>34,444</td>
<td>30.6</td>
</tr>
</tbody>
</table>

38 U.S. Census Bureau, 2009
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Financial Activities | 99,707 | 129,111 | 29,404 | 29.5%
Public Administration | 51,619 | 67,985 | 16,366 | 31.7%
Construction | 47,490 | 54,308 | 6,818 | 14.4%
Other Services | 45,031 | 53,520 | 8,489 | 18.9%
Information | 40,380 | 41,759 | 1,379 | 3.4%
Natural Resources and Mining | 3,038 | 4,208 | 1,170 | 38.5%

| Total | 1,290,200 | 1,561,701 | 271,501 |

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**The Arts in the Minneapolis-St. Paul Region**

Of the 113 job categories that constitute arts employment as defined by NEFA, data is available for analysis on 61 of them. From 2005 to 2009, employment in the 61 categories fell from 78,914 to 68,665. The Minneapolis-St. Paul metropolitan area lost jobs in 45 of the 61 categories, fell in terms of location quotient in 41 of them, and both lost jobs and fell in terms of location quotient in 36 of them. On the whole, the U.S. lost 3.3% of all jobs between 2005 and 2009, and arts jobs fell 9.2%. In Minneapolis-St. Paul, overall job growth was -4%, and arts job growth was -13%. This means that arts jobs were lost in both Minneapolis-St. Paul and the United States as a whole at a much higher rate than overall job loss, and arts jobs in Minneapolis-St. Paul were lost at a higher rate than the national average.

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<table>
<thead>
<tr>
<th>+ Job Growth</th>
<th>- Location Quotient Growth</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>11</td>
<td>5</td>
<td>16</td>
</tr>
<tr>
<td>- Job Growth</td>
<td>9</td>
<td>45</td>
</tr>
<tr>
<td>20</td>
<td>41</td>
<td>61</td>
</tr>
</tbody>
</table>

The loss of these jobs was felt across all three job groups as defined by NEFA, both in terms of the groups’ “core” and “peripheral” aspects, meaning that the downturn in the arts economy in the Twin Cities cut across the entire sector.

| Core Group 1: Cultural Goods Production; Peripheral Group 1: Cultural Goods Production |
| Core Group 2: Cultural Goods Distribution; Peripheral Group 2: Cultural Goods Distribution |

40 Bureau of Labor Statistics, 2010
These arts-centric businesses have played an important role in building and sustaining economic vitality. They employ a creative workforce, spend money locally, generate government revenue and serve as a cornerstone of tourism and economic development. The map below provides a picture of the arts organizations in the Minneapolis-St. Paul MSA, with each dot representing an arts-centric business.

**Arts Cluster Location Map Minneapolis-St. Paul MSA**

*Source: Americans for the Arts, 2010.*

**Museums/Collections, Performing Arts, Visual/Photography, Film, Radio, TV, Design/Publishing, Arts Schools/Services**

**The Economic Importance of the Arts to the Corporate Sector**

Markusen argues that when the impact of the arts is measured by just the “…revenue of larger arts organizations, associated expenditures by patrons, and multiplier effects,” as it typically is, the true economic impact of the arts is not fully measured. She notes that the real impact of artists is higher “…because artists’ work enhances the design, production and marketing of products and services in other sectors,
and because artists induce innovation on the part of suppliers.” In other words, the creative nature of the arts adds value to other economic outputs, thereby making the full economic impact of the arts sector greater than previously understood. This alternative theory illustrates the interconnected relationship between business and the arts industry as well as why it is that the Twin Cities has cultivated a thriving, and economically productive, version of artistic creation.

**Twin Cities Diamond of Advantage: Arts Economy**

In the post-industrial global economy, firms’ decisions regarding where to locate are no longer held hostage by factor inputs. Instead, such decisions are based largely upon the location of labor, networking institutions and customer bases. Porter argues that greater market permeation around the world, greater efficiency in raw materials markets and a general diminishing factor intensity in world commerce, as well as efficient transportation industries, combine to suppress the historic importance of land in the land, labor and capital triumvirate of business location. “Close linkages with buyers, suppliers and other institutions contribute importantly not only to efficiency but to the rate of improvement and innovation…location affects competitive advantage through its influence on productivity and especially productivity growth.”

Factor inputs in the current world economy will likely cost the same amount regardless of where a firm is located.

The arts industry is not heavily dependent on raw materials. The nature of the industry is such that labor, capital, and customers, depending on the type of art, comprise the primary factor inputs necessary to produce a finished product. The Five Percent Club provided both the capital and the demand for labor.

The following Diamond of Advantage displays the geographical context that has accrued over the years to sustain and support the arts cluster in the Twin Cities. Nearly every point listed supports either the labor or capital aspect of the factors of production. Unlike many clusters, there is no geographic reason for an arts cluster to locate in the Twin Cities. Rather, as Steinbach claims, it is the result of decades of support from

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41 Markusen, 2006
42 Porter, 1998
philanthropic institutions and corporate, private and public philanthropy as well as an educated and culturally-artistic customer base.

The factor conditions for the arts cluster includes a series of inputs, such as the presence of 18 Fortune 500 companies which provide not only generous philanthropic support, but also a highly-educated labor pool seeking the creative resources of the region after work. The region has also invested in a large number of capital projects resulting in a state-of-the-art infrastructure such as the Ordway Theater, the Guthrie Theater, the Walker Museum, and the Children’s Museum. A new light rail transit line still under construction will add to the supportive infrastructure feeding the arts cluster of the area. The region’s plethora of institutions of higher learning provide a steady stream of artisans, attendees of arts functions, and a draw for creative learners from across the nation.

The demand conditions for the arts cluster in the region are largely driven by historic support for the arts, going back to the earliest days of the region’s settlement. This historic tradition has carried on and has bred new generations and new residents with a fondness and support for artistic endeavors. Add to that a solid economic and population growth, one of the most highly-educated populations in the nation, and the relatively isolated geographic location of the region without strong cultural competition for several hundred miles in any direction, and the region provides a solid demand base for the arts. Dianne Steinbach, Executive Director for Arts and Cultural Media at Twin Cities Public Television, attributes the high demand in consumption of the arts to the history of philanthropy in the area. “There was a climate in the Twin Cities, beginning in the 1950s and 60s, that valued creativity. It was started by businesspeople, specifically the Daytons. There were a number of people involved, but the Daytons and their friends were the movers and shakers...”  

She said that it was the business people who introduced the fine arts, but that over time the relationship between the arts and the community began to feed off each other, in time driving each to perpetually increase in size.

A number of related and supporting industries provide ancillary inputs essential to the health and growth of the arts. Foremost among these are the arts schools that feed into

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43 Steinbach, 2010
44 Ibid
artistic professions, including the Minnesota College of Art and Design, Art Institutes International, and the University of Minnesota. Surrounding creative venues are numerous bars, restaurants and hotels serving those attending exhibits, museums, plays, concerts and other creative events. Support for these productions requires numerous specialty services designing sets and costumes, producing flyers, selling tickets, lighting the stages, promoting the productions, managing facilities and the talent. The arts also hold prominence in the state’s tourism promotion campaigns, as well as the recruitment efforts of the region’s universities, which in turn serve as a source for many supportive services, much of it on a volunteer basis.
Arts SWOT Analysis

A SWOT analysis of the regional arts cluster demonstrates that the region has a lot going for it, particularly with the location here of a number of Fortune 500 companies, and a new voter-approved ballot initiative providing funding for the arts. But interviews conducted also indicate some threats and weaknesses. Having a plethora of Fortune 500 companies headquartered here is, without question, a strength and opportunity, but reliance on them is precarious. CEOs come and go and with them agendas and, quite possibly, support for creative endeavors. Moreover, in this global economy, corporations have shown a willingness to relocate to consolidate, improve their tax position, or to be closer to their core markets.

Departure of even a single large benefactor could have dramatic negative effects on the cluster. Combine this with what Tom Borrup, head of Creative Community Builders, calls “complacency” in the regional arts community, and a real financial threat lurks. Borrup notes that, for many in the arts community, “it’s come too easy,” as a result of the large number of corporate donors and solid public support. Because the community has not felt the need to create and develop new sources of funding, a loss in the existing funding stream could be immediate and impacting.

Moreover, because this cluster is highly dependent on philanthropy, the regional economic decline along with the national and global economic decline, pose a real risk that givers may reduce their giving, or shift it to other, arguably more pressing or life-threatening needs such as child literacy, child nutrition, homeless shelters, food shelves, and so on. The Target Foundation, for example, has recently shifted much of its giving to the arts to education. Should other large corporate givers follow suit, many in the creative industry will feel the financial squeeze in short order. This may be an inevitable part of the economy’s “Creative Destruction,” as weaker, less established firms fall by the wayside. Perhaps, says Borrup, such a result may be healthy; that there may be “too many” creative entities at the current time.

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45 Borrup, 2010
46 Ibid
47 Benson & Zimmerman, 2010
48 Prauer, 2010
49 Borrup, 2010
One particular strength of the regional arts cluster cannot be easily taken away: its geographic isolation from other, nearby major metropolitan cultural centers. Borrup, who consults with communities desiring to create or foster the arts and culture, notes his experience working with San Jose, CA. By virtually every measure, it is a community that should have a thriving arts community: it has high income, high education, investment in infrastructure, and a motivated citizenry. Yet it has not developed the kind of creative industries one would expect. Borrup notes this is likely because it is a short car ride to San Francisco, a nationally recognized arts hub. With Chicago being its closest potential cultural competitor, the Twin Cities region enjoys a geographic safety zone that San Jose does not. However, that isolation is also a weakness, as being a frigid locale far from the coasts and other urban settings make attraction and retention of new talent and major creative firms a challenge.

The Twin Cities’ relative isolation has helped to create another strength: the density of artists in the region. Artists have a tendency to group together geographically for professional reasons. For example, a musical composer requires access to between eight to ten other musical professionals in order to successfully publish his work. As a result, the physical proximity of composers and their supporting professionals is of paramount importance; without such proximity, their work becomes highly difficult, if not impossible. For this reason, artists will be drawn from the surrounding region to one central metropolitan area. This is apparent in neighborhoods of north and south Minneapolis, where there is, on average, at least one artist per city block. A Minneapolis-based nonprofit, Artspace, has taken this idea and run with it. Artspace develops and manages properties specifically tailored towards artists, both for living and working spaces.

Yet another opportunity for the region is the amendment to the state Constitution dedicating a portion of tax proceeds to the arts. The Legacy Amendment is projected to provide approximately $100 million to the arts in fiscal years 2010 and 2011 alone. Although initially there were fears that this funding would negatively impact individual

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50 Borrup, 2010
51 Smith, 2010
52 Ibid
53 Ibid
54 Clean Water, Land and Legacy Amendment
and philanthropic giving, these fears have thus far proven to be unfounded. Although individual giving has dropped significantly since the amendment was passed, similar drops were seen nationwide, and were directly attributable to the economic collapse of 2008.\footnote{Benson & Zimmerman, 2010} Foundations have also shifted their focus away from the arts, but this may not be due to the amendment, but, rather, a shift in their overall priorities.\footnote{Prauer, 2010} However, legislators facing an enormous budget deficit are not as likely to provide direct funding of the arts from the general fund, reasoning that the arts are already getting all the support they need.\footnote{Smith, 2010}

The main threat to the health of the arts economy is the overall health of the regional economy. The economic collapse and slow recovery have depressed the level of individual giving and arts consumption, and have forced a number of arts organizations to cease operations. Many of those that remain have little to no flexibility in terms of their finances; what money is available is spent to keep the organization afloat.\footnote{Benson & Zimmerman, 2010} This means that many arts organizations are unable to spend money developing new and innovative works that could move the sector forward. Additionally, the arts sector faces a serious challenge in terms of rising health care costs. As artists age and have children, their demand for health care increases. Artistic employment does not typically provide health care benefits, and, as a result, as artists age, they become more likely to abandon their artistic pursuits for other employment.\footnote{Ibid} A related threat comes from budgetary constraints in education: arts education programs in the Twin Cities have been cut at both the K-12 level and the postsecondary level. This is problematic in that, over the long term, arts education spurs demand for the arts, and therefore losing arts education means a future loss in terms or arts consumption.\footnote{Wagner-Henry, 2010}

Changes in technology present both an opportunity and a threat for the arts sector. The internet has made the consumption of certain forms of art virtually costless for consumers; reproductions of artwork, plays, movies, television shows, and photographs...
can easily be found.\textsuperscript{61} For artistic endeavors made using computer technology, both production and consumption are not dependent on any one location; both can be done virtually anywhere that there is access to the internet. This has completely changed both the mode of delivery for the arts and expectations relating to their cost: consumption is instantaneous and can be done anywhere, and is expected to be at little to no cost.

For example, the University of Michigan-based Team Starkid theater company produced “A Very Potter Musical,” a theatrical send-up of the \textit{Harry Potter} book series. The play was videotaped in front of a live audience, and the video was subsequently posted to YouTube in July 2009.\textsuperscript{62} Since then, it has gained over 3.7 million views, which equates roughly to the same number of consumers as 7400 live shows with 500 audience members each. Online viewers are able to watch the play at their convenience at virtually no cost.

The advent of the internet allows virtually anyone to become artistic at low cost; computer programs like Photo Shop and iMovie allow individuals to create and share their work worldwide via the internet. The challenge is finding out how to successfully monetize the internet consumption of artistic outputs; much as live performances found ways to remain relevant and make money even with the advent of motion pictures and television, so too can today’s arts sector adapt to the internet.

An additional opportunity comes from immigration to the Twin Cities. The growth in immigration to the Twin Cities provides an opportunity for the arts sector to gain both new artists and new consumers, and to integrate new styles and formats into the artistic fold.

\textsuperscript{61} Benson & Zimmerman, 2010
\textsuperscript{62} Lang 2009
MSP Region SWOT Analysis: Creative Industries

**Strengths**
- Steady population and economic growth
- The region has the third most Fortune 500 companies per capita in the nation with 18 headquartered here, and the sixth highest concentration of Fortune 400 private companies, providing a steady stream of philanthropic support.
- Geographic separation from other major economic regions
- High quality of life
- Highly educated population
- Cross-pollination of creative boards and associations
- High number of colleges
- Density of artists

**Weaknesses**
- Lack of diversity
- Slowing economy
- Climate
- Insular mindset of regional creative community
- Complacency of arts community
- Highly dependent on the whims of corporate givers
- Far from coastal populations

**Opportunities**
- New voter-approved constitutional amendment provides new funding for new and innovative arts initiatives
- Create an environment for collaboration and coordination of creative industries
- Strategies for closer coordination between the arts and industries in need of creative talent
- Continued expansion of light rail transit to the suburbs could increase attendance at arts events/locations
- Branding campaign touting the region’s vibrant arts culture
- Growing immigrant community
- Technological advances

**Threats**
- Declining economic growth may reduce corporate contributions
- New legislature may not be as supportive of the arts as in the past
- Budget deficits threaten arts funding
- Shift in corporate giving from arts to other causes
- Aging population moving south and west
- Devaluation of arts due to online sources
- High cost of health care for artists
- Under capitalization of arts organizations
Value Chain

Porter posits that in the technologically advanced environment in which companies now exist, there is a great deal of insight into location decisions that are observed from dividing the things a given firm does in order to produce a product or offer a service into a few particular technologically or economically distinct activities. In order for a given company to remain competitive, it must either perform the activities that lead it to produce a good at a lower cost than its competitors or it must produce at the same cost a good that is somehow better than its competitors’ and therefore more valuable to the consumer. The value chain allows such a comparison.63

Figure 5

Admittedly, the Value Chain template is more appropriate for firms that produce or provide a more tangible product than artistic viewing or listening. The value chain for MacDonald’s, for example, would place much more emphasis on Inbound and Outbound Logistics, and primary activities in general, than the Walker Arts Center does, because the way in which each sandwich is produced, the time interval involved in transportation as well as the constant supply of napkins, straws and Happy Meal toys is crucial to the daily functioning of a MacDonald’s franchise.

63 Porter, 1998
Almost all of the Value Chain emphasis for the Walker falls on support activities. Where, when or how a painting is produced is of little concern to the Walker Art Center. Transportation or material costs are by and large irrelevant and make up but a miniscule fraction of the overall cost of the painting. However, the secondary functions in the value chain are absolutely crucial to the Walker: Procurement, Human Resources and Firm Infrastructure in particular. 95 percent of the value of a play seen at the Walker is attributable to the quality of the actors, writers, set designers and, to a varying extent, the audience.

The audience member that stops at a MacDonald’s on the way home from the Walker cares not at all who makes his hamburger. Where MacDonald’s and the Walker intersect, though, is in Firm Infrastructure. Ray Kroc himself attributed the majority of his restaurant’s success to the company’s real estate savvy, identifying key geographic locations that contain many customers, mainly urban centers and traffic corridors. In fact, it is the main contributor to its wild success in Russia, where other foreign chains have had trouble getting a foothold, because they were among the first foreign fast food chains to buy up land. If there was not a MacDonald’s next to the interstate on-ramp, it is unlikely that this Walker audience member would drive through the city in order to buy her Big Mac for the ride home, likely opting for something closer.

Likewise, as displayed on the Value Chain, the Walker Arts Center maintains a crucial geographic location. Not only does it buttress three crucial artistic Twin Cities’ neighborhoods very near the intersection of two interstate highways, but with its unique design perched on a hilltop it is visible to everyone traveling through the Twin Cities on interstate 94. These three infrastructural factors greatly promote its namesake, which significantly aids its marketing efforts.

Finally, although it is not mentioned on the Value Chain, the most significant factor affecting the Walker’s Value Chain, as it is taken for granted by the very creation of the value chain, is its location in the Twin Cities. From its inception, the Walker has found philanthropic support, as well as continuous attendance, from Twin Cities citizens. From T. B. Walker early in the 20th century through the Keystone Group’s support in the

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64 How Stuff Works, 1998
65 Arvendlund, 2005
mid-century all the way to its current relationship with McKnight, the Twin Cities has nurtured the Walker. Moreover, the continual competition from so many other independent, private and public arts institutions around the region have likely prevented complacency within the Walker’s ranks, providing a real incentive to remain innovative and cutting edge.

Vision Statement

The Minneapolis-St. Paul region will become the nationally-recognized leader in the arts as the destination of choice for artists, entrepreneurs, supportive industries, and the cultural tourist.

Plan of Action

The Minneapolis-St. Paul region provides a unique mix of innovation, culture, history and a somewhat isolated geographic location that provides the framework for the attraction and retention of entrepreneurs and Fortune 500 companies. The arts play a significant role in the economy, and provide a solid course for sustainable growth and further economic development. Moreover, studies demonstrate that a vibrant arts cluster directly translates to a vibrant regional economy. The arts also impact other economic sectors, fostering job growth in service, management, business attraction, inner city revitalization and population growth.

The regional arts cluster is what Porter describes as a “mature” cluster. Industry clusters follow a life cycle. Emerging clusters, for example, tend to have newer entities and rapid growth. Mature clusters are more likely to have larger, older firms with slower growth that eventually experience “Creative Destruction,” as described by Joseph Schumpeter. While Schumpeter’s examination of capitalism clearly focused on for-profit firms, his analysis also applies to the arts cluster.

“The fundamental impulse that sets and keeps the capitalist engine in motion comes from the new consumers, goods, the new methods of production or transportation, the new markets, the new forms of industrial organization that the capitalist enterprise

66 Walker Art Center, 2010
67 Porter, 1998
68 Schumpeter, 1975
creates.” The process of going from small community arts group to a major theatre production company is “… the same process of industrial mutation … that incessantly revolutionizes the economic structure from within, incessantly destroying the old one, incessantly creating a new one. This process of Creative Destruction is the essential fact about capitalism. It is what capitalism consists in and what every capitalist concern has got to live in …” That’s why, from the point of view of policymakers, knowing in what stage of development the arts cluster sits is critical to developing strategies to foster its future vitality.

Porter argues that cluster development must enhance competitive advantages already present, as opposed to efforts to “imitate exactly what is present in other locations.” Consequently, upgrading the arts cluster requires the removal of obstacles, eliminating inefficiencies, relaxing constraints, and fostering collaboration. Focus on the arts cluster looks at the externalities, overlaps, links, and other supportive industries to address problems common to multiple companies and organizations without harming competition. It is this analysis, and the policy recommendations flowing from such study, that should be shepherded by a newly-created Creative Industries Board.

John Foley, who is president of the advertising firm Level Branding in Minneapolis and is the founder of the non-profit organization 4Front, a group of area leaders working to ensure that the region continues to be a center for innovation and creativity, argues that the region needs to better highlight its creative strengths and coordinate with commerce. 

“We’ve had the great fortune of extraordinary inventors, artists and entrepreneurs living and creating in our midst, leaders such as William McKnight (3M), Earl Bakken (Medtronic), Tyrone Guthrie (Guthrie Theater) and Richard Schultz (Best Buy),” Foley said. “All 21 of Minnesota’s Fortune 500 companies, in fact, are home grown, and we cannot rely on outside industries moving to the frozen tundra.”

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69 Schumpeter, 1975
70 Ibid
71 Porter, 1998
72 Ibid
73 Foley 2010
74 Ibid
Foley points to Florence, Italy, which had the talent and resources to become a world center for creativity and did so by leveraging its vast creative resources. “Florence emerged as the epicenter of the Renaissance because the Medici family supported and coordinated the efforts of commerce and the arts,” he said. “[The Minneapolis-St. Paul region] must nurture our talent pool and garner recognition for being an innovative and creative place to live and work in order to compete and shine in the global economy.”

4Front’s stated goals are to organize and coordinate the efforts of business, arts, education and government to identify and nurture talent – precisely the sort of efforts to be fostered by a new Creative Industries Board.

The Creative Industries Board would encompass the current State Arts Board, Regional Arts Council, the Film Board, other related organizations and agencies. In general, the Board would work on collaborative efforts such as:

- Rebranding the state and region as a national leader of creative industries;
- Focusing and directing funding from the new Legacy Amendment to artists, organizations, tourism efforts, workforce and education initiatives for both capital projects and operating capital;
- Aligning creative talents and workforce projects to spur job growth;
- Study, define and measure the creative industries to provide more concrete, accurate measures of the creative industries and its impact on the economy and other industries;
- Encouraging workplace development and education through creation of career paths in the creative industries;
- Promotion of networking across multiple creative industries sectors through a carefully designed communications strategy reaching creative communities, organizations, individual entrepreneurs, and other stakeholders;
- Coordination of sector initiatives within the cluster;
- Design and launch online tools such as online connections between artists, communities and venues; a jobs site for the creative industries; financial management and reporting tools and benchmarks; real estate matching for creative enterprises.

75 Foley 2010
The board will consist of representatives from multiple sectors of the creative economy as well as supportive/related sectors, including:

- Metropolitan Regional Arts Council
- Hospitality Minnesota
- American Institute of Graphic Arts, Minnesota Chapter
- Private College Association
- Minnesota Artists Association
- Ad Fed of Minnesota
- Association of Independent Colleges of Art and Design
- MNAmerican Marketing Association
- Regional convention and visitors bureaus
- Public Relations Society of Minnesota
- Art Educators of Minnesota
- Minnesota Citizens for the Arts
- MnSCU
- Regional Chambers of Commerce
- Minnesota Business Partnership
- Minnesota Association of Realtors
- Explore Minnesota
- Minnesota Film & Television Board
- Printing Industry of Minnesota
- Legislative leaders
- Governor’s representative
- Metropolitan Council
- Regional mayors representatives
- Small Business Administration
- Department of Energy and Economic Development
- Organized labor (Twin Cities Musicians Union, Minnesota Artists’ Union, etc)
- Metropolitan Transit Commission
In addition, a series of policy groups shall be established tasked with researching and making policy recommendations specific to their area of expertise. Initially, the groups shall include:

- **Non-profit Creative Policy Group**
  Charge: Make recommendations regarding collaborative efforts linking artists with tourism, marketing, business start-up and counseling, workspace and housing, artist retention efforts such as state standards for artist compensation; tax incentives for donated art space; health care coverage for individual artists; multi-regional and multi-state collaboration efforts; funding for creative trade missions and arts touring.

- **For-Profit Creative Industries Policy Group**
  Charge: Branding campaign including logo design and message; development of major signature regional event; development of creative trade missions; raise awareness of the creative industries among regional businesses and citizens; create internship programs for students in creative fields of study; encourage state procurement from local creative companies.

- **Creative Strategy Policy Group**
  Charge: Draft legislation that includes changes in statute to foster the creative industries including tax incentives, zoning changes, marketing and tourism initiatives, etc. The group will develop legislation that is comprehensive, identifiable and prominent on the agenda, with a title such as “The Creative Research, Education, Arts and Talent Enhancement Act” (CREATE). The strategy group will also advise the board on a long-term strategic plan.

- **Regional Governmental Creative Industries Policy Group**
  Charge: Create a definition and data collection mechanism for the regional creative industries; advise on marketing and branding campaign; organize a Metropolitan Regional Creative Industries Association; advise on policies relating to regional creative economic development, incentives and funding; coordinate with regional transportation policymakers; coordinate the regions convention bureaus; coordinate creative industries collaboration between the regions Chambers of Commerce.
• Tourism Policy Group

Charge: Foster communications between creative organizations and tourism; serve as catalyst for partnerships between creative/cultural entities and tourism marketing efforts; research links and data between tourism and creative industries; research new approaches to funding special events and creative-specific signage for creative venues.
The figure below illustrates the hierarchy of the Creative Industries Board, the several Policy Groups, and each of their respective subgroups.
The figure below illustrates the process involved in the creation of the Creative Arts Board and the execution of its duties.

### Creative Industries Board Process

[Diagram showing the process of creating and executing the duties of the Creative Arts Board.]

Source: Adapted from Cluster Development Process from Michael Porter

The figure below illustrates some of the ways policymakers can play a role in the fostering the creative industries cluster in the Twin Cities.

<table>
<thead>
<tr>
<th>Policy Issue</th>
<th>CREATIVE INDUSTRIES CLUSTER PROMOTION</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Initiative</td>
</tr>
<tr>
<td>Collaboration</td>
<td>Convene creative industries sector groups, stakeholders, individual entrepreneurs, companies and organizations to develop collaborative strategic plan and tools.</td>
</tr>
<tr>
<td>Branding Campaign</td>
<td>Development and roll-out of a branding campaign highlighting the unique creative environment in the region.</td>
</tr>
<tr>
<td>On-line Tools</td>
<td>Create series of creative cluster on-line tools such as marketing, finance, education, real estate, employment, user demographics.</td>
</tr>
<tr>
<td>Business Development</td>
<td>Coordinate with existing economic development tools to tailor to creative industries such as Small Business Administration, Women’s Venture, DEED, IRRRB, etc</td>
</tr>
<tr>
<td>Tourism</td>
<td>Coordinate with Explore Minnesota to create creative tourism program emphasizing the region’s plethora of performing and visual arts</td>
</tr>
<tr>
<td>Tax Policy</td>
<td>Study and recommend policy to attract and retain creative industries in areas such as software design, advertising, film, video, music, etc.</td>
</tr>
<tr>
<td>Training</td>
<td>Coordinate and tailor to creative industries programs of chambers, universities, technical colleges, community development corporations, trade associations, unions, foundations, etc.</td>
</tr>
<tr>
<td>Capital</td>
<td>Create a Creative Venture Fund through Legacy funds and direct appropriation to provide creative industries increased access to venture capital.</td>
</tr>
</tbody>
</table>
Appendix

**NEFA Arts NAICS Codes**

**CORE North American Industrial Classification System (NAICS) Codes**

**NAICS Industry**

### Group 1 Cultural Goods Production

<table>
<thead>
<tr>
<th>NAICS Industry</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>323110</td>
<td>Commercial Lithographic Printing</td>
</tr>
<tr>
<td>323111</td>
<td>Commercial Gravure Printing</td>
</tr>
<tr>
<td>323112</td>
<td>Commercial Flexographic Printing</td>
</tr>
<tr>
<td>323113</td>
<td>Commercial Screen Printing</td>
</tr>
<tr>
<td>323115</td>
<td>Digital Printing</td>
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<tr>
<td>323117</td>
<td>Books Printing</td>
</tr>
<tr>
<td>323119</td>
<td>Other Commercial Printing</td>
</tr>
<tr>
<td>323121</td>
<td>Tradebinding and Related Work</td>
</tr>
<tr>
<td>323122</td>
<td>Prepress Services</td>
</tr>
<tr>
<td>325992</td>
<td>Photographic Film, Paper, Plate, and Chemical Manufacturing</td>
</tr>
<tr>
<td>327112</td>
<td>Vitreous China, Fine Earthenware, and Other Pottery Product Manufacturing</td>
</tr>
<tr>
<td>327212</td>
<td>Other Pressed and Blown Glass and Glassware Manufacturing</td>
</tr>
<tr>
<td>332323</td>
<td>Ornamental and Architectural Metal Work Manufacturing</td>
</tr>
<tr>
<td>333293</td>
<td>Printing Machinery and Equipment Manufacturing</td>
</tr>
<tr>
<td>334310</td>
<td>Audio and Video Equipment Manufacturing</td>
</tr>
<tr>
<td>334612</td>
<td>Prerecorded Compact Disc (except Software), Tape, and Record Reproducing</td>
</tr>
<tr>
<td>337112</td>
<td>Custom Architectural Woodwork and Millwork Manufacturing</td>
</tr>
<tr>
<td>339911</td>
<td>Jewelry (except Costume) Manufacturing</td>
</tr>
<tr>
<td>339912</td>
<td>Silverware and Hollowware Manufacturing</td>
</tr>
<tr>
<td>339913</td>
<td>Jewelers’ Material and Lapidary Work Manufacturing</td>
</tr>
<tr>
<td>339914</td>
<td>Costume Jewelry and Novelty Manufacturing</td>
</tr>
<tr>
<td>339942</td>
<td>Lead Pencil and Art Good Manufacturing</td>
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<tr>
<td>339992</td>
<td>Musical Instrument Manufacturing</td>
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### Group 2 Cultural Goods Distribution

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<tr>
<th>NAICS Industry</th>
<th>Description</th>
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<tr>
<td>423410</td>
<td>Photographic Equipment and Supplies Merchant Wholesalers</td>
</tr>
<tr>
<td>423940</td>
<td>Jewelry, Watch, Precious Stone, and Precious Metal Merchant Wholesalers</td>
</tr>
<tr>
<td>424110</td>
<td>Printing and Writing Paper Merchant Wholesalers</td>
</tr>
<tr>
<td>424920</td>
<td>Book, Periodical, and Newspaper Merchant Wholesalers</td>
</tr>
<tr>
<td>443112</td>
<td>Radio, Television, and Other Electronics Stores</td>
</tr>
<tr>
<td>443130</td>
<td>Camera and Photographic Supplies Stores</td>
</tr>
<tr>
<td>448310</td>
<td>Jewelry Stores</td>
</tr>
<tr>
<td>451130</td>
<td>Sewing, Needlework, and Piece Goods Stores</td>
</tr>
<tr>
<td>451140</td>
<td>Musical Instrument and Supplies Stores</td>
</tr>
<tr>
<td>451211</td>
<td>Book Stores</td>
</tr>
<tr>
<td>451220</td>
<td>Prerecorded Tape, Compact Disc, and Record Stores</td>
</tr>
<tr>
<td>453920</td>
<td>Art Dealers</td>
</tr>
<tr>
<td>712110</td>
<td>Museums</td>
</tr>
<tr>
<td>812921</td>
<td>Photofinishing Laboratories (except One-Hour)</td>
</tr>
<tr>
<td>812922</td>
<td>One-Hour Photofinishing</td>
</tr>
</tbody>
</table>

### Group 3 Intellectual Property Production & Distribution

<table>
<thead>
<tr>
<th>NAICS Industry</th>
<th>Description</th>
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<tbody>
<tr>
<td>511110</td>
<td>Newspaper Publishers</td>
</tr>
<tr>
<td>511120</td>
<td>Periodical Publishers</td>
</tr>
<tr>
<td>511130</td>
<td>Book Publishers</td>
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</tbody>
</table>
511191 Greeting Card Publishers
511199 All Other Publishers
512110 Motion Picture and Video Production
512120 Motion Picture and Video Distribution
512131 Motion Picture Theaters (except Drive-Ins)
512132 Drive-In Motion Picture Theaters
512191 Teleproduction and Other Postproduction Services
512199 Other Motion Picture and Video Industries
512210 Record Production
512220 Integrated Record Production/Distribution
512230 Music Publishers
512240 Sound Recording Studios
512290 Other Sound Recording Industries
515111 Radio Networks
515112 Radio Stations
515120 Television Broadcasting
515210 Cable and Other Subscription Programming
516110 Internet Publishing and Broadcasting
517510 Cable and Other Program Distribution
519110 News Syndicates
519120 Libraries and Archives
532230 Video Tape and Disc Rental
541310 Architectural Services
541320 Landscape Architectural Services
541340 Drafting Services
541410 Interior Design Services
541420 Industrial Design Services
541430 Graphic Design Services
541490 Other Specialized Design Services
541810 Advertising Agencies
541830 Media Buying Agencies
541840 Media Representatives
541850 Display Advertising
541921 Photography Studios, Portrait
541922 Commercial Photography
611610 Fine Arts Schools
711110 Theater Companies and Dinner Theaters
711120 Dance Companies
711130 Musical Groups and Artists
711190 Other Performing Arts Companies
711510 Independent Artists, Writers, and Performers
712120 Historical Sites
712130 Zoos and Botanical Gardens
712190 Nature Parks and Other Similar Institutions

**PERIPHERAL North American Industrial Classification System (NAICS) Codes**

**NAICS Industry**

**Group 1 Cultural Goods Production**

323114 Quick Printing
325910 Printing Ink Manufacturing
327215 Glass Product Manufacturing Made of Purchased Glass  
327420 Gypsum Product Manufacturing  
327991 Cut Stone and Stone Product Manufacturing  
327999 All Other Miscellaneous Nonmetallic Mineral Product Manufacturing  
333315 Photographic and Photocopying Equipment Manufacturing  
334220 Radio and Television Broadcasting and Wireless Communications Equipment  
334613 Magnetic and Optical Recording Media Manufacturing  
336612 Boat Building

**Group 2 Cultural Goods Distribution**

<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>423620</td>
<td>Electrical and Electronic Appliance, Television, and Radio Set Merchant Wholesalers</td>
</tr>
<tr>
<td>423920</td>
<td>Toy and Hobby Goods and Supplies Merchant Wholesalers</td>
</tr>
<tr>
<td>424990</td>
<td>Other Miscellaneous Nondurable Goods Merchant Wholesalers</td>
</tr>
<tr>
<td>451120</td>
<td>Hobby, Toy, and Game Stores</td>
</tr>
<tr>
<td>451212</td>
<td>News Dealers and Newsstands</td>
</tr>
<tr>
<td>453220</td>
<td>Gift, Novelty, and Souvenir Stores</td>
</tr>
<tr>
<td>453998</td>
<td>All Other Miscellaneous Store Retailers (except Tobacco Stores)</td>
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</table>

**Group 3 Intellectual Property Production & Distribution**

<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
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<tbody>
<tr>
<td>511210</td>
<td>Software Publishers</td>
</tr>
<tr>
<td>532220</td>
<td>Formal Wear and Costume Rental</td>
</tr>
<tr>
<td>532299</td>
<td>All Other Consumer Goods Rental</td>
</tr>
<tr>
<td>541820</td>
<td>Public Relations Agencies</td>
</tr>
<tr>
<td>541860</td>
<td>Direct Mail Advertising</td>
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<tr>
<td>541890</td>
<td>Other Services Related to Advertising</td>
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<tr>
<td>611519</td>
<td>Other Technical and Trade Schools</td>
</tr>
<tr>
<td>711310</td>
<td>Promoters of Performing Arts, Sports, and Similar Events with Facilities</td>
</tr>
<tr>
<td>711320</td>
<td>Promoters of Performing Arts, Sports, and Similar Events without Facilities</td>
</tr>
<tr>
<td>711410</td>
<td>Agents and Managers for Artists, Athletes, Entertainers, and Other Public Figures</td>
</tr>
<tr>
<td>72119-</td>
<td>Other Traveler Accommodations</td>
</tr>
</tbody>
</table>
Works Cited


New England Foundation for the Arts.


