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# Culture Clubs

By Anthony Davies and Simon Ford

**New Labour orthodoxy maintains, in line with its predecessor, that public private partnerships are the only way forward economically. Transport, health and education have been the most controversial new enterprise zones, but is the cultural sector's restructuring any less absolute? Anthony Davies and Simon Ford report**

**Where corporations once sponsored art and culture, they now co-produce it. Where their structures used to be rigidly hierarchical, they are now flexible and networked. These shifts render unworkable all sorts of categories we used to employ when distinguishing between the public and private spheres. In an effort to identify the often elusive architecture and architects of the new cultural economy, Anthony Davies and Simon Ford report on a representative sample of Third Way alliances.**

[IMAGE]

>> Fig-1, Daniel Jackson and Simon Worthington

Today, a new variety of club is emerging: a type of club dedicated to the networking of culturepreneurs and the business community. Much of this activity has been in line with organisational and structural shifts occurring in the corporate sector – principally, the shift from centralised hierarchical structures to flat, networked forms of organisation. In this report we look at how these networks and new economies are being formed, accessed and utilised, where they converge and where they disperse.

In the late 1990s the surge to merge culture with the economy was a key factor in London's bid to consolidate its position as the European centre of the global financial services industry. Culture was part of the marketing mix that, within the context of the European Union (EU), kept London ahead of its competitors, particularly Frankfurt.<sup>1</sup> This can be traced back to the UK's exit from the Exchange Rate Mechanism in 1992 and a range of economic initiatives aimed at attracting inward investment, or Foreign Direct Investment (FDI). During this period the UK accounted for 40 per cent of Japanese, US and Asian investment in the EU. 'Cool Britannia' may have been a media spectacle, but it was the need to attract FDI, combined with the co-ordinates of a new service-based economy, that underpinned London's spectacular emergence as the 'coolest city on the planet'. (This state of affairs could be about to change with the proposed link-up between Frankfurt's Deutsche Börse and the London Stock Exchange (i.e. the iX market) and the recent German tax reforms that will pave the way for a radical restructuring of its corporate landscape.<sup>2</sup> With higher international inward and portfolio investment and the combined iX market, Germany looks set to become the leading market destination for young companies, making Berlin's pitch to become the new cultural 'it location' look increasingly viable.<sup>3</sup>)

In London it was the cultural requirements of the new economy that resulted in the emergence of culture brokers – intermediaries who sold services and traded knowledge and culture to a variety of clients outside the gallery system, from advertising companies and property developers to restaurateurs and upmarket retail outlets. Job descriptions such as artist, curator, critic and gallerist no longer reflected the range of activities these individuals were engaged in. For culture-brokers art production was just one element that, along with the music, drug, fashion, design, club and political scenes, could be brought together, mediated and repackaged in a range of formats, from exhibitions and websites to corporate parties and instore merchandising.<sup>4</sup> At the same point many companies were beginning to move away from sponsorship towards an integrated partnership or alliance strategy. This marked a

further shift from the 'something for nothing' arms-length philanthropic model to a 'something for something' contract in which marketing departments perceived cultural (and often environmental) programming as an integral part of ethical marketing strategies (the so-called Total Role in Society).<5>

Along with these new developments corporate strategists realised that, because of the emerging knowledge-based economy, a company or individual could be valued principally on 'intangible assets' (e.g. intellectual capital and access to networks). This brought about a revolution in the corporate sector.<6> The underlying trend has been to develop flatter, more flexible and intelligent forms of organisation. This, in turn, has put pressure on companies to form alliances and break down inflexible departmental structures and initiate cross-departmental project teams (increasingly staffed by short-term or outsourced contract workers). Indeed, we have recently witnessed the birth of an alliance culture that collapses the distinctions (or boundaries) between companies, nation states, governments, private individuals and even the protest movement, as we shall demonstrate later. This trend towards alliances and partnerships has resulted in what have been variously described as 'virtual' or 'boundary-less' organisations. It has also made it increasingly difficult to identify 'cores': as companies loosen their physical structures through outsourcing, concerns have also been raised about the danger that core activities are disappearing, leaving fragile shells or 'hollow' organisations.<7>

A number of corporate organisations are currently gauging the potential of extending their networks into strategic alliances with other sectors, particularly the public sector.<8> This new alliance culture between the public and private sectors can be seen within the context of the UK government's drive to establish a Third Way in which 'public' is no longer equated solely with 'the state', but with a combination of public/private agencies. With the private sector leading the way, public institutions are undergoing an ideological and structural transformation to make themselves more compatible with corporate alliance programmes. Like their corporate partners, many cultural institutions now perceive their role as 'hanging out with culture', interacting with and being part of it. In their drive to formalise informality, they provide what are essentially convergence zones for corporate and creative networks to interact, overlap with one another and form 'weak' ties. The prominence that events such as charity auctions, exhibition openings, talk programmes and award dinners have attained demonstrates how central face-to-face social interaction is to the functional capacity of these new alliances.

Some institutions go further. At London's Institute of Contemporary Art (ICA), for example, a networking club for cultural entrepreneurs and, initially at least, educationalists, arts administrators, television executives and business consultants has been set up in conjunction with Goldsmiths College, the National Endowment for Science, Technology and the Arts (NESTA), Channel 4, the Arts Council and Cap Gemini.<9> The Club is coordinated by Andrew Chetty and Sarah Duke at the ICA, Andrew Warren at Cap Gemini and Alan Phillogene at the Centre for Cultural Studies at Goldsmiths College. It is an invite-only monthly event that provides "a networking base for its members" and promises to introduce them to agencies from television companies to venture capitalists and private organisations who "may wish to support and commission them".

Through initiatives like The Club the ICA aims to become the leading institutional home for cultural entrepreneurs and perceives its role as a facilitator and "ideal forum for the cross fertilisation of ideas, and support base for these enterprises".<10> After the success of the first two meetings at the ICA, the third will reputedly take place at Channel Four in September. Such nomadism indicates that The Club itself has no fixed base or home and can move to any location within the network. This makes identifying the core organisation difficult and, in line with the complex and often hidden alliances that characterise the new corporate landscape, it raises serious questions of transparency, representation and accountability.

Given their foregrounding of The Club's development and growth potential, its coordinators must be aware of the current sale talks surrounding First Tuesday, the market leader of match-making clubs for internet entrepreneurs and venture capitalists. With 100,000 members on its database and the claim to have raised \$150m in seed capital from its networking events, it is no surprise that its valuation of £33.5m was based principally on access to its "extensive database of the digital elite".<11>

A variety of means exist to finance these clubs. First Tuesday take a two per cent commission on deals, while other culture clubs generate capital through membership (The Fourth Room) or building the most "influential list of contacts in the world" (Free Thinking). With the creative industries generating £60bn a year (seven per cent of national gross domestic product) and estimated to increase at a rate of 5% per year, it is no surprise that The Club is endorsed by both government agencies (NESTA) and private companies.

At this stage it is difficult to locate the mutual bonds and orientation of The Club, but it is a good example of the emerging inter-organisational relationships that characterise the new economy. With representatives from the corporate, state, media, educational and cultural sectors, it may also represent the initial stages of a corporatised future for UK cultural and educational institutions. This falls in line with the forthcoming DTI spending review, which aims to refocus its funds into promoting enterprise, small business and "knowledge transfer" and to "concentrate on managing change rather than attempting to direct companies' activities".<12>

In the education sector "knowledge transfer" translates into an £80m fund (the University Innovation Fund) to establish consultancies that will mediate between universities and businesses. With the ICA and Goldsmiths College stepping up contact with Cap Gemini and providing a "support base (and provider) for enterprise", the so-called revolutionary venture capital models proposed by companies like The Fourth Room come into the equation.

The Fourth Room was set up by former Chairman of The Research Business Wendy Gordon, founder of brand consultancy Wolff Olins Michael Wolff and former head of strategy at Interbrand Newell and Sorrell Piers Schmidt in 1998 as a hangout zone and creative bolt-hole for corporate executives and other "leading individuals". It has been variously described as a business development club, a networking club and a strategic marketing consultancy which aims to take the strain out of networking and "put together venture ideas and management teams and take them from the moment of thinking through to the patent or crystallised idea".<13>

The £10,000 per annum membership fee includes use of the clubhouse in central London and access to "focus groups comprising of [sic] "ordinary" people and teenagers who will act as sounding boards for new ideas".<14> In addition to the clubhouse, members receive a weekly in-house publication and an opportunity to eavesdrop on "emerging cultural trends and monitor changing patterns and beliefs".<15> This is described by the company as a corporate early warning system. As with The Club at the ICA, very little information is publicly available, but we know that The Fourth Room is "dazzlingly white, with high ceilings, long windows and white painted floorboards" and that members are encouraged to draw on the walls with coloured crayons to release their creativity.<16> As Piers Schmidt claims, "it's all about collaboration", and to this end the aim is to get CEOs mixing with eco-activists like Swampy to discuss environmental issues over breakfast.

The relationship between Cap Gemini and the ICA and Swampy's proposed breakfast with CEOs at the Fourth Room indicates that terms such as "collaboration" can be utilised to mask a variety of vested interests. The recent shift in terminology regarding arts funding (i.e. away from "sponsored by" towards "co-production", "in partnership with", "in association with" and "co-produced by") is also indicative of a new agenda based on alliances and an increased corporate decision-making role in

cultural programming. A signal event in this diversification was the UK-based Association of Business Sponsorship of the Arts (ABSA) rebranding itself as Arts & Business (A&B), in the conviction that "the arts are the new secret weapon of business success". As a government funded organisation A&B have taken collaboration and alliances a step further through the Professional Development Programme and the NatWest Board Bank, which has placed 1500 young executives on the boards of arts companies.<17>

The Creative Forum members at A&B, who include American Express Europe, Arthur Andersen and Interbrand Newell and Sorrell, are seen as the "shock troops" in the involvement of arts in companies and as a result A&B receive £5.05m a year from the government to run the Pairing Scheme. The arts organisations, it is claimed, gain from the decision making and entrepreneurial skills of the executives, while the executives gain valuable experience in creative processes through working with artists.

Other examples of recent collaborations follow an informal, networked and often hidden alliance-type arrangement between galleries, public institutions and corporations. An alliance-type project covered by this new lexicon is the Fig-1 website, project space and club founded by curator Mark Francis and gallerist Jay Jopling and financed by Bloomberg, the financial information company. Fig-1 aims to present 50 projects in 50 weeks; given such a collaboration, the claim to be simultaneously "in association with" Bloomberg and "independent, non-profit [and] free from institutional and commercial obligations" seems curiously paradoxical.<18> Rather, it appears that Fig-1 operates as a (principally new media) satellite organisation for White Cube and a cultural scratch-and-sniff site for Bloomberg.

We turn finally to a consideration of what might be termed "political engagement". In order to meet the challenge posed by these new alliances and networked global businesses, new forms of flexible and subversive organisation have emerged that can disperse and re-form anywhere, at any time.<19> These strategic movements also take into account the fact that company networks and hollow organisations actively solicit and harness counter discourses to service the illusion of dissent and dialogue.<20> In a networked culture, the topographical metaphor of "inside" and "outside" has become increasingly untenable. As all sectors loosen their physical structures, flatten out, form alliances and dispense with tangible centres, the oppositionality that has characterised previous forms of protest and resistance is finished as a useful model.

In the cultural sector (particularly the "cutting edge" art world), with so many brokers acting as corporate-friendly conduits to an artificially constructed "outside", "marginal" and "socially engaged" culture, it should come as no surprise that these oppositional metaphors, for some, are difficult to dispense with.<21> Yet in contrast to such attitudes, more astute activists and agitators who once spoke of critical distance now recognise that their challenge lies in the forms and quality of access and connection. Fittingly, a useful new metaphor for this challenge comes from the world of digital systems. In a networked society individuals and groups are constantly alternating between "on" and "off". As a result we can expect to see emerging new forms of "engagement" which exercise border controls on networks, withhold, filter and restrict access to information and disable "eavesdropping" strategies and "early warning systems" employed by business consultancies, corporations and public institutions.<22> The extent and nature of these forms is still to be determined and will be examined more closely at a later date. But it can already be asserted that informal networks have become extremely effective forms of counter organisation in the sense that "just as with corporate alliances" it is extremely difficult to define their boundaries and identify who belongs to them. Informal networks are also replacing older political groups based on formal rules and fixed organisational structures and chains of command. The emergence of a decentralised transnational network-based protest movement represents a significant threat to those sectors that are slow in transforming themselves from local and centralised hierarchical bureaucracies into flat, networked organisations.

These developments are taking place against a backdrop of waning confidence and belief in the ability of governments to regulate the growing power of global corporations and their networks of influence. But thanks to corporate restructuring and the access it provides to global networks, new forms of knowledge-based political engagement promise possibilities and scales of effect previously unimaginable.

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FOOTNOTES:

<1> Graham, George, "Overseas banks warned on London" and Graham, George and Timewell, Stephen, "City confident of keeping status", *The Banker* supplement, *Financial Times*, 27 November 1997.

<2> Grass, Doris and Boland, Vincent, "Deutsche BÃ¶rse board split on link up with the LSE", *Financial Times*, 13 July 2000; and Simonian, Haig, "German tax reforms set to aid investors", *Financial Times*, 15 July 2000.

<3> Powell, Nicholas, "Avant-garde flock to Berlin", *Financial Times Weekend*, 3/4 October 1998.

<4> For a fuller discussion of these developments see Ford, Simon and Davies, Anthony, "Art Futures", *Art Monthly*, no. 223, February 1999.

<5> For a discussion of this concept see Law, Andy, *Open Minds*, London: Orion Business, 1999; and Alburty, Stephen, "The Ad Agency to End All Ad Agencies", *Fast Company*, no. 6, December 1996.

<6> The INNFORM research programme found widespread initiatives in almost all new forms of corporate organisation in the period 1992-1996. See Whittington, Richard et al, "New notions of organisational fit", *Financial Times*, 29 November 1999.

<7> Centre for Research in Strategic Purchasing and Supply (CRISPS). *Returning to core or creating a hollow?* Bath: Bath University, 1999.

<8> See Capital Strategies, the city corporate finance house, "Education News" at [<http://www.capitalstrategies.co.uk>]

<9> Cap Gemini Ernst & Young is one of the world's largest management consulting and computer services firms and has collaborated with the ICA on previous occasions, most notably *Imaginarium* '99. The ICA's definition of "cultural entrepreneur" is derived from an earlier collaboration with Demos. See Leadbeater, Charles and Oakley, Kate, *The Independents*, Demos: London, November 1999.

<10> Duke, Sarah, The Club press release, 14 June 2000.

<11> Daniel, Caroline, "First Tuesday in sale talks", *Financial Times*, 20 July 2000.

<12> Brown, Kevin, "DTI allocated funds to boost enterprise", *Financial Times*, 17 July 2000.

<13> Schmidt, Piers, "Me and My Partner: Michael Wolff and Piers Schmidt", *The Independent*, 7 April 1999.

<14> Jones, Helen, "Help is at hand to make the right contacts", *Financial Times*, 12 February 1999.

<15> The Fourth Room, *Invitation booklet*, London: The Fourth Room, 2000.

<16> Deeble, Sandra, "Fourth Room opens the doors of perception", *Financial Times*, 30 December 1999.

<17> See the Arts & Business website [<http://www.absa.org.uk>]; and Thorncroft, Antony, "From a cosy warm glow to hot support", *Financial Times*, 6 September 1999.

<18> See its website [<http://www.fig-1.com>]

<19> See, for example, Vidal, John, "The World@War", *The Guardian*, Society Section, 19 January 2000.

<20> See Knight, Philip "A forum for improving globalisation", *Financial Times*, August 1 2000, and Tomkins, Richard, "Global chief thinks locally (Douglas Daft is persuading protestors to drink cans of Coke, not smash them)", *Financial Times*, August 1 2000.

<21> See *Art Monthly*, Editorial, February 2000, No 233: "It is hard to resist the lure of direct action, particularly for those of us frustrated by the inexorable process of commodification of even the most critical art practices, and by the marginal position occupied by art in our society as a whole." And exhibitions: "Unconvention", Centre for the Visual Arts in Cardiff, November 1999 - Jan 2000, and "Crash", Institute of Contemporary Arts, November 1999.

<22> See Carpenter, Merlin and Davies, Anthony, "The protest had already impacted on London in the form of its absence", from the catalogue *As a painter I call myself the estate of*, Secession, Vienna, 2000.