

Master thesis: MA Cultural economics & Cultural entrepreneurship

Title: When creativity stops and reality kicks in: an evolutionary view on fashion entrepreneurship in the Netherlands and Belgium.

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Date: August, 2008.

Preface

I would like to thank the designers and key figures who helped me. Without them this would not have been possible. Special thanks goes out to Mariette Hoitink for introducing me to interesting people in the field of Dutch fashion. Thank you, Annick Geenen, Raf Simons, Tinne van Asbroeck and Robbie Snelders, for getting me in touch with relevant Belgian keyfigures and designers.

Thanks to: Jessica Joyce, Monique van Heist, Sander Lak, Marcha Hüskes, Marieke den Mulder, Edwin Oudshoorn, Sjaak Hullekes, Sebastiaan Kramer, Sanne Schrijver, Iris van Herpen, Orpheo Jungst, Daryl van Wouw, Catta Donkersloot, Conny Groenewegen (I enjoyed our correspondation), Maartje Dijkstra, Antoine Peters (for having me over 2 times), Geert-Jan Renzen, Mada van Gaans, Mattijs van Bergen, Delia Drel, Eva van Overbeeke, Jan Taminiau, Suzan Jacobs, Joline Jolink, Nick Rosenboom, Djovrie Krüs, Famke de Ruiter, Wieteke van Riet, Melanie Rozema, Kelly Konings, Francisco van Benthum, Ankie Winkelman-de Groot, Lily Houben, Marga Weimans (for our correspondation too), Demna Gvasalia, Sophie Pillen, Carolin Lerch (Pelican Avenue), Daisy Plas, Tom de Poortere, Keith Hioco, Aline Walther, Astrid van Damme, Julie de Taeye, Marko Galovich, Peter Pilotto, Christopher de Vos, Marisa Leipert, Marion Michel, Marijke de Cock, Alexandra Mein, Christian Wijnants, Tom Notte, Bart Vandebosch, Jessie Lecomte, Tim Coppens, Kanya Miki, Lucas and Aaron Mäthger (LA Mäthger), Veronique Branquinho (Ann Claes), Nele Feyen, Kentroy Yearwood, Evelien DeCeuninck, Bob van Opstal, Christophe Mollet, David Flamée, Matthijs Boelee (for introducing me to Angelique Westerhof), H.J. Stuyling de Lange, Simone Janssens (Fashion Desk), Lex ter Braak, Lucie Huiskens, Daniëlle Wanders (Artist Enterprise), Anne Chapelle, Raïssa Verhaeghe, Nico Vranckaert and Angelique Westerhof.

Also I would like to thank my supervisor Christian Handke for his excellent guidance. Writing this thesis was a lang process. Thanks for keeping me confident and positive! Bert, thank you for all your support, I love you! Mum and dad, thanks for everything. Monique, you have been my best friend and support throughout my study. I hope for life! Esther Dijkstra, thank you for designing the artwork for this thesis.

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List of abbreviations

- ArtEZ:** Arnhem Academy for Arts and Design, department fashion
DFF: Dutch Fashion Foundation
FFI: Flanders Fashion Institute
FIA: Fashion Institute Arnhem
Fonds BKVB: Fund for Visual Arts, Design and Architecture
RAFA: Royal Academy of Fine Arts, Antwerp.
WWIK: Wet Werk en Inkomen Kunstenaars (social security for artists)

Keywords

Fashion design, entrepreneurship, entrepreneurial success, successfactors, evolution, government support, external finance, education, Belgium, the Netherlands.

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Abstract

Internationally, the Dutch fashion industry is of modest importance. Although the Netherlands has a large pool of talented young fashion designers, and although many young promising fashion designers graduate from fashion academies each year, only very few ever become and remain to be successful in the international fashion world. How can this be explained? In order to find out what is 'wrong' with the Dutch fashion industry, one could look at Belgium. The Belgian fashion industry has delivered numerous successful fashion designers. Young designers seem to be on the brink of stepping in the footsteps of very successful designers like Dries van Noten or Ann Demeulemeester. Through a qualitative research with quantitative elements, this thesis attempts to explain the difference in commercial success between Dutch and Belgian fashion designers from an evolutionary perspective. The focus lies on two aspects of the fashion industry specifically: education and access to external finance.

While differences in education are not such that they can account for differences in commercial success completely, several important differences in access to external finance can be held accountable. It appears that in order to obtain financial resources, Dutch and Belgian fashion designers follow very different paths. In the Netherlands, the easiest way to get financed is to apply for a variety of subsidies. To do so is completely rational. Subsidies are awarded on the basis of artistic quality. As a result, Dutch fashion entrepreneurs stress their artistic value. In evolutionary terms: they adapt strategically to their (financial) environment. But when the subsidies end and one has to apply for more commercial forms of financing, Dutch entrepreneurs find themselves trapped in artistry. At this point, these designers would need entrepreneurial skills and characteristics. Instead, they are 'selected' on qualities needed in an environment of subsidies. The subsidy system restrains Dutch designers from developing entrepreneurial characteristics and a proactive attitude towards external financing that is needed when the subsidy system stops providing.

The Belgian 'financing environment' is of a different character. In Belgium there is no 'easiest way' to get financed. Subsidies are very rare and the subsidies that do exist are granted on the basis of entrepreneurial qualities. As a result, Belgian fashion entrepreneurs stress their entrepreneurial and commercial qualities. In evolutionary terms: they adapt themselves strategically to their (financial) environment. As a result, the 'natural' selection on potential (commercial) successfulness is not distorted by a subsidy system that disrupts the balance between commerce and artistry by only selecting on artistic talents.



Viktor & Rolf

INTRODUCTION

'Ten years ago the Netherlands did not have a radiant fashion scene. With the worldwide success of the Dutch design duo Viktor & Rolf, this is beginning to change. There is plenty of young talent, but the one thing that is missing, is entrepreneurship. Because fashion is business.' (Van Gaalen, 2007)

According to Van Gaalen (2007), there is no lack of young fashion talent in the Netherlands. But no designer in the Netherlands has yet achieved a level of international and commercial success that compares to that of Viktor & Rolf. The 'dream story' of this designer duo, who moved to Paris in the beginning of the nineties in order to achieve big successes, makes many young designers in the Netherlands dream of building their own fashion house. But this dream seldom becomes reality, as almost no fashion entrepreneur is capable of making it through the first five years of their label's existence. Many of them remain 'eternal talents'. In other words: many promising designers do not succeed in reaching a stage of *retention* (a stage of sustainable international commercial success).

This research will depart from articles and publications that conclude that there are in fact differences in success between Dutch and Belgian fashion designers (Van den Berg, 2006). In effect, I will not elaborate much on the differences in entrepreneurial success themselves. Rather, I will search for the underlying causes of these differences.

In this thesis, I will show that Dutch fashion designers fail in reaching a stage of *retention* because they lack important entrepreneurial skills and characteristics. I will show that the Dutch *fashion environment* (partly) accounts for this by not stimulating entrepreneurial activities enough. Although the Dutch government attempts to stimulate the fashion industry by subsidizing young fashion talent, so far only Viktor & Rolf were able to make the transition from being dependent upon subsidies that were granted on artistic grounds to having a commercially successful label.

To illustrate the drawbacks of the Dutch 'fashion environment' and its implications for entrepreneurial behaviour among Dutch fashion designers, I have made a comparison between the Dutch situation and the Belgian 'fashion environment' and Belgian fashion entrepreneurs. This comparison could be insightful because, unlike the Dutch, many Belgian designers *do* succeed in the commercial exploitation of their designs. They seem to be better equipped (or: adapted) to function as entrepreneurs in their *fashion environment*. What will

be shown is that this environment plays a determining role as an underlying reason for differences in entrepreneurial success between Dutch and Belgian fashion designers.

Although Belgian designers are more successful when starting their own label, they *do* encounter much of the same and just as many problems as their Dutch colleagues. In fact, there are many examples of Belgian designers going into bankruptcy. But, considering there are no subsidies for fashion designers like there are in the Netherlands, the Belgian fashion industry still functions extremely well compared to the Dutch fashion industry. With eight (fashion) schools, the Netherlands produces little commercially successful talent compared to Belgium that for a long time offered only two fashion education programmes. For example, the average amount of students that graduated in Arnhem between 2003 and 2006, is 21 while over the same years Antwerp has an average amount of 11 graduated students per year.¹

Reasons that are often mentioned for this difference are: a better fashion climate that Belgium enjoys (Westerhof, 2008), more production facilities and a 'history of fashion'. In general terms, this means that Belgium has better conditions. To this, Van den Berg (2004) adds the lack of (academic) fashion media in the Netherlands. Although valuable, these reasons are rather abstract in nature. In this thesis, I would like to add a factor that is more concrete in nature. Reviewing the outcome of my research (that will be presented below), I can state with some confidence that Belgian fashion designers that start their own label, are *more entrepreneurial* than their Dutch colleagues and are therefore better equipped ('fit' if you will) to 'survive' in the harsh *fashion environment*. This is not to say that Dutch designers are entrepreneurial 'nitwits'. In fact, we will see that some Dutch fashion designers are very enterprising. The problem is that entrepreneurial skills and characteristics that Dutch fashion designers may possess will not be put to use because designers do not receive the needed incentives for this. In the course of this thesis, it will become clear that the Dutch subsidy system, which is focused almost completely on artistic quality rather than commercial quality, plays a crucial role in this.

I will present my findings in a evolutionary framework in which I will focus on the core notions of evolutionary theory: variation, selection, retention and path dependence (see chapter 1). Because evolution is a complex process of several intertwined factors, some of which will only mystify our understanding of the fashion industry, I will look into two main factors that can have an influence on entrepreneurial success in fashion: education and access to external finance. Obviously, these factors are not the only important factors. I focused on education and access to external finance because they are part of and can be directly influenced by government policies.

¹ These numbers are calculated by using the information that was provided by ArtEZ and The Royal Academy of Fine Arts.

My main questions are the following:

- *To what extent does education contribute to differences in entrepreneurial behaviour between Dutch and Belgian fashion designers?*
- *To what extent does access to external finance contribute to differences in entrepreneurial behaviour between Dutch and Belgian fashion designers?*

And the subquestion:

- *What are the differences between the propensity to behave as an entrepreneur in the Netherlands and Belgium?*

In Chapter 1, the focus is on theories of entrepreneurship. I will determine which (general) definition of entrepreneurship is best suited for my research. Furthermore, I will present the distinction between entrepreneurial characteristics and skills. Lastly, an evolutionary approach on entrepreneurship and the entrepreneurial resourcefulness model (Misra and Kumar, 2000) will be discussed.

Chapter 2 will show a more specific subset. A definition of creative entrepreneurship will be given. Besides, I will discuss stages of (creative) entrepreneurship, the critical factors for starting an enterprise as a creative entrepreneur and the problems that can arise. Finally, I will shift to the fashion industry as a part of the creative industry.

Chapter 3 will be a bridge from 'theory' to the results of my empirical research. I will discuss the research design, the area of research, the method of analysis, its validity and its reliability. I will defend my methods of data collection and analysis. I will also pinpoint the distinguishing aspects of this study.

In chapter 4, the first results will be presented. First, I will discuss several difficulties that Belgian and Dutch fashion entrepreneurs run into. One of them is entrepreneurship (or a lack thereof), or in other words: being (un)able to fulfil multiple tasks. An historic overview of both the Dutch and Belgian fashion industry will be given and the different (supporting) parties that can be found in the field will be touched upon.

In chapter 5, the first possible *determining factor* (education) will be discussed. A comparison will be made between the Antwerp Royal Academy for Fine Arts (from hereon: RAFA) and the Arnhem Academy for Fine Arts and Design (from hereon: ArtEZ). In this chapter, I will answer the question whether the differences in entrepreneurial activities can be explained by differences in education. Does the Academy of Antwerp have a more entrepreneurial orientation? I will also discuss several post-academic training facilities for fashion entrepreneurs in the Netherlands and Belgium.

In chapter 6, the second possible determining factor (access to external finance) will be discussed. The accessibility to external finance in the Netherlands will be compared to that of Belgium. The roles of the supporting parties that were introduced in chapter 4 will be analysed. After this, I will evaluate whether the differences in entrepreneurial activities can be explained by differences in access to external finance. I will discuss subsidies, banks and other loans and investments. In this context I will introduce the term 'Viktor and Rolf-effect' which refers to the effect that the strategy (in financing) of this duo has had on the strategy of other Dutch fashion entrepreneurs.

In chapter 7, I will combine the results from the previous chapters and present the results in an evolutionary framework. I will discuss the results by using the evolutionary terms introduced in the first theoretical chapter: variation, selection, retention and path dependency. As we will see when applying an evolutionary framework, we can explain the differences between Dutch and Belgian fashion entrepreneurs when looking at their entrepreneurial activities. The question I would like to answer is to what extent education and access to external finance matter in the bigger picture. In this chapter, we will also see that in order to acquire more structural support for Dutch fashion designers, we need to look at the character of the support in Belgium. Lastly, I will conclude that policy does matter in the case of fashion but it needs to emphasize both the commercial and artistic potential.

Chapter 1 - Entrepreneurship

Unfortunately, there is no universal theory on entrepreneurship. Therefore, in §1.1, I will try to pin down aspects of theories on entrepreneurship that are relevant for this study. In the same paragraph, I will discuss the entrepreneurial resourcefulness model. In §1.2, characteristics of entrepreneurs will be discussed. By looking at entrepreneurship from different theoretical perspectives, different characteristics can be distinguished that are needed for entrepreneurial success. In §1.3, tools of entrepreneurship are discussed. The focus will be on *acquired* capabilities and skills instead of characteristics. In §1.4, I will discuss several entrepreneurial skills that attribute to entrepreneurial success. The assumption will be made that these skills can be acquired by education. Next to the general role of education, I will look specifically at fashion education. In §1.5, entrepreneurship will be viewed from an evolutionary perspective.

1.1 Studies on Entrepreneurship

1.1.1 Definitions

Although the concept of entrepreneurship has received a lot of academic attention, entrepreneurship theory is rather recent and scattered (Holmquist, 2003: 74). Entrepreneurship is a complex phenomenon. The entrepreneurial mind can be shaped by many factors (Ibrahim & Galt, 2002: 129). Therefore, a generally accepted definition or an undisputed theoretical framework does not exist.

In all definitions, the process of innovation is presented as an essential tool of entrepreneurship. Entrepreneurs create new demand or find new ways of exploiting existing markets. As such, the prime role of entrepreneurs is to carry out new combinations as opposed to reorganizing existing resources and commodities (Binks and Vale, 1990). According to Schumpeter (1934), innovation is hard to copy. Consequently, the challenge for entrepreneurs is to look for inimitable assets that might yield a sustainable competitive advantage (Alvarez and Barney, 2001).

Entrepreneurs identify commercial opportunities and then exploit them. Opportunities which entrepreneurs can thrive upon often arise from change (Burns, 2007: 9). Therefore, change is central to entrepreneurship. In exploiting opportunities, entrepreneurs exercise a high degree of initiative and are willing to take risks.

Entrepreneurship is often mentioned together with internationalization. According to Zucchela and Scabini (2007: 57) both concepts are generally accepted as economic or behavioural processes associated with the creation of value by assembling a unique

package of resources to exploit an opportunity (Jones and Coviello, 2005; Morris et al., 2001). Covin and Slevin (1991) describe international entrepreneurship as a mixture of proactive behaviour, innovation, risk seeking and value creation.

1.1.2 Theories on entrepreneurship

Authors that focus on entrepreneurship emphasize different aspects of entrepreneurial behaviour. An analysis of literature on entrepreneurship should date back to the concepts of 'risk' and 'uncertainty' (see for example Knight, 1921) and to Schumpeter's (1934) concept of 'creative destruction'. Cantillon (1755) was the first author to pay attention to the concept of the entrepreneur and to recognize the existence of entrepreneurial activity in economy.

Knight (1921) emphasized the importance of the interrelated concepts of risk and creativity. He suggested that entrepreneurs are concerned with the 'efficiency' in economic factors by reducing waste, increasing savings and thereby creating value and thus implicitly understanding the opportunity-risk-reward relationship. Knight (1921) stated that the joint effect of alertness, creativity and risk taking leads to innovation, which involves successful market introduction of new products, services, businesses and organizations (Zucchela and Scabini, 2007).

Knight (1921) made a distinction between risk and uncertainty, focusing on the latter as the context of entrepreneurial decisions. He believed that the entrepreneur's economic function is that of uncertainty, and not of risk as was proclaimed by Cantillon (1755). When we speak of risk, the probable distribution of outcome in a series of instances (the financial consequence) is known. When we speak of uncertainty, the probability of specific outcomes (the financial consequence) is unpredictable. This uncertainty is sustained by entrepreneurs (Zucchela and Scabini, 2007: 66). According to Knight (1921: 232), it is this uncertainty which typifies an organization as an enterprise and which accounts for the monetary income of the entrepreneur.

According to Zucchela and Scabini (2007: 67) a parallel can be drawn between Knight's (1921) view on uncertainty and the relevance of creativity in entrepreneurial behaviour. Zucchela and Scabini (2007) believe that when environmental and market conditions cannot be reasonably be foreseen, there is more room for creative interpretation (proactivity and creativity) of business opportunities.

Below, I will investigate whether this proactive behaviour is applicable to the creative entrepreneur in general and to fashion designers in particular. Because this thesis focuses on the propensity of Dutch and Belgian fashion designers to behave as entrepreneurs, the model of entrepreneurial resourcefulness, given by Misra and Kumar (2000), will be used.

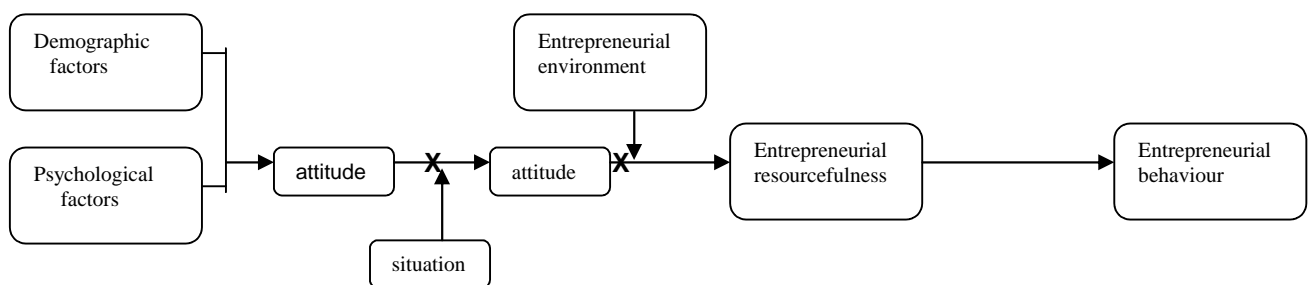
1.1.3 Entrepreneurial resourcefulness model

The entrepreneurial resourcefulness model was designed by Misra and Kumar (2000) in order to clarify the notion of entrepreneurship and the processes underlying the concept of the entrepreneur. The model helps to understand various aspects that prompt entrepreneurs to identify opportunities and to regulate and direct his behaviour to use these opportunities profitably (Misra and Kumar, 2000: 135).

Misra and Kumar (2000: 149) propose that entrepreneurial behaviour is a function of entrepreneurial resourcefulness. In their model, behaviour is a function of person-situation interaction. Three types of entrepreneurial competencies are distinguished: cognitive, affective and action orientated competencies (see below). Entrepreneurial behaviour is viewed as an outcome variable which can vary significantly.

Misra and Kumar (2000: 136) identify cognitive and motivational aspects of behaviour through recognition of choice and volition. They state that, an individual's actions and behaviour make him an entrepreneur, and not his psychological profile. According to Misra and Kumar (2000: 138) entrepreneurship is 'a process of opportunity identification and the creation of an organisation to exploit the opportunity.' Entrepreneurial behaviour is defined as 'the constellations of functions, activities and actions involved in the perception of opportunities and the creation of organizations.'

Figure 1.1 Model of entrepreneurial behaviour



X indicates mediated relationship

Source: Misra, E. & Kumar, S. 2000. Resourcefulness : A proximal Conceptualisation of Entrepreneurial Behaviour. *Journal of Entrepreneurship* (9), 140.

In figure 1.1, Misra and Kumar (2000) show the current state of research on entrepreneurial behaviour. Research has been focused on: *background factors* (demographic and psychological), *attitude*, *situation*, *intention* and *entrepreneurial environment* (Gnyawali and Fogel, 1994) and *entrepreneurial resourcefulness* (Misra and Kumar, 2000).

Attitude appears twice in the model and mediates four times. First, attitude is considered as a function of the demographic and psychological characteristics and their interaction. Secondly, the current situation faced by the (potential) entrepreneur mediates the relationship between entrepreneurial attitude and intention (2000: 142). Thirdly, entrepreneurial intentions are influenced by the attitude towards entrepreneurship, mediated by the situational factors (Misra and Kumar, 2000). Lastly, entrepreneurial environments mediate the relationship between entrepreneurial intentions and entrepreneurial resourcefulness (2000: 143).

According to Gnyawali and Fogel (1994) an entrepreneurial environment refers to both external factors that enhance or undermine an individual's propensity to undertake entrepreneurial activities and the training, assistance and non-financial support meant to support entrepreneurs (Misra and Kumar, 2000: 143). Gnyawali and Fogel (1994) divide the entrepreneurial environment into five dimensions:

- Government policies and procedures;
- Socio-economic conditions (public attitude towards entrepreneurship, presence of experienced entrepreneurs);
- Entrepreneurial and business skills (entrepreneurial training);
- Financial support to business (venture capital, low cost loans);
- Non-financial support to business (counselling and support services, networks).

Misra and Kumar (2000: 144) define entrepreneurial resourcefulness as 'the ability to identify opportunities in the environment and regulate and direct behaviour to successfully cope with the task of creating and managing an organization to pursue the opportunity.' They (2000: 145) define competencies as 'the mental capabilities that aid in the successful adaptation in the face of difficulties posed by the external environment.'

Cognitive competence refers to the effective management of thought, processes, beliefs and expectations (Misra and Kumar, 2000: 145). One should be able to process large volumes of information and one should be able to take risks. Misra and Kumar (2000: 146) believe that entrepreneurs must have a deep understanding of the processes underlying the business environment. An entrepreneur has to be able to take the right level of risks to ensure success. *Affective competence* refers to the management of emotional arousal (Misra and Kumar, 2000). *Action-orientated competence* is the management of intentions and action orientations (Misra and Kumar, 2000). One has to be able to take charge and lead employees and to influence external agencies. For this competence, it is important to establish strong networks. According to Birley (1985) entrepreneurs first turn to prior business contacts, family and friends for information on psychical and capital resources,

sales and social support. Misra and Kumar (2000: 149) believe that networking abilities help in acquiring the resources necessary for venture survival.

Misra and Kumar (2000: 148) state that an entrepreneur should interact with numerous external agencies such as the government, suppliers and venture capitalists. Financiers are interested in the returns and risks of the investment, the timing of the returns and the controls to protect their money (Misra and Kumar, 2000: 148). The entrepreneur has to obtain as many resources as possible, but these resources have to be obtainable at different stages (Misra and Kumar, 2000).

1.2 Characteristics of entrepreneurs

1.2.1 Understanding entrepreneurial behaviour

Launching and running a business requires hard work, tenacity and a willingness to live with uncertainty. These are some characteristics that come to mind when thinking about characteristics that entrepreneurs must possess. Some authors emphasize attributes such as alertness, while others devote attention to innovativeness and the ability to cope with uncertainty (Zucchella and Scabini, 2007: 68). Schumpeter (1934) stated that leadership is required in order to lead existing means of production into new channels. He (1934) believed that a strong personality is needed as entrepreneurs face opposition from competitors and others.

Other authors do not believe in the possibility of grasping the characteristics of entrepreneurs. Penrose (1959) states that entrepreneurship is hard to break down in a formal analysis because it is closely associated with the temperament or personal qualities of individuals. For example, Gartner (1989) has suggested that focusing on the traits and the personality characteristics of the entrepreneur does not explain why a person starts a business and another does not. Gartner (1989) and Venkatamaran (1997) have questioned the ability of economic models to understand entrepreneurial behaviour. Jenk (1950) and Kilby (1971) have also criticized research which seeks to develop a personality profile of the entrepreneur. They prefer focusing on behaviour and activities of entrepreneurs.

Covin and Slevin (1991) and Wiklund (1999) believe that behaviour is the central and essential element in the entrepreneurial process and that an organization's actions and behaviour are what make it entrepreneurial. Insight into entrepreneurial behaviour makes it easier to reliably, objectively and verifiably measure the entrepreneurial level of a firm (Covin and Slevin, 1991: 8). They (1991) state that behaviour foremost gives meaning to the entrepreneurial process. Nonetheless, I will touch upon entrepreneurial characteristics and not only upon the firm's entrepreneurial orientation because it is valuable to know whether

successful fashion entrepreneurs possess the same characteristics or not. In that case, starting a successful label is partly dependent on the characteristics of the fashion designer.

1.2.2 Character traits of entrepreneurs

According to Burns (2007), entrepreneurs can be described in terms of their character and judged by their actions. Burns (2007: 30) identifies several influences that play a role in entrepreneurship. These are: *personal character traits*, *antecedent influences*, *situational factors* and *culture of society*. Except for character traits of entrepreneurs, Burns (2007) mentions additional antecedent influences on start-ups. For example, education, having a parent who is self-employed and one's cultural background can bring people to starting their own business (Burns, 2007: 51, 52).

Burns (2007) states that entrepreneurs are born *and* made. Thus, entrepreneurs have certain personal character traits that they are born with. These character traits cannot be learned or acquired. Still, they are also shaped by their history and experience. Situations in which entrepreneurs find themselves can be of great importance. As an example, Burns (2007) mentions entrepreneurs who were thrown out of their former job.

Burns (2007) describes the character traits of entrepreneurs as follows. First of all, entrepreneurs are *opportunistic*. They see opportunities and use uncertainty to transform it into an opportunity. Secondly an entrepreneur has the ability to *spot opportunities and to innovate*. This was also emphasized by Schumpeter (1911, 1934). The prime tool entrepreneurs use to create or exploit opportunities is innovation (Burns, 2007). Thirdly, facing uncertainty one has to be *confident* in one's judgement and ability to start up a business. Besides, entrepreneurs need to be *proactive* rather than reactive in seeking out opportunities (Burns, 2007). We can say that entrepreneurs 'learn by doing.'

Knight (1921) believes that entrepreneurs need a high degree of self-confidence and the capacity to judge one's own personal qualities compared to those of other individuals such as competitors. He (1921: 289) also believes that an entrepreneur must have power of effective control over other people and the intellectual capacity to decide what should be undertaken. As a result, Knight's view of profit has to be considered as a reflection of the distinction between risk and uncertainty (Zucchela and Scabini, 2007: 67). Knight states (1921: 21) that 'now, since risk does not preclude perfect planning, such risk cannot prevent the complete realization of the tendencies of competitive forces, or give rise to profit.' Success of an entrepreneur is both caused by good judgement and good luck (Burns, 2007). The willingness to take great risks and to live with great uncertainty is inherent to an entrepreneur (2007: 39). This should be accompanied with a high degree of *self-motivation*,

amounting to an urge to succeed in economic goals (Burns, 2007: 38). Part of an entrepreneurs motivation is a clear vision of what he wants to achieve (Burns, 2007: 39).

Some personal traits help the entrepreneur's business directly such as their *education* or *personal financial position* (Zucchella and Scabini, 2007: 71). But also *creativity* and *alertness* can be of importance to success. Zucchella and Scabini (2007) give a list of the most acknowledged successful personal characteristics: *perceptive, creative, innovative, hard working, confident, risk taking, receptive to change and well-informed* about specific matters in their and other industries. These characteristics are more or less the same as Burns (2007) proposed. But Zucchella and Scabini (2007) are more sceptical about the chance of succeeding, even when in control of these characteristics.

According to Zucchella and Scabini (2007: 70) entrepreneurs often base their invention on previous work experience. These entrepreneurs have a small chance to succeed. Their ideas and motivation may be good and can bring benefits to customers, but their managerial skills and qualities are often very poor (Zucchella and Scabini, 2007: 70). For this reason, they need support by experienced managers, business angels and venture capitalists.

1.3 Skills of entrepreneurs

1.3.1 Push and pull - factors

Matlay (2006: 705) states that conceptual and contextual convergence is of great importance to the question whether entrepreneurs are born or made and to issues surrounding entrepreneurship education and its impact upon entrepreneurial activities. According to Matlay (2005) it is generally agreed that entrepreneurs can be subjected to both 'push' and 'pull' influences which will determine and shape their chosen entrepreneurial paths. Also Gilad and Levine (1986) believe that an entrepreneur is generally moved by some forces which encourages one to become an entrepreneur. These forces can be attractive to the entrepreneur (*pull factors*) or non-attractive (*push factors*). Pull factors are (for example): financial rewards, the freedom to work for oneself and a sense of achievement. Matlay (2006) and Kuratko (2003) add education as an important pull factor although there is no consensus on the exact effects of entrepreneurship education on entrepreneurial activities (see §1.4.2.1). Push factors are (for example): a scarcity of financial income from conventional jobs, job insecurity, career limitation and the impossibility of pursuing personal innovations or ideas (Gilad and Levine, 1986). There are also factors that block entrepreneurial initiative like the high cost or the impossibility to obtain start-up capital, the presence of risks the entrepreneur considers unbearable, legal constrictions and the lack of fundamental resources for the enterprise.

1.3.2. Entrepreneurial skills

Zucchella and Scabini (2007) have defined several skills that entrepreneurs need in order to be successful. Every day entrepreneurs have to deal with business planning, problem solving, strategic marketing and financial management. Some skills are required to organize and to set the psychical and financial resources, other skills (people management skills) are needed for obtaining support from others. Zucchella and Scabini (2007: 72, 73) identify eight (acquirable) skills that influence entrepreneurial success.

- *Strategy skills*, needed to understand how the business fits into the market in order to implement all the necessary operations to do better than competitors.
- *Planning skills*, which concern the capacity to anticipate on future market conditions.
- *Marketing skills*, needed for attracting and satisfying customers.
- *Financial skills*, which not only concern the ability to manage money, to control cash flows and verify expenditures but also the capacity to attract capital and financial resources from investors. Zucchella and Scabini (2007) state that entrepreneurial firms generally have poor financial resources. Therefore, the entrepreneur's ability to collect funds and to maintain strong relationships with investors can be fundamental in the exploitation of market opportunities.
- *Leadership skills*, which involve the ability to inspire employees in the tasks they have to undertake.
- *Motivation skills*, that enable the entrepreneur to motivate people.
- *Communication skills*, which are needed to clearly express ideas, to inform others and to influence people's actions.
- *Negotiation skills*, which are needed when the requests of different parties are not univocal and the entrepreneur has to understand different motivations and has to recognize the possibilities of maximizing the outcomes of all in order to obtain an advantage.

According to Zucchella and Scabini (2007: 73) these skills are interrelated since leadership requires a combination of skills. Most of the skills are learned through experience. Zucchella and Scabini (2007: 73) believe that many entrepreneurs start their own enterprises after 'maturing' and having gained work experience as employees, which allows them to know mechanisms and make connections that can be helpful later. Furthermore, Zucchella and Scabini (2007: 73) state that successful entrepreneurs are aware that these skills need to be

learned through practice and these skills should be renewed according to changes in market conditions and business profile and according to new entrepreneurial ideas.

1.3.2.1 External finance

One of the skills mentioned above were *financial skills*. These include the capacity to attract capital (external finance) from investors or other third parties. External finance means that third parties provide funds to one’s business. Different sources can be distinguished: debt, equity, grants and gifts and services. Sources of external finance include banks and credit unions, venture capitalists, business angels, friends and family².

Figure 1.2 Sources of external finance

External finance type	External finance sources
Debt	Financial institutions such as retail and commercial banks and credit unions, friends and family
Equity	Venture capital, business angels, merchant banks, friends and family, employees
Grants	Federal, state, local governments, and some private sources such as the yellow pages.
Gifts and services	Friends and family, employees, educational institutions

Source: http://www.iib.qld.gov.au/business/Finance/External_Finance.asp

1.3.2.2 The role of education

As emphasized in §1.1, progress in entrepreneurship research is impressive, yet existing theoretical frameworks tend to provide only a limited explanation of the complexities of the entrepreneurial process (Matlay, 2006). According to Matlay (2006: 705), ongoing research in entrepreneurship education also suffers from a range of conceptual and contextual

² A debt is a formal arrangement between a business and a third party to borrow money. Equity finance is the sale of a share in the company to a third party. This third party becomes an (shared) owner. Grants can be obtained for research and development, early stage commercialisation. Grants are not gifts. Gifts and services are often provided by friend and families (http://www.iib.qld.gov.au/business/Finance/External_Finance.asp), 27 may 2008.

problems, thus limiting the significance, applicability and generalisation value of the growing body of knowledge on this topic. There is an ongoing debate on whether students can be taught to be entrepreneurs. In this paragraph the effect that education can have on entrepreneurship will be summarized, keeping in mind that these results may be based on research that only allows for limited or country specific generalisation.

When trying to answer the question whether entrepreneurship can be taught, Henry, Hill & Leitch (2005) state that most commentators believe that some elements associated with the subject can be developed through education. According to Henry et al. (2005) an important theme that emerges from this debate is the difference between the arts and the science of entrepreneurship. Where the science refers to that which is teachable, the arts refers mainly to that what is not (Saeed, 1996; Shepherd and Douglas, 1996). This is what I call 'characteristics' and 'skills': the latter can be learned or acquired and the former are inherited.

Enterprise education is 'the process or series of activities which aims to enable an individual to assimilate and develop knowledge, skills, values and understanding that are not simply related to a narrow field of activity, but which allow a broad range of problems to be defined, analysed and solved.' (Hynes, 1996: 10) Collins & Moore (1964) have suggested that the entrepreneurial role can be culturally and experientially acquired, and can therefore be influenced by education and training.

Knight (1960) was an early advocate of entrepreneurship education. He suggested that some aspects of vocational courses would be beneficial to nascent entrepreneurs. Reynolds & White (1977;1997) also found that education in general and entrepreneurship education in particular have a positive impact on predilection for self-employment. Bates (1995) concluded that entrepreneurs that had enjoyed entrepreneurship education, tended to do better and their firms survived longer than their counterparts who lacked formal education and training. Brown (1990) and Vesper and Gartner (1996) argued that graduates who chose entrepreneurship education as a part of their curriculum tend to have a higher propensity to engage in entrepreneurship activities.

An important point made by Gorman et al. (1997) is that the learning needs of entrepreneurs will vary at different stages of their development. Therefore Gorman et al. (1997: 65) have called for a 'more in-depth assessment of the matching process between what are perceived to be entrepreneurial characteristics and the attempt of educational institutions to enhance them.' Acknowledging the importance of previous entrepreneurial experience before being educated is also of importance. According to Simon et al., (2000) and Westhead et al. (2005), entrepreneurial experience prior to undertaking entrepreneurship education, improves the later performance of nascent entrepreneurs.

There is no consensus on the content of educational entrepreneurship programmes. In exploring the relationship between education and entrepreneurship, Gibb (1987) has contrasted the classroom learning situation with the real world learning environment of the entrepreneur (Henry et al. , 2005: 106). Recently, the emphasis on learning methods within entrepreneurship education has been to encourage an active approach, combined with theory (Henry et al. , 2005).

1.3.2.3 Fashion education models

McRobbie (1998: 43) describes three ideal types of fashion education that resemble the three main approaches to fashion design education. Most fashion educations combine elements of at least two types (McRobbie, 1998: 43). Fashion that derives from the first type (*professional fashion*) can be seen as 'mature' fashion design. In this professional model, technical skills and business components are very important in contrast to a more experimental or 'conceptual' course. The second form of fashion education is *managerial fashion*. Managerial fashion courses pursue a realistic path. In these courses, business and marketing are integrated rather than added as a supplement (McRobbie, 1998: 46). According to McRobbie (1998) these courses set out to solve the perceived mismatch between graduate skills and the needs of the industry. These courses can be called 'new realism' in fashion (McRobbie, 1998: 46). The third form of fashion education (*conceptual fashion*) is orientated towards experimentation and innovation (McRobbie, 1998: 48). The goal is to make a connection between fashion and the fine arts. In these courses, the importance of freedom to experiment without being accountable to industry or business is emphasized. Only then, creativity will find its true expression. According to McRobbie (1998: 49) this type of fashion education is closest to the doctrine of creative individualism. The individual is presented as having the freedom to choose the career options available in fashion, rather than being pushed in the direction of either professional or managerial jobs (McRobbie, 1998: 50). Although, there has been a great commitment to diversity in provision of fashion education, conceptual fashion still is the most popular form (McRobbie, 1998: 51). A lot of conceptualists have the desire to break rules and to shock the public as well as the art and fashion establishment with their work.

1.4 An evolutionary view on entrepreneurship

1.4.1 Evolutionary theory

Schumpeter (1934) advocated the position that economic change should be conceptualized as an evolutionary process. He (1934) argued that organizational capabilities shape the competitive environment, a process that in turn, shapes capability development further. As a result of this feedback-loop, capabilities and competition co-evolve over time. He rejected the Darwinian formulation as a useful model for the social sciences, though (Murmman et al., 2003).

Darwin observed that organisms vary and that these varied traits are inherited by their offspring. He also observed that variety changes over time. A third observation was that organisms produce more offspring than can possibly survive. Darwin concluded that, in order to bring the population of a species into balance with its habitat's space and food supply, there had to be some kind of 'mechanism' (Dopfer, 2005: 13). Darwin called this mechanism 'natural selection' (see §1.4.2). Natural selection introduces an instance that determines the future existence (*retention*) or non-existence of an actualized entity (Dopfer, 2005: 15). According to Darwin (1859) this future existence (or retention) originates from a process of mutation and selection, and describes the powers required to maintain the selected informant variant over time (Dopfer, 2005: 15).

The evolutionary approach in economic theory (Aldrich, 1979; 1999), focuses on processes that set off evolution and on crucial events occurring in organizational entities. In Aldrich's (1999) evolutionary model, organizations flourish or fail because they are more or less fit for the particular selection environment in which they operate (Murmman et al. 2003: 23). Aldrich's evolutionary approach focused on whether organizations have the appropriate traits for a particular selection environment. Aldrich (1979) formulated a comprehensive application of the variation, selection, and retention model to the study of how organizations evolve over time.

1.4.2 Variation, selection and retention

When considering evolutionary processes, the first thing that should be mentioned is the VSR-scheme. VSR (Campbell, 1965) stands for *variation, selection, retention*. Aldrich (1999) supplemented the scheme with a fourth process: *diffusion (struggle)*. In reality, these three (or four) processes are not always implemented consecutively but can also be found all at once in an institution or organisation.

Variation can be considered as a change in organizational forms. This can be either blind or intentional. The main difference between the two is that blind variation does not profit from environmental changes whereas intentional variation can be said to explicitly react to its environment. *Selection* is described by Aldrich (1999: 26) as forces that differentially select or selectively eliminate certain types of variations. Selection criteria differ from competitive pressures, institutionalized norms and other forces. Aldrich (1999) further distinguishes external from internal selection. Internal selective systems watch over the heterogeneity of the market without being led by environmental pressures or influences. External selection focuses on forces from outside the organisation itself, like norms and values that are institutionalised and market forces (competition). *Retention*, as a last step in the evolutionary chain, is divided in retention within organizations or between two or more organizations. Retention means that selected variations, techniques, methods are maintained.

Struggle or *diffusion* is visible in different ways. Struggle occurs when a conflicts of interest occurs. For example, a conflict between actors in an organisation can loom up when different interests are pursued. But struggles are also common between organisations as a *survival of the fittest* within the marketplace. Cartels can be formed between a few parties making it harder for others to survive.

Evolutionary theory explains how particular forms of organizations come to exist in specific kinds of environments. Variation, selection, retention and struggle occur simultaneously rather than sequentially (Aldrich, 1999). These processes are linked in continuous feedback loops and circles. Concluding, variation generates the raw materials for selection (Aldrich, 1999: 33), by environmental or internal criteria, retention processes preserve the selected variation. These retention processes can also hinder the kind of variations that may occur. Competitive struggles as well as alliances (like cartels) may change the shape of the selection criteria. When looking at organizations, their forms reflect 'the historical path laid down by a meandering drift of accumulated and selectively retained variations' (Aldrich, 1999: 33). Organizations, like organisms in nature, depend for survival on their ability to acquire the resources necessary to sustain existence. Only those who are most adapted survive. Thus, the environment is a critical factor in determining which organizations succeed and which fail, 'selecting' the most robust competitors through elimination of the weaker ones (Morgan, 2006: 59). I have chosen to apply these processes in the analysis of the fashion industry. This could explain the differences between the Belgian and Dutch fashion industry.

1.4.3 The institutionalist approach on evolution

Systemic change is a complex process as elements, sub-elements, the entire system and its environment are all changing at the same time. Thus, institutions are both the objects of change and the agents of change. Institutions are the structures that matter most in society (Hodgson, 2006). Institutions are systems of established and prevalent social rules that structure social interactions. Examples of institutions are: law, language, systems of measures, firms and organizations. Institutions both constrain and enable behaviour. According to Hodgson (2006: 139), constraints can open up possibilities by enabling choices and actions that otherwise would not exist.

Hodgson (2006: 145) believes that by structuring, constraining and enabling individual behaviours, institutions have the power to mould the capacities and behaviour of agents in fundamental ways. Institutions can *change* aspirations, besides enabling or constraining them. Hodgson (2006) states that institutions depend upon the activities of individuals and constrain or mould them. Through positive feedback, institutions have strong-reinforcing and self-perpetuating characteristics.

In the literature on the role of institutions in shaping economic coordination and change, two opposing views can be found (Hodgson, 2002). The first view is considered as the 'weak' form of institutionalism in which institutions perform useful coordinating and governance functions and in which the agents are perfectly or bounded rational self-seeking agents. In the 'strong' form of institutionalism, (the one I will look at) institutions are considered as path-dependently carriers of history (Hodgson, 2002).

The concept of path-dependency refers to evolutionary features of system trajectories characterized by out-of-equilibrium self-organization (Chavance & Magnin, 1997). Among all the different possible patterns of long-term behaviour, one is somehow selected through the accumulation of various events or disturbances that have taken place in the previous evolution of the entire system (Chavance & Magnin, 1997; 2002). A path-dependence approach focuses on the duality of heritage and creation. A path-dependent process is a non-ergodic system, which means it cannot shake off the effects of past events (David, 2005).

1.5 Conclusions

Knight (1921) underlined the importance of interrelated concepts of risk and creativity. The joint effect of alertness, creativity and risk-taking would lead to innovation. According to Knight (1921) uncertainty is the context of entrepreneurial decisions. This standpoint is especially useful in the creative industry (and the fashion industry) because of the high

degree of uncertainty. As will be shown in chapter four it is very uncertain whether a fashion designer will 'make it or not.' Tools and characteristics of entrepreneurs can influence the possible success of an entrepreneur. Some of these tools can be acquired by learning. Skills can, if constantly 'updated' according to changes in industry and market conditions (Zucchella and Scabini, 2007), help in being successful as a fashion entrepreneur. However, characteristics (which are also important) are inherited and cannot be acquired. Since success can be partly attributed to characteristics that will be unevenly distributed among young designers, some designers will be 'fitter' to the fashion industry than others.

The struggle to be successful in fashion can be viewed from an evolutionary perspective. Out a great pool of fashion designers (variation), only few 'survive' (selection and retention). Darwin's theory on (natural) evolution can be applied taking into account the specific characteristics of the fashion industry. In this evolutionary framework, fashion organizations (or institutions) should be seen as the entities of analysis. Organizations or institutions in the fashion industry have to deal with decisions or rules made before they entered the industry. These decisions or rules can be seen as examples of path-dependency.

Chapter 2 – Creative entrepreneurship

In this chapter I distinguish between entrepreneurship and entrepreneurship in the creative industries. I have decided not to describe conventional theories on cultural entrepreneurship (Hagoort, 1993: 2005) because these theories focus on cultural organizations as entities of attention, not on individual designers. I will look at entrepreneurship in the creative industries in §2.1. I will give a definition (§2.1.1) and describe several stages of creative entrepreneurship (§2.1.2). Besides, I will consider some critical factors for starting an enterprise (§2.1.3), the problems creative entrepreneurs run into (§2.1.4) and the role of entrepreneurship education (§2.1.5). In §2.3 I will focus on fashion as part of the creative industry.

2.1 Entrepreneurship in the creative industries

2.1.1 Definitions and characteristics

Van den Steenhoven, Van den Berg & Rietbergen (2005: 9) define creative newcomers as 'starting enterprises, younger than five years, that produce and commercialize processes or services which they have created on an individual or collective creativity and/or generate value by adding meaning, identity or experience to products and services.' Gubbels (2007: 78) states there are more self-employed people in the creative sector than in other sectors. However, creative newcomers do resemble newcomers in other sectors to a large extent (Van den Steenhoven et al., 2005: 9).

Accordingly, Van den Steenhoven et al. (2005: 9) state that granting a special status to creative enterprises does not benefit their development. NESTA (2003) states that claiming exceptionalism is not the way to attract investment in creative businesses. Instead, like in other sectors, the commercial value of (creative) products has to be demonstrated. Still, the creative industry has certain characteristics that are specific for this industry. This is caused by the production process and the structure of the creative sector. This has consequences for creative newcomers.

First of all, Van den Steenhoven et al. (2005: 9) emphasize the variety that exists in the creative sector. In the creative sector, the amount of different products, experiences and needs is infinite. As a result of a great variety in individual needs, it is hard to find generic solutions for support.

The second characteristic that is typical for the creative sector is its flexibility and its small scale nature (Van den Steenhoven et al, 2005: 9). Notwithstanding the majors, the creative sector is largely dominated by small firms and freelancers. In the creative sector, it is

relatively easy to start up. But establishing an commercial successful company is hard (Van den Steenhoven et al, 2005). An average company in the creative sector has four employees. There are very few companies that have more than 20 employees. Leadbeater and Oakley (2005: 310) state that 80 percent of creative entrepreneurs are either self-employed or run a micro-business of only 5 people, with no ambitions for further growth. Only 5 to 10 percent of small creative enterprises, are in a position to enter a phase of expansion. The fashion industry consists of a lot of start ups which are run by individuals (designers). Often, over time, designers surround themselves with people who are willing to work for a small wage or for free (Van Opstal, 2008).

A third characteristic of the creative sector concerns the attitude of the creative newcomers. Creative people have strong personal values. While they are often very confident about their work, they lack confidence entering the world of business (Van den Steenhoven et al., 2005). However, creative newcomers are not afraid of entrepreneurship and in some regards they are very innovative and look at things very open minded (Van den Steenhoven et al., 2005: 10). But, this same open-mindedness prevents creative newcomers to built up a financial solid enterprise.

A last important characteristic of the creative sector is that much of the work is based upon informal networking (Van den Steenhoven et al., 2005: 10). This can be a problem for newcomers whose network is often relatively small. It can take a few years for a newcomer to build a network.

Cultural or creative entrepreneurs, among which fashion designers, are often wrongly considered as marginal (Moons, 2007: 9). Moons (2007) refers to Leadbeater and Oakley (2005) who stated that this new generation of entrepreneurs will develop a strong collaborative, creative and networked production model that is orientated towards the commercial application of creativity (Moons, 2007: 9). Leadbeater and Oakley (2005: 303) believe that the way that creative entrepreneurs organise their creativity, carries lessons for other businesses. First of all, they have individualistic values but highly collaborative working practices. Secondly, the cultural industries are often based on short-term contracts, a process in which teams are formed and reformed and where ideas and skills get spread (Leadbeater and Oakley, 2005: 303).

2.1.2 Stages of creative entrepreneurship

Acknowledging the diversity of creative businesses and the fact that there is not one lifecycle that every creative company goes through, Leadbeater and Oakley (2005) have identified several (general) phases in the development of creative companies. According to Leadbeater and Oakley (2005: 307) cultural entrepreneurs think 'small is beautiful'. They often lack the

know-how, business skills and support needed to grow into a larger company (Leadbeater and Oakley, 2005: 307). According to Leadbeater and Oakley (2005), it is not strange that these companies prefer to be small. The creative sector is very unpredictable and creative entrepreneurs are afraid to over-commit themselves.

In general, creative or cultural entrepreneurs go through three critical phases (Leadbeater and Oakley, 2005: 308). In the first phase, *the gestation phase*, independents figure out what they want to do, what their distinctive skills are and how they can make money (Leadbeater and Oakley, 2005: 308). They believe that this exploration phase is vital because the sense of vocation is often formed in this period. A distinctive feature of this period is that business skills or large investments are not needed in this period. Access to micro-credits is needed however (Leadbeater and Oakley, 2005).

The second phase, that of *growth*, starts once a creative entrepreneur has sorted out his marketable skill. According to Leadbeater and Oakley (2005: 308) this period often starts by selling services and one-off projects. Often, a transition is made from free-lancing to setting up a small company. Leadbeater and Oakley (2005) state that growth (by constantly finding new customers) is hard to sustain. Creative entrepreneurs in this phase need to acquire basic business skills that will not have received any attention in their education. All of a sudden, they must formulate a business plan. They can also recruit someone with business skills (Leadbeater and Oakley, 2005). However, this is often too expensive which forces creative entrepreneurs to do it themselves or to ask friends or family to perform these tasks.

The third phase, *expansion*, is a phase creative newcomers rarely reach. In this stage, we can see a product and market expansion supported by substantial rational investments. Companies who make it to this stage, can be distinguished by several characteristics. Leadbeater and Oakley (2005: 310) sum up a few, including: enough money to finance product development, enough commercial discipline to make sure the investment is not wasted, positions in potentially lucrative, international markets, unshakeable self-belief in distinctive talent and a large dose of luck.

2.1.3 Critical factors of starting enterprises in the creative sector

Nauwelaerts, Franck and Broeckaert (2006) looked into the strengths and weaknesses of young creative newcomers in the design sectors in Belgium. They distinguish seven critical success factors in the development of creative newcomers. Nauwelaerts et al. (2006) conclude that it is hard to determine the overall success factors of creative newcomers because there are so many different creative companies. There are some factors however that can be mentioned as success factors

The first factor is the *financial structure* of an enterprise. Nauwelaerts et al. (2006) underline the importance of sufficient starting capital and the importance of a healthy cash flow. Besides, they look at the disadvantages and advantages of different forms of financing. According to Nauwelaerts et al. (2006) only 37 percent of the creative newcomers manages to collect enough capital. Creative companies that do not have sufficient financial resources at the start, have a significantly bigger chance to run into problems with the cash flow (Nauwelaerts et al., 2006: 11). Nauwelaerts et al. (2006) believe that problems with the cash flow can be reduced when creative entrepreneurs set up a business plan. Another solution is to closely look at the timing of earnings and expenses and to build in some sort of financial flexibility (Nauwelaerts et al., 2006: 13). This means that a creative newcomer has to make sure that there are sufficient private means and that he has the possibility to attract external finance to bridge financially difficult periods. Lastly, creative newcomers have to make sure that they have made clear agreements with their customers about payments.

The second factor that accounts for the success of a creative newcomer consists of *knowledge and skills, style of management, creativity and customer orientation* (Nauwelaerts et al., 2006). Creative newcomers often lack business skills. Accounting, management, regulations and financial planning have to be considered as the weak points of creative newcomers. Almost 75 percent of the creative newcomers state that this lack of knowledge has caused serious problems for their company (Nauwelaerts et al., 2006: 18).

Nauwelaerts et al. (2006: 19) believe that the *degree of education* can only be considered as a success factor when the entrepreneur has gained experience in his work field and thereby can test the knowledge he has acquired during his education. We will return to the state of enterprise education in the creative sectors in chapter five. Both in the Netherlands and Belgium we can see more and more post-academic courses for creative newcomers.

The third factor that might explain the success of a creative newcomer, is its *product or idea*. The creative entrepreneur must have an unique competitive advantage compared to his competition (Nauwelaerts et al., 2006). Creative entrepreneurs must be alert and be open to external environmental factors.

The fourth factor concerns *the organization and strategy of the creative company*. Strategic and organizational qualities of a creative company prove to be crucial success factors (Nauwelaerts et al., 2006). In the creative sector the focus is often on specific niche markets and designers are constantly looking for opportunities. In this process, flexibility is very important. The need for flexibility is determined by external and internal factors like changes in demand or technology or competition (Nauwelaerts et al., 2006).

The fifth factor that can determine the success of a creative newcomer is *networking*. Nauwelaerts et al. (2006: 27) state that a newcomer's interaction with his environment is very important.

The last factor that can influence the success of a creative newcomer is *self-criticism and improvement*. Nauwelaerts et al. (2006) state that newcomers should always be critical towards the progresses in their own companies. Nauwelaerts et al. (2006) mention the examples of several very critical fashion designers, like Karl Lagerfeld, Yves Saint Laurent and Dries van Noten.

The success factors as determined by Nauwelaerts et al. (2006) will be used in chapter three and four. However, I added some factors that typify the fashion industry. Also, I have left some factors out of consideration. I will return to this in chapter three more elaborately.

2.1.4 Problems of creative entrepreneurs

On some grounds, a creative newcomer has similar problems as other newcomers. But there are problems that are specific for the creative industry (Van den Steenhoven et al., 2005). Creative newcomers often have problems in granting their specific wishes when it comes to *housing and working conditions* (Van den Steenhoven et al., 2005: 10). Often, creative newcomers like to be in a creative environment, close to other creators.

A second problem concerns *financing*. According to Van den Steenhoven et al. (2005) creative newcomers are reluctant when it comes to looking for external financing. 'When a creative starter has no money, he will do a freelance commercial assignment, in order to be able to finance his own product.' (Van den Steenhoven et al., 2005: 11) Next to that, private investors are cautious when it comes to investing in the creative industries. This is caused by a symmetrical ignorance. Both the investors and the creative industries have no knowledge of each other and their possibilities. Private investors prefer to rely on their own network for making decisions on investing.

According to NESTA (2003) creative newcomers have to put more effort than other newcomers in the attempt to convince investors of the feasibility and the safety of their project than newcomers in other industries. This has to do with several factors. First of all, creative newcomers have a creative background rather than an economic or management background. This makes it hard for them to get a grip on the business side. Secondly, it is hard for creative companies to determine its potential customers. The value of a creative product depends on the experience, identity or the meaning that is given to the product when used. According to Caves (2000) this can be called the *nobody knows effect*. The return on investment (ROI) is hard to predict which makes it less attractive to investors. Finally, NESTA (2003) has concluded that creative newcomers and investors speak a 'different language' which often leads to misunderstandings.

Also, when dealing with government support, creative newcomers experience many difficulties. Van den Steenhoven et al. (2005: 11) mention several problems, like the

emphasis on technological orientation, the gap between commercial and artistic potential of a project and the splitting up of the policy of government support in clear subdivisions which makes it very difficult to get support for a cross-over project.

A third major bottleneck is that creative newcomers are driven mainly by their *creativity*. A good idea seldom leads to a solid enterprise. According to Van den Steenhoven et al. (2005: 12) there is a huge gap between the initial idea and its implementation as a commercial product. Creative newcomers are not very 'business wise'. This problem cannot be efficiently met by coaching projects. According to Van den Steenberg et al., (2005: 12) there are not enough possibilities for creative newcomers in this regard. Courses offered by the Chamber of Commerce ('Kamer van Koophandel') are not very helpful because it is not familiar with the creative sector. Help offered by sector organizations like BNO (professional organization of Dutch designers) is often too expensive. Today, BNO has only 166 members that are engaged in fashion (BNO, 2008). Creative newcomers have a hard time to find their way in the possibilities (Van den Steenhoven et al. , 2005: 12).

Networking can be another problem for creative newcomers. Especially, there is a lack of skills needed for networking with business people. There is no connection with non-creative sectors which makes it hard to look for sales points and to market their products (Van den Steenhoven et al., 2005: 12).

Promotion and *export* can be seen as a problem of the creative industry as a whole. NESTA (2003) has concluded that the current positioning of the sector and the misconception of what economic impact the creative sector has on the economy, has lead to great problems. Creative newcomers are often focused on product development and design rather than on marketing and sales (Van den Steenhoven et al., 2005).

2.1.5 The role of entrepreneurship education

Business and academia are often perceived to have a relationship of opposites (Brown, 2007: 135). First, when we follow Knight (1921), a risk culture or uncertainty is inherent in many companies. Especially the creative industry is typified by uncertainty. Yet, there is no risk culture in higher education.

According to Brown (2007: 127) there is often a stark contrast between graduate career paths in the arts sector and those in other industries. Freelancing and self-employment are, in fact, the most frequent types of employment in the creative sector, and there are particularly large concentrations of small enterprises (Brown, 2007: 127). But how does this relate to entrepreneurial teaching in the current curricula?

Brown (2007) considered the ways in which higher education institutions in the United Kingdom raise the profile of entrepreneurship among arts students. He focused mainly on the

performing arts. He concludes that artists need to be innovative stylistically but also in organizing, producing and distributing their work. Brown (2007) believes that a main difficulty that arts students face is that most of the generic enterprise teaching material is aimed at business students only, which is not relevant to them. According to Hannon (2004: 41) there is a clear need 'to develop programmes tailored to the specific needs of target markets, rather than providing generic courses'.

New artistic enterprises do not always expose arts graduates to the same degree of personal financial risk as new small businesses in other commercial sectors where people often have to put their own money into starting a company. This is because national funding bodies or sponsors often take the financial risk in supporting new artistic ventures (Brown, 2007: 130). Brown (2007) believes that more and more these bodies are simulating creative and financial independence through entrepreneurial self-reliance. Later, I will show that the bodies in the Netherlands and Belgium 'select' on different grounds, which may or may not encourage entrepreneurial behaviour among fashion designers.

Brown (2007) also believes that sometimes the emotional attachment of a creative entrepreneur to an idea, is bigger than in other sectors. For this reason, the nearest approximation to this degree of emotional exposure in an educational context is the linking of student academic work to 'real life' project performance (Pittaway, 2004: 12). Higher education can play a vital role as it offers students a safe environment for creative experiment and innovation (Brown, 2007: 130). Pittaway (2004:3) has defined entrepreneurial learning as: 'learning that occurs during the venture creation process.'

An option would be reflective practice which can be developed through teaching based on situated learning and mentoring, work-based learning and context-specific training in practitioner based environments (Brown, 2007: 130). Students should 'learn by doing' and should reflect on what they are doing. According to Raffo et al. (2000: 361) students should develop an awareness of how and why their ideas may, or may not work. According to Brown (2007: 132) it is frequently argued that the 'hands-on', problem-based learning, approaches of creative arts courses will produce multi-skilled, flexible and adaptable entrepreneurs.

What would this mean for the content of degree courses in arts education? Brown (2007: 137) believes that recent research in the field of teaching and learning entrepreneurship in subjects related to working in the cultural sector suggests that entrepreneurs do not usefully learn from formalized training and support that is generic and decontextualized (Raffo et al., 2000: 362). The challenge is to develop programmes that are encouraging and suit creative future entrepreneurs.

2.1.6 Promoting entrepreneurship in arts education

Creative newcomers lack skills that are of importance when running an enterprise. According to Van den Steenhoven et al. (2005: 13) and NESTA (2003) training facilities are partially to blame for this. NESTA (2003) states that art academies insufficiently prepare creative students to be able to become entrepreneurs. Steenhoven et al. (2005) believe that academies solely focus on the content of the work, thereby ignoring its (commercial) context. Academies are relatively isolated from the 'real world' and pay no attention to the commercial aspects of the student's work. Van den Steenhoven et al. (2005: 13) state that academies do not offer support or courses in entrepreneurship after graduation.

Academies are foremost responsible for the process of consciousness of artists. There seems to be considerable potential for self-employment among art graduates in the performing arts sector (Henry, 2007). According to the recent review of graduate entrepreneurship, conducted by the new National Council for Graduate Entrepreneurship (NCGE) in the United Kingdom, 'more arts/cultural businesses than science-based businesses are started by graduates.' (Hannon, 2004: 49) Graduate Prospects (2005: 4) stated that of those graduates who left higher education in 2003 and were self-employed six months after leaving university, over a third had studied creative arts or design subjects. Henry (2007) states that many performing arts graduates do not initially plan to start their own business after leaving university. Henry (2007) refers to Wedgwood's (2005) notion of 'accidental entrepreneurship', because performers often set up their own business because it is the only way they are able to work.

However, artists in this situation often lack the commercial skills they require to succeed (Henry, 2007: 128). The earnings of the artist, like any other self-employed worker, depend not only on 'talent, skill and effort' but also on controlling 'the managerial and entrepreneurial functions.' (Menger, 2001: 13)

Most of the generic enterprise teaching material that arts students get acquainted with, is aimed at business students. This does not make it very attractive to art students. We will see in chapter five that this is often the case with courses that are offered to fashion students too. According to Hannon (2004: 41) there is a clear need 'to develop programmes tailored to the specific needs of target markets, rather than providing generic courses.'

2.2 Fashion design

2.2.1 What is successful fashion design?

There are numerous debates about the definition of fashion (Jackson and Shaw, 2006: 39). On the one hand, fashion is seen as art and the designer as sculptors who craft fabrics which can be exhibited in a museum. There are numerous fashion designers like Coco Chanel, Giorgio Armani, Viktor and Rolf and Vivienne Westwood that have exhibited their clothing in museums and galleries. On the other hand, fashion can be seen as a purely commercial activity. According to Jackson and Shaw (2006: 39) such a juxtaposition of fashion as art and fashion as a purely commercial enterprise might be represented by the designs of Hussein Chalayan on the one hand and the designs of Christian Dior on the other. It is debatable which one is more successful. The latter is financially successful, the former is respected as a highly talented designer by the fashion world (Jackson and Shaw, 2006: 39).

According to Jackson and Shaw (2006: 39) at the beginning of the twenty-first century, success in fashion design is likely to be judged on how it contributes to the bottom line of a balance sheet. It is true that sales and profits are very important to any fashion business that wants to survive, but it is not the only measure of success. Jackson (2006) and Shaw have mentioned critical acclaim and creative innovation as two other measures of success.

It is obvious that there is not one definition of successful fashion design. It depends on whether we emphasize a designer's artistic success or commercial success. For the purpose of this thesis, I would like to show that a combination of artistic and commercial success, as shown by several Belgian fashion designers, is possible. This resembles the 'work preference model' as described by Throsby (1997, 2001). His model is based on the creation of cultural and economic value. In modelling the process of artistic production, Throsby (1997: 107) has suggested that not only artists allocate their time in a dual labour market (arts/non-arts), they also sell the products of their labour into a dual market (the market for physical goods/market for ideas), where economic and cultural value provide distinct and separate measures of the success of their efforts.

The designers that were asked to scale different success factors, were first asked their definition of success. Then, the definition of success that is used in this study was explained to them. Based on this explanation, they could answer the question.

2.2.2 Design skills

Jackson and Shaw (2006) believe that a designer must be multi-skilled. He or she must be capable of a range of tasks including costing, communication and interpretation. Jackson and

Shaw (2006: 40) have divided the abilities designers require into two categories: abilities for those who are creative and abilities for those who are technical. The former includes the capacity to conceptualise original designs, the latter includes having acquired the 'know-how' associated with fabric construction and performance (Jackson and Shaw, 2006: 40).

Roso (2006) made a distinction between different groups of designers. For her study on fashion design in the Netherlands (*The missing bridges between creativity and commerce*, 2006) she had 26 interviews with key people in the fashion world. Either designers deliver a business service to a clothing brand in a business-to-business relationship or they market the brand themselves. In the last case, a fashion designer has both the role of a designer and director. This is what I call a (young) entrepreneur in fashion. Roso (2006) states that this dual role may capture people's imaginations but that it is very hard to be successful in a commercial sense. The difficulty of being successful in fashion in a commercial sense became apparent during my research. Dutch designers agreed on Roso's (2006) statement that designers have too little commercial knowledge to launch their own label. All interviewees agreed: designers lack the skills to become young fashion entrepreneurs.

2.2.3 Four types of fashion designers

Roso (2005; 2006) distinguishes four types of fashion designers in the Netherlands. These four types can be distinguished on the basis of their attitude towards entrepreneurship, their strategy based on this attitude and the related networks (Roso, 2006: 13).

The first group of designers that Roso (2006) distinguishes, operates within the art subsidy network. In addition, they continue their relationships established during their years of education and expand these to review committees, curators and gallery owners (Roso 2006: 13). Moreover, being located near the two main subsidy providers in Amsterdam saves them contact and contract costs. This network is described by outsiders as a closed network. Designers that are working in this field, often call upon network contacts and education related contacts to help organize shows and exhibitions (Roso, 2006: 13).

The second group of designers that Roso (2006) distinguishes works without subsidies. According to Roso (2006) these designers oppose subsidies because it makes them feel dependent and because it does not encourage entrepreneurial initiatives. Instead of relying on old networks, this group goes beyond the limits of the own profession and beyond the Dutch borders (Roso, 2006: 14). This group is busy with their strategy, branding, marketing, internationalization and financing. Their networks are somewhat more extended and can include legal, financial and production consultants.

The third group of designers, looks for and creates new combinations within their own wide circle of creatives (Roso, 2006: 14). In this group it is about total concepts, including

music, interior design and graphic design. Fashion designers from this group rely on people that think alike from other artistic sectors.

The fourth group of fashion designers is consumer orientated. There are different sub-groups visible within this group. One group does not produce couture, does not find a connection with the subsidized art sector and focuses on selling points to target a wide public (Roso, 2006: 14).

Roso (2006: 15) states that between these segments, transitional areas can be observed. For example, fashion designers can use subsidies to establish their name but later turn to target a broader audience. Designers often would like to make this combination, but it often fails because there is little exchange between the four main types. When we look at Leadbeater and Oakley's (2005) stages of creative entrepreneurship, designers often get stuck in the first phase. They cannot grow because they get stuck in their old network, and strategy. According to Roso (2006), this can be explained by the lack of cooperation between the different spheres. Every group has its own strategy, network of financiers, advisers and clients. There is little interest in how the other groups work.

Because these groups are based upon the Dutch situation, they seem less useful when studying the Belgian fashion industry. Especially the first group (subsidy orientated) is not visible in Belgium because fashion is not considered as a form of art by the *Kunstendecreet* (more on this later). Therefore, designers cannot fall back on government grants. However, the other categories are both usable for the Belgian and Dutch fashion designers. As will be shown later, the fact that government grants are 'missing', more Belgian designers are 'forced' into the second group. This could explain why Belgian designers show more entrepreneurial activities.

Also Wenting et al. (2006: 11) have divided fashion designers into several groups based on the background of the designer in the period of the start-up. His conclusions were based on an survey among 275 fashion designers. The first group (newcomers) consists of fashion entrepreneurs who immediately start an own label after graduating from art school without having ever worked fulltime in confection. The second group ('spinoffs') consists of fashion entrepreneurs who start their company after first having worked in confection for several years. The last group of fashion entrepreneurs re-entered the business after already having an enterprise before. According to Wending et al. (2006: 11) the background of the designer can be of great importance for the success of a start-up. Wending et al. (2006) have concluded that start-ups in the fashion industry in the Netherlands mainly consist of newcomers (46 percent) and spinoffs (43 percent).

2.2.4 Starting a designer label

After graduating, fashion designers have several options. They can start working in confection, they can enrol for a Master Course (for example St. Martin's in London or Fashion Institute Arnhem (from hereon: FIA) or they can try to set up their own label with or without the help of subsidies or other forms of external finance. According to Wenting et al. (2006: 11) eighteen percent of newcomers who founded their own label, got subsidized. Another option is to take part in fashion competitions like Hyères or ITS. Neither of these options are easy. While studying at art school is considered a safe haven and an exciting place where creativity can flourish, the first few years after graduation in which graduates will try to look for work, can be very hard. I will return to the experiences of designers in chapter four (§4.1.1.1 and §4.1.1.2).

In a study on British fashion, Angela McRobbie (1998) has focused on young designers whose work is often rapturously received in the international market, but who often struggle at the brink of bankruptcy. According to McRobbie (1998: 95) what designers aspire is being able to concentrate entirely on their creative work. This usually means designing a range which, carrying their own name or label, they will then oversee into production and from there to the retailers and stockists who have placed the order. Founding an own label is often still considered as the highest artistic goal a designer can possibly achieve. But it is very questionable whether this is so creative as often thought. Independent designers often have to fulfil ten tasks in one: you are a manager, a creator and a marketer. I will discuss this 'multi-tasking' in chapter four more elaborately.

2.3 Conclusions

In this chapter I have looked into creative entrepreneurship in more detail. In the creative sector many are self-employed. Creative entrepreneurs, like fashion entrepreneurs, are often very talented on the creation side but lack business and marketing skills. Often entrepreneurship in the creative sectors can be seen as 'accidental entrepreneurship' (Wedgwood, 2005).

The enterprises of creative entrepreneurs can be divided in three phases as was described by Leadbeater and Oakley (2005): the gestation phase, a phase of growth and the expansion phase. In the next chapters I will implement this taxonomy on the enterprises of Dutch and Belgian fashion entrepreneurs. In this chapter I started from the notion that education has influence on (successful) entrepreneurship (see §1.3.2.2). In the Netherlands, we can distinguish (Roso, 2006) four 'types' of fashion designers based on their attitude towards entrepreneurship and their networks. Another way dividing the bigger pool of

designers in groups, is to look at the background of the designer (Wenting et al. 2006). Both of these distinctions prove to be important in the next chapters.

Chapter 3 : Methodology and framework

In this chapter my research design and the methodology will be clarified. In §3.2 the research design will be described. Several concepts that were used will be operationalised. In §3.3, the area of research will be discussed. The area of research can be divided into three main parts: success factors, different forms of external finance in Belgium and the Netherlands and the comparison between the RAFA and ArtEZ (BA and MA). In §3.4, I will discuss my population and response. In §3.5, the methods I have used for data collection will be described. In §3.6, I will discuss some questions that the respondents were asked by e-mail (the questionnaire can be found in the appendix). In §3.7, my choice for face-to-face interviews will be defended and the topics that were discussed during these (semi-structured) interviews will be discussed. In §3.8, I will discuss the method of data analysis and in § 3.9 the validity and reliability of this research, will be discussed. In §3.10 the time path of this study will be given. Finally, in §3.11, the distinguishing features of this study will be described.

3.1 The research design

This research project uses qualitative interviews with fashion designers who graduated from the RAFA or ArtEZ over the period between 1993 and 2006. Thereby, I have both looked at fashion entrepreneurs (designers with their own label) and non-entrepreneurs (designers without a label). In chapter four, I will discuss both these groups. In chapter five and six the emphasis is on fashion entrepreneurs only.

My qualitative and quantitative study on the differences in sustained entrepreneurial behaviour between Belgian and Dutch fashion designers, departs from theory on entrepreneurship in general and more specifically, creative entrepreneurship. From this theory, several critical factors (success factors) are applied to the fashion industry. The respondents (both entrepreneurs and non-entrepreneurs) were asked to scale these success factors (1-5) in a set of closed questions. These results form the basis of my quantitative results.

I will then try to explain the differences in propensity to behave as an entrepreneur entrepreneurial between Dutch and Belgian fashion designers by looking at differences in education and differences in access to external finance between the two countries. I consider education and access to external finance as two important factors that influence the propensity to be or behave as an entrepreneur in the Netherlands and Belgium. In chapter four, I will explain why I have chosen these two factors (§4.4) even if the respondents have given more importance to other factors.

I will show that the differences between Dutch and Belgian fashion designers can be explained by analyzing differences in education and differences in access to external finance from an evolutionary perspective.

3.2 Operationalisation

In every research the key concepts have to be clarified and concept-indicators need to be developed (Bloch, 1998: 167). For this thesis, several concepts have to be operationalized. The first concept is: *entrepreneurship*. In 1.1.4 entrepreneurship was defined as: ‘a process of opportunity identification and the creation of an organisation (a body for the purpose of administering something) to exploit the opportunity.’ (Misra and Kumar, 2000: 138) In accordance with, I follow this definition and emphasize the importance of opportunity identification. Thus, for a fashion designer to be successful as an entrepreneur, he or she has to identify (commercial) opportunities and he or she has to be able to create an organisation through which the opportunity can be exploited commercially. For the purpose of this research, a fashion entrepreneur will be defined as a fashion designer who has an own label, has had an own label in the past, or is planning to start one in the near future. Non-entrepreneurs are fashion designers who did not start their own label and who do not have the intention or ambition of doing so. I have also looked at this group to determine what the reasons are of the designers who start their own labels and who do not start their own labels.

The second concept is *entrepreneurial behaviour* (the dependent variable). In operationalizing this concept, I will (again) follow Misra and Kumar (2000), who define entrepreneurial behaviour as the ‘constellations of functions, activities and actions involved in the perception of opportunities and the creation of organizations.’ Misra and Kumar (2000: 149) propose that entrepreneurial behaviour is a function of entrepreneurial resourcefulness. In the model of resourcefulness, behaviour is a function of person-situation interaction. With the two independent variables (access to external finance and education), I will try to explain differences in entrepreneurial behaviour. Misra and Kumar (2000: 150) state their conceptual model has to be seen as a lens through which to view the varying patterns of entrepreneurial behaviour. In order to explain the differences in entrepreneurial behaviour, I will turn to evolutionary theory.

A third important concept to operationalize, is *success*. As was stipulated in chapter two, it is not easy to give a clear definition of success in the fashion industry. However, I define success as ‘combining artistic and commercial’ aspects. For me, a fashion designer is successful when he or she creates a product with artistic or creative value that can actually be sold. This resembles the definition of the creative industry as was given in §2.1.2.

Success factors are factors that have a positive effect on the income and international (peer) recognition of fashion designers (see §4.2).

A final important thing is the distinction between Flanders and Belgium. For this thesis I have interviewed designers that graduated from the RAFA. In this regard we could say that they are Flemish. But the importance of fashion is not only limited to Flanders. I have therefore chosen to call the designers Belgian, instead of Flemish. When talking about numbers that only indicate Flanders, I will emphasize this. A Belgian designer or a Dutch designer can either be Dutch, Japanese or German, for this thesis I consider Belgian or Dutch as the place of graduation. Some designers have moved to other countries, I will still call them Dutch or Belgian respondents.

3.3 Area of research

Theories on entrepreneurship and entrepreneurial success give insight into the processes and problems of entrepreneurship. I will apply these theories to the fashion industry. In the next section, I will first explain which critical success factors are taken into account, then I will compare the two academies and their graduates (1993-2006). Finally I will elaborate on different types of external finance.

3.3.1 Success factors

When defining success factors, I took the seven critical success factors that were defined in the theoretical framework as a point of reference (see §2.2.3). I have not taken all these factors into account when looking at success in fashion design. I did take into account factor 1, 2, 3 and 6. I called these factors: access to external finance, business skills, education and social network. The other three (product or idea, organizational strategy and self-criticism) were not taken into account. I found that product/idea and self-criticism are hard to measure. However, organizational strategy was discussed in the open questions because I wanted to hear more about the strategies that fashion designers adapt. I have added 5 factors that might be relevant for the fashion industry. These are: 1) doing an internship, 2) social class (see Reynolds et al., 1994), 3) participating in special fashion events, 4) winning prizes or getting nominated and 5) city where the company is established. I looked at the following success factors:

- 1) access to external finance,
- 2) social network
- 3) internship,
- 4) social class

- 5) business skills,
- 6) education,
- 7) winning prizes or getting nominated,
- 8) participating in special fashion events
- 9) city

I will return to the success factors in §3.6 and §3.7. The results will be given in §4.2.

3.3.2 Antwerp and Arnhem: a comparison

ArtEZ and the RAFA can be compared because they can both be considered closed, creative environments in which talent can flourish. They are both part of what McRobbie (1998) has called conceptual fashion education (see §1.4.2.2). Also, these academies can be considered the most important fashion educations in their country. Next to that, as will be shown in chapter five, the curricula strongly resemble one another. But there are also differences (see chapter 5). These may help explain the differences in entrepreneurial behaviour between Dutch and Belgian fashion designers.

The RAFA has produced several famous and successful Belgian designers like Martin Margiela, Dries van Noten, Ann Demeulemeester and Bruno Pieters. This academy has a big reputation in both Belgium and the rest of the world. It is considered as one of the most important Academies of Europe, next to Saint Martins in London. The graduation presentations attract more than 6,000 visitors in three days.

The other academy that I have looked at is at the fashion department of ArtEZ. ArtEZ can be considered as one of the most important fashion schools in the Netherlands. In 50 years, more than 600 students have graduated from Arnhem. Arnhem has produced both a large percentage of designers that now work in confection or big fashion houses and a large percentage of designers that has started an own label, the so called fashion entrepreneurs. Examples are: Spijkers and Spijkers, Van Slobbe and Viktor and Rolf. When we add the designers that have done their Master (FIA or F,D,S (Fashion, Design and Strategy)) in Arnhem, the list gets longer. In Arnhem, I took both the bachelor and the master course (only FIA) into account. In Antwerp, the master is integrated into the programme (last two years) in the period I am researching.

3.3.3 The graduates (1993-2006)

I have chosen to look at the graduates from two academies over a period of fourteen years (1993-2006) for several reasons. First, I wanted to look at the differences in Belgian and Dutch fashion entrepreneurship over a longer period of time. 2006 is the last year, because I

believe the period between 2007 and 2008 is too short for a designer to set up his/her own label. This was sometimes also the case with graduates from 2006. I did not look at designers that graduated before 1993 for two reasons. First, it was hard to get in touch with them (telephone numbers that I got were incorrect). Secondly, Dutch fashion designers could start applying for subsidies in the late 1980s beginning 1990s, which makes 'older' graduates less suitable for a comparison. As a result of both reasons, I took 1993 as a starting point.

The designers who are busy starting their label, have or had their label, are considered as fashion entrepreneurs. As mentioned earlier, I have divided them into three phases: gestation, growth and expansion. I consider designers who are still developing their style after graduation, and who are not selling or producing their clothes, and who are not proactive in getting access to external financing, as designers that are still in the gestation phase. Designers in the growth phase are considering different options of financing and are selling their clothes on a small scale. Designers in the expansion phase (in evolutionary terms: the phase of retention) have found a solid financial back-up and are selling their clothes on a larger scale internationally. The designers who did not succeed in setting up their own label in the past or do not feel like doing so, are non-entrepreneurs.

3.3.4 Different forms of external finance

As was described in chapter 1, the different types of external finance include debt, equity, grants, gifts and services. In this thesis I will use the definition and use the categories as described in § 1.3.1.

3.4 Sample and response

The population of this research consists of fashion designers that graduated from the RAFA or ArtEZ over a period of fourteen years (1993-2006). I collected a sample of designers by contacting designers that graduated in this period. I believe it is interesting and valuable to look at designers over a longer time period for several reasons. First, this is necessary to make good comparisons. In the beginning of the nineties, Dutch fashion designers could start making use of multiple subsidies provided by the Fund for Visual Arts, Design and Architecture (from hereon: Fonds BKBV). In these same years, that Belgian designers had to prove themselves without government support as the *Textile Plan* stopped (see Appendix I). A second reason is that by looking at a longer period of time, I can include designers that have had a label in the past. This is interesting because it makes it possible to assess whether the reasons for failure are the same in the current situation. A third reason is that I

believe that fashion entrepreneurs need a longer time to professionalize. It can take ten years before the first profits come in.

Initially, I started by contacting all the designers that were on lists that were given to me by ArtEZ and the RAFA. I wanted to collect around 20 Dutch fashion entrepreneurs (designers with an own label or planning to start a label) and non-entrepreneurs (people working in fashion houses, confection, etc.). I did the same for the Belgian designers. I stopped contacting designers when I had these four groups (non-entrepreneurs and entrepreneurs) fully covered. The group of non-entrepreneurs may seem less well represented but I consciously kept this group smaller because they will not play a role through my entire research. Only in chapter 4 some general results will be given. This was the same in Belgium.

This led to a sample of 30 Dutch fashion designers, among whom 22 fashion entrepreneurs and 8 non-entrepreneurs. And 26 Belgian fashion designers, among whom 16 entrepreneurs and 9 non-entrepreneurs. From the 22 Dutch fashion entrepreneurs, 19 answered all the questions (that means including the closed question). One designer did not have a diploma from ArtEZ or FIA. I chose to exclude her answers from the part on education (chapter 5) but I did use them for chapter 6 on external finance and success factors.

I had 19 face-to-face interviews with Dutch fashion entrepreneurs, the other 3 responded by e-mail. Two respondents had less time, which meant that I only asked questions about the factors that are central in this thesis, that is education and access to external finance. I did ask them why they decided to start a label (see chapter 4). The other entrepreneur suggested I should talk to his business partner which meant I did not ask him the closed questions. With 3 out of 8 non-entrepreneurs, I had face-to-face interviews. The other 5 responded by e-mail. Two of them are living abroad. From the 8 non-entrepreneurs, 6 answered all the questions (including the closed question). This means that there are 25 Dutch fashion entrepreneurs and non-entrepreneurs who answered all of the questions.

From the 16 Belgian fashion entrepreneurs, 14 designers answered all the questions. I had 13 face-to-face interviews with Belgian fashion entrepreneurs, 3 of them answered by e-mail. Ten of the 11 non-entrepreneurs answered all the questions. I had 10 face-to-face interviews with non-entrepreneurs, 1 answered by e-mail.

I did not only have interviews with fashion entrepreneurs and non-entrepreneurs. I have also spoken to 13 key figures in the Belgian and Dutch fashion industry. These were: M. Hoitink (HTNK), E. Deceuninck (Cultuurinvest), B. van Opstal (ING Antwerpen), C. Mollet (Co- Lab), D. Flamée (Flanders Fashion Institute), M. Boelee (Head of Fashion Department ArtEZ), H.J. Stuyling de Lange (Fortis Netherlands), S. Janssens (Fashion Desk Amsterdam), L. ter Braak (Fund for Visual Arts, Architecture and Design), L. Huiskens (Kunstenaars & Co.), D. Wanders (Artist Enterprise), A. Chapelle and R. Verhaeghe (BVBA

32) and A. Westerhof (FIA and Dutch Fashion Foundation (from hereon: DFF)). I had face-to-face interviews with 11 key figures and 2 answered by e-mail.

3.5 Methods of data collection

In December 2007, I started contacting fashion designers in the Netherlands and Belgium. After having contacted M. Boelee (ArtEZ) and D. Flamée (FFI), my search for interviewees became easier. I was given two lists of designers that had graduated from both the RAFA and ArtEZ (FIA), between 1993 and 2006. I contacted as many designers as possible. It was hard to get enough designers, especially Belgian fashion entrepreneurs. I will return to this point in § 3.11. Another good source of possible interviewees were 'networks for friends' like Hyves (<http://artez.hyves.nl>) and Facebook. What also helped was being lucky. While doing interviews in Amsterdam, I met M. Hoitink (keyfigure) and J. Taminiau (Dutch fashion entrepreneur) accidentally. During a meeting of Co-Lab, I met F. van Benthum and K. Yearwood. In Antwerp I met the Belgian fashion entrepreneur C. Wijnants. These meetings led to face-to-face interviews.

For this research I used two forms of data collection. Because it was impossible to interview all the respondents (some are living abroad or were too busy) I used a questionnaire-based survey and face-to-face interviews. The majority of the fashion designers (44 out of 56) were interviewed face-to-face.

3.5.1 Snowball method

I used the snowball-method during my research. Because it is hard to get in contact with Belgian fashion entrepreneurs especially, I sometimes relied on interviewees to help me find Belgian designers by informing a friend that also graduated from Artez or the RAFA. A disadvantage of the snowball-method is that you might get people from the same 'group' (year of graduation). I am aware that this may limit the representativeness of my sample and the generalization of my results. However, I tried to make sure that I selected people from different groups. With the key figures especially, this method was helpful. I was redirected to B. van Opstal (ING) by a Belgian fashion entrepreneur, the Fashion Desk in Amsterdam and D. Wanders (Artist Enterprise). The best example of this method, was the conference I was invited to (24th april) by one of the key figures (M. Hoitink) on the plans of setting up a Dutch investment fund. There, I continued to talk to other people. I was introduced to several important key figures. In the fashion industry, it seemed to help if you know a lot of people. I had to do some serious networking to get to this amount of interviewees.

3.6 Questionnaire

The survey that I sent to the interviewees by e-mail was slightly different from the questions in my face-to-face interviews. Of course, my interviewees were encouraged to discuss the same topics, but I had open conversations. Sometimes it was hard to convince the non-entrepreneurs to answer all the questions. The e-mail survey often gave me very short answers, in contrast to my face-to-face interviews. I had to replace some open questions by closed questions in the e-mail survey (see Appendix II for my questionnaire). In total, 12 interviewees responded by e-mail. This was because they were either too busy for a personal interview, were living abroad or felt more comfortable when filling in the e-mail questionnaire. As I will discuss in §3.11, this had disadvantages, because e-mail correspondents did not like to give details on their income for example. This was easier in face-to-face interviews. I will discuss this method in the next paragraph.

3.7 Face-to-face interviews

Over a period of three months, I held 44 face-to-face interviews with fashion designers and 13 interviews with key figures. I chose this method because it gave me much information about the opinions of respondents and their orientation towards fashion entrepreneurship.

I used qualitative interviews. The term qualitative interview refers to 'in depth, loosely or semi-structured interviews' (Byrne, 2004: 181). The interviews were both a process of data collection and generation. Especially in the first five interviews, my questions were very broad. Slowly I reckoned that some aspects were very interesting. A qualitative interview can take many forms. These can range from interviews following an interview schedule of topics or themes to be covered in a loosely planned order, to an invitation for the interviewee to talk on whatever they feel is relevant (Byrne, 2004).

One advantage of qualitative interviews is that it enables one to achieve a level of depth and complexity that is not available to other survey-based approaches. Although I was forced to send out some e-mail questionnaires, I preferred face-to-face interviews because open-ended and flexible questions often deliver a more considered response than closed questions.

My face-to-face interviews were semi-structured. I had several topics I wanted to discuss: *period after graduation, choices made, work experience, income, success factors, success definition, starting an own label, support, financing of label, experiences with banks, experiences with subsidies, lack in business skills (education), entrepreneurship and future aspirations*. When all of the questions would apply to a designer's situation, there were 40 questions. I also used a checklist. I taped most of the interviews with a digital voice recorder.

During 5 interviews I made notes. Most of the face-to-face interviews lasted about 40 minutes to one and a half hour. Five interviews were only twenty minutes to thirty minutes. The interviews with the key figures lasted 20 minutes to one hour. For the interviews I had to travel to Antwerp, Amsterdam, Brussels, Rotterdam, Gent, Amersfoort and Arnhem. The majority of the interviews was held in studios.

3.8 Method of analysis

Because the questionnaire and the face-to-face interviews had two closed questions (one on success factors and one on received subsidies and grants), I made a quantitative analysis of the mean score of the success factors by using Excell (See Appendix). Analyzing the open questions was done according to the following steps (Baarda, 2005).

- After listening to the interviews, I selected relevant and non-relevant information. The main question of this thesis and the sub questions form the point of departure.
- After selecting the relevant texts, I divided it into several fragments. These fragments provide information on one certain topic (education, entrepreneurship, period after graduation, problems and access to external finance).
- There may be an overlap in these fragments.
- These fragments were reduced and put in order.
- Lastly, I gave these fragments a name, so that it became easier to look for quotes. I went on with the labelling process as long as no new labels were made.
- I also looked for connections or correlations between the labels.

This process of labelling made it easier for me to find relevant quotes and to look up important information.

3.9 Validity and reliability

According to Baarda (2005: 197) validity has to do with the correctness of the research results. The validity is influenced by for example the place and time of the data collection. There are three forms of validity (Baarda, 2005: 198): internal validity, external validity and measurement validity. Internal validity is related to the research design. In my research, I considered face-to-face interviews to be the most valuable in order to be able to answer my research question. The external validity means whether the results of this research are representative for a bigger group of respondents (than investigated in my research). It is hard to determine the external validity of this research because 56 fashion designers from the

Netherlands and Belgium only make up a small group of a large 'pool' of fashion designers. The number of fashion designers is big enough though to be able to make some generalizations. Measurement validity has to do with the quality of the collected data. Measurement validity can be enlarged by using different techniques or methods of data collection. I have both used face-to-face interviews and e-mail questionnaires. This form of data triangulation has enlarged the measurement validity.

A study can be reliable without being valid (Seale, 2005: 74). The reliability of this research is improved by using a digital voice tracer. Because the interviews were taped, researchers can all come to the same conclusions (replicability). The interviews are saved on my computer. There is a problem though of using coding schemes. Researchers can disagree amongst each other about how to assign codes. I am aware of this problem when assigning different codes.

3.10 Limitations and problems

For this research I have tried to collect as many Belgian fashion entrepreneurs as Dutch fashion entrepreneurs. This was somewhat problematic because Belgian fashion entrepreneurs were hard to convince. I approached a lot of well known Dutch and Belgian fashion entrepreneurs. The Dutch entrepreneurs were easier to approach. In the end, I managed to contact enough Dutch and Belgian fashion entrepreneurs who were willing to participate. Still, I had seven more Dutch fashion entrepreneurs than Belgian fashion entrepreneurs. This will be taken into account when processing the data. I was able to reach more 'big' fashion entrepreneurs in the Netherlands who could tell me about the influence that education and access to external finance have had on their (entrepreneurial) behaviour. It was easier to get in touch with non-entrepreneurs in Belgium than in the Netherlands. I consider these differences as a minor limitation of my research. Still, my database is very big compared to other researchers. Roso (2005) for example, had contact with 26 designers and key figures in the Netherlands only. This makes my research special compared to other studies on fashion. There has not been a large comparison of the differences between Dutch and Belgian fashion so far. I hope to fill a gap in the research area with this thesis.

It was not only easier to get in touch with Dutch designers, it was also easier to talk to them about their (financial) problems. I could notice the cultural difference, that Belgians dislike talking about money, whereas the Dutch designers had no problem with this.

I came across some problems too. In the beginning, it was hard for me to focus on relevant aspects in interviews. After a few interviews, this became easier. I noticed that I asked more relevant and clear questions after a while. I consider this as a learning experience.

A last limitation concerns the translation of Belgian and Dutch quotes into English. It might be they have lost some of the original meaning or strength.

3.11 Time path

In December 2007, I started contacting fashion designers in the Netherlands and Belgium that were mentioned on the following websites (<http://www.modearnhem.nl>; <http://www.antwerp-fashion.be/index.asp>). It was necessary to contact fashion designers (especially entrepreneurs) in advance because they are often very occupied with their work. Because of their schedules (fashion weeks across Europe are in June and July) it was best to start interviewing them around February or March, because then they probably would have more time. The first interview took place February 4th and the last interview took place the 7th of May. These months were very intensive. I had approximately 5-6 interviews a week. During these interviews, I was working on my theoretical framework as well as I needed theory to work from. In the beginning of May I started writing this thesis fulltime.

Chapter 4: Problems of fashion designers

In this chapter, the focus will be shifted from the creative industry as a field, to fashion as the centre of attention. In this chapter the first research results will be discussed. In §4.1, I will elaborate on the success factors that were discussed with respondents in the Netherlands and Belgium. I will explain why I have focused on education and external finance. In §4.2 and §4.3, I will discuss the most important parties in the Belgian and Dutch 'fashion environment'. An historic overview of both 'fashion environments' can be found in Appendix I. In §4.4, I will elaborate on the difficulties that Dutch and Belgian fashion designers run into. Because both fashion entrepreneurs and non-entrepreneurs were interviewed, a comparison can be made between these two groups. In the last paragraph, a conclusion will be given.

4.1 Success factors

The respondents in both the Netherlands en Belgium were asked which factors they thought were relevant to the success of an independent fashion label. The results are potentially hard to analyze since it is difficult to pinpoint what 'success' in fashion is exactly. It can either mean artistic or economic success. For example, Wenting et al. (2006: 20) define success factors as: 'factors that have a positive effect on the income of fashion designers'. I believe that success cannot only be measured by its economic value. Therefore, I have included recognition by other fashion designers and peers (its artistic recognition) to this definition. I define success factors as: 'factors that have a positive effect on the income and international (peer) recognition of fashion designers' (see chapter 3). To compare my definition of success, I have asked the designers to describe their definition of success. They highly valued their freedom to express themselves artistically and the non-financial rewards (peer-recognition). They complemented their definition with the desire to make a living of their profession too. After asking them for their definitions, I explained mine. Based on my definition, they answered the closed questions and gave the different possible success factors a score.

Dutch respondent, graduated in 1998 from ArtEZ, has had a (non-profitable) label for almost five years:

'Success for me personally would be to be able to live from my label and to be less occupied with prior conditions but more with the creative implementation of my ideas.'

Belgian respondent (origin and based in the Netherlands), graduated in 2005, has had a (non-profitable) label for two years:

For me, success is to have a solid business and to be appreciated by the press, shops, and other designers. Success is to be content about the artistic side, to be able to express your ideas but also to sell, whether that is to a museum or consumers. In a few years, success is to find a commercial public for my clothes, but without losing my artistic identity.'

Belgian respondent, graduated in 2000, has had a label for five years, which was founded together with an old-classmate. Show in Milan and have been very profitable for several years:

'Success for us means the sobriety to realize where creativity stops and reality kicks in. You can go very far with your creativity, but when your clothes hit the shelves and do not sell, that is not success. The moment it hits the shelves, it has to sell. Our customers have to pay a thousand euro for one piece, they have to like it that much. Our clothes are not successful when they are exhibited in a museum. Success to us, is finding the right balance between creativity and commerce.'

Several success factors were discussed: 1) access to external finance; 2) social network; 3) internship; 4) social class; 5) businesslike skills; 6) education; 7) prizes won and nominations; 8) participating in special fashion events; and 9) the city where the designer works. The initial list was so long, because I did not want to exclude important factors. In this thesis however, the focus lies on access to external finance and education. Businesslike skills and internship are linked to education and will therefore also shortly be discussed in relation to education.

I have chosen to compare these factors because their importance in Belgium and the Netherlands can objectively be compared. More importantly, both factors can be influenced by the government and other parties. Therefore, designers are dependent upon decisions that have been made mainly by others (like government officials). Both education and access to external finance are important *tools* for entrepreneurs which can be considered as important pull factors (see §1.4.1). Gnyawali and Fogel (2004) divided the entrepreneurial environment in five dimensions (see §1.1.3). Both education (entrepreneurial training) and financial support are part of this environment. They also emphasize the importance of governmental policies and procedures, which I will do too.

Moreover, it is hard to compare and measure a factor like the social network of Belgian and Dutch fashion designers. Besides, research has been done on the influence of networks on the careers of fashion designers (Moons, 2007). It cannot be denied that social networks are of importance for success in fashion. That is why I included them in the initial interviews. As was explained in chapter 3, some interviews were somewhat shorter. In these interviews I only focused on education and access to external finance. That is why these designers have

not answered the questions on general success factors and are not included in the statistics (see chapter 3 and the appendix).

Per group, I have calculated the means of the 8 different success factors. In Appendix III, 8 different categories can be found: 1) mean scores success factors interviewees Dutch and Belgians (entrepreneurs and non-entrepreneurs), 2) mean score success factors interviewees Dutch and Belgian entrepreneurs, 3) mean scores success factors interviewees Dutch entrepreneurs and non-entrepreneurs, 4) mean score success factors interviewees Dutch entrepreneurs, 5) mean score success factors interviewees Dutch non-entrepreneurs, 6) mean score success factors interviewees Belgian entrepreneurs and non-entrepreneurs, 7) mean score success factors interviewees Belgian entrepreneurs and 8) mean score success factors interviewees Belgian non-entrepreneurs.

There are four success factors that have high scores in all categories (notwithstanding the differences in N). These are: *access to external finance*, *businesslike knowledge*, *education and social network*. Both the Belgian entrepreneurs and the Dutch entrepreneurs underline the importance of maintaining a good social network. In several categories (see Appendix III) the social network is considered to be the most important success factor. The influence of the social network on the success of a fashion designer is considered to be somewhat higher in the Netherlands than in Belgium.

Table 4.1 Mean score success factors interviewees (Dutch and Belgian entrepreneurs)

Success factor	Score
Access to external finance	4,4
Social network	4,6
Internship	3,5
Social class	2,6
Business know.	4,3
Education	4,0
Winning prizes or getting nominated	2,2
Participating in fashion events	3,6
City	3,6

N=33

1= least important

5= most important

In the Netherlands, fourteen out of nineteen designers state that gaining access to external finance has been of great importance to their careers or believe that this could have a great influence on their future success as a fashion entrepreneur. In Belgium, eighteen out of

twenty designers state the same. Marketing skills and businesslike knowledge are valued very highly by both the Belgian and Dutch respondents. The Belgians value access to external finance more than the Dutch fashion entrepreneurs. Education is valued much more by the Dutch designers than by the Belgians. Seven (out of twenty) Belgian designers have given education a very low score ('1' or '2'). This may be caused by Belgian designers like Raf Simons and Olivier Theyskens (not respondents), who have not finished art school or have never enrolled one in the first place. On the level of high fashion, the Dutch fashion industry has not produced examples like them.

Another difference between Dutch and Belgian respondents lies in the valuation of doing an internship. In the Netherlands, thirteen out of nineteen respondents give internship a high score ('4' or '5'). In Belgium however, twelve (out of twenty) respondents give internship a very low score (1 and 2). As will be shown in chapter 5, this may be caused by the differences in the curricula of the RAFA and ArtEZ.

Other factors (social class, city, participating in special fashion events and getting nominated and winning prizes) were valued highly too. However, the next two chapters will focus on educating and access to external finance as factors inducing entrepreneurial behaviour of fashion designers. For above mentioned reasons, I will not elaborate on other factors any more.

4.2 Different forms of support in the Netherlands and Belgium

The institutions in Belgium and the Netherlands initiate different projects with different goals (see Appendix I). The Dutch government offers several subsidy possibilities for fashion designers, while the Belgian policy is (unintentionally?) more orientated on the stimulation of entrepreneurship. In fact, the highly subsidized *Textile Plan* that was called into existence in order to save the Flemish fashion industry, is the only example of a subsidized project for fashion designers in Belgium. Thus, Belgian fashion entrepreneurs cannot rely on structural government grants, like Dutch fashion entrepreneurs can. The 'Kunstendecreet', that is responsible for art subsidies in Belgium, does not financially support Belgian fashion designers.³ Instead, it refers to institutes like: the Flanders Fashion Institute (from hereon: FFI), Design Flanders and CI. In the Netherlands, as we will see in chapter 6, the Fonds BKVB, structurally subsidizes Dutch fashion. In both the Netherlands and Belgium there are supporting organizations (FFI and the DFF). An organization like CI, a private-public

³ This information was provided by Christian van Haesendock and Helena van Steelant, who is responsible for the Commission of Visual Arts. Kunstendecreet is the Belgian enactment that is responsible for the subsidization of art organizations, artists, art education, international initiatives and publications. Our e-mail corespondation found place the 9th of april, 2008.

investment Fund, can only be found in Belgium. As we will see in chapter 6, there are plans to set up a similar project in the Netherlands.

4.3 Difficulties of Dutch and Belgian fashion entrepreneurs and non entrepreneurs

Both Belgian and Dutch designers encounter many difficulties. Especially fashion designers that try to set up an own label or already have done so, face several problems. In this paragraph a short description will be given of general problems as described in the literature (Roso, 2005) that fashion entrepreneurs encounter. I will illustrate these problems with results from my research. I have divided the problems into five categories: difficult transition from art academy to the industry; production problems; circulation and structure problems; problems with financing; and problems concerning entrepreneurship.

4.3.1 Difficult transition from art academy to the industry

For fashion designers it is hard to make the transition after graduation from art academy to working in the fashion industry. It is a very uncertain period for a designer to choose between the different options available. Working in confection is often considered as an inferior choice. What designers often do not realize however, is that some jobs in confection can be more creative than working under your own name.

4.3.1.1 Working in confection

From the 8 Dutch non-entrepreneurs, 5 designers work in the confection industry. These jobs vary from working as a designer at *Roberto Cavalli* in Milan to working for retail company *Steps* in the Netherlands and working at *H&M* in Sweden. Two designers just got their Masters Degree (one at St. Martins, the other at FIA) and have to start thinking about their future. Both have stated not to start a label right away. One is a stylist on a free-lance basis and the other is currently studying philosophy but states to plan to go back to fashion. She wants to start an own label but is still very much in a start-up phase.

Three of the five designers that work in the confection industry have left the Netherlands. This 'talent drain' is not visible in Belgium. The vast majority of the Belgian non-entrepreneurs works for Belgian companies. Out of eleven, two designers are working for the Belgian high fashion label *Dries van Noten*, one is working for *Veronique Branquinho* (after having worked for *Scapa*), two designers are working at the Belgian company *Essentiel*, one is working for *Xandres* (also Belgian), another one for *Urban Outfitters*, an eighth designer works for the Belgian label *Annemie Verbeke*, a ninth one is a designer at *Raf Simons*, the

tenth designer is an independent stylist, and the eleventh designer now works as a visual artist. The majority of the Belgian and Dutch designers stated that it was not easy to make a decision between starting a label, working in confection or working for a fashion house.

Belgian respondent, graduated in 2006, has worked for Scapa and has produced his own collection in Japan. Is now developing an own collection in Antwerp:

'I was lucky that I got a job quite quickly after graduating. It was pure luck. Normally, it would take six months after graduation. It takes me ages now to find a job.'

Dutch respondent, graduated from the FIA in 2006, and has had a label ever since. Financed the first collections with a Startstipend, that was granted in 2007:

'After I had graduated from the Fashion Institute, I considered all options. I thought about doing an internship in Paris or working for an international fashion house but I know it would take me ages before I could design something there. Besides, you have no income there. I also considered working for a commercial retail company but I was afraid I would have no creative input at all. That is when I decided to start my own label. If I would have to work day and night, then it would be for my own label.'

Belgian respondent, graduated in 2003. Started a label in 2005 together with his brother:

'The time after graduation was difficult, we worked so hard on the last collection, and were expecting some movements afterwards, which was not happening, till the moment we understood it is not coming unless you move yourself. We certainly experienced the black hole after our study.'

Dutch respondent, graduated from ArtEZ in 1998, started a label almost five years ago:

'After graduation I immediately started to do commercial work fulltime. That transition was not that big. I experienced the so-called 'black hole' when I decided to start my own label. It made me doubt my decision sometimes.'

Dutch respondent, did both ArtEZ (2003) and FIA (2005), started a label in 2006, which has been profitable now for a while:

The period after graduation was very free. I travelled a lot to see whether my work was accepted. It was also very insecure. I was invited by a headhunter for a high fashion house. I was kept on a string so long that I decided to say no myself. That is when my own label was born.'

4.3.1.2 Starting an own label

Among the Dutch and Belgian fashion entrepreneurs examples of 'accidental entrepreneurship' (Wedgwood, 2005) can be also found. Different causes can lead to this kind of entrepreneurship. The first cause is the need for a creative challenge after having worked for commercial companies. Secondly, designers can be rejected from a job (or fired) or they can have the feeling that starting a label is their 'calling'. They can also have the feeling that after winning a prize or having done a Masters Programme, it is wise to use this media attention. In this case, the designer starts a label to try to convert this attention into his own benefit. He or she thinks it is a logical step. This last cause is mentioned several times in both the Netherlands and Belgium among fashion entrepreneurs. In total, this is mentioned as a reason to start a label 8 times (out of 22) in the Netherlands. The other reasons are: previous job dissatisfaction or rejection from a job (6 times) and a sense of calling (8 times). In Belgium, 11 designers stated that they started their label because of a sense of calling, 1 designer stated he or she was encouraged by winning a prize and 4 designers stated that they started a label because they were not satisfied with their previous job or because they could not find a job after graduation.

When a designer decides to start an own label, even more problems come to play. Fashion designers are very creative and are often not aware of the challenge they are about to take. Very often, they do not see themselves as entrepreneurs while they *are* seen as entrepreneurs by institutions in their environment. The majority of the respondents (both in the Netherlands and Belgium) that either had a label in the past, have one now or are setting up a label, emphasized these difficulties. The main difficulties are financing, production and entrepreneurship. Five Belgian fashion entrepreneurs stated that they more or less control these problems. Two Belgian designers (who work as a duo) even stated that these financial difficulties were overcome quite quickly within five years. One Dutch designer stated to have not had many difficulties so far. Their stories are exceptions. Most of the designers that start an own label, have many difficulties:

Dutch respondent, graduated from FIA (2004), started a label (non-profitable) two years ago with a former classmate:

'We bump into many problems. I often think, would I have ever started this, if I had known this all? Especially, production and financing are big problems. It is not that you have a naive image of what you are doing, you have no idea at all.'

Dutch respondent, graduated in 2004 from ArtEZ, has had an haute couture label for three years now, which is non-profitable:

'I have this label for three years now but actually I do not see it like that. It is like asking a painter or artist whether his paintings belong to a label too. I make things with my name on it. I absolutely do not see this as an enterprise. And I am certainly not an entrepreneur which is a big problem because the rest of the world does see it like that. Therefore I have to fill in my Value Added Tax for example. I hate it. I have to look for help.'

Belgian respondent (based and born in the Netherlands), graduated in 2005, has had a label for two years and made a haute couture debut in Paris this year. Has applied for Dutch subsidies:

'If you realize that I have to deal with taxes and VAT, I have no choice but to see myself as an entrepreneur. But next to that, I am still an artist. But you have to be occupied with the businesslike aspects, otherwise you will fail. It is not easy but I have put myself in this position. I could have also worked as an artist, having museum expositions only.'

Belgian respondent, graduated in 1999, has had a label for three years:

'I graduated in a period in which it was more obvious to start an own label. I did not start this label immediately although I knew that this was the only thing I wanted to do. After entering Hyères, I found myself in a fashion crisis. I did not know whether it was what I wanted to do. Then I continued to study Video Art in Germany. After that, I started to work for Bernard Willhelm. I did the production. I wanted to start my label, but I still had so many questions.'

Belgian and Dutch fashion entrepreneurs seem to start designer labels from different starting points. The majority of Dutch designers (16 out of 22) designers are 'newcomers' (Wenting et al., 2006) or in other words: designers who start a label after never having worked fulltime in a fashion company (also see §2.2.4). The majority of Belgian fashion entrepreneurs are 'spin-offs', or designers who start a label after having worked fulltime in a fashion company. One Belgium fashion entrepreneur even waited ten years before starting an own label.

Belgian respondent, graduated in 1996, has had a label for two years:

'I knew I wanted to start my own company but I also knew that it was going to be very hard financially. That is why I worked for big Belgian companies, like Natan and Xandres, for ten years. I wanted to build a network. It also helped me to put some money on the side for this label. I have a lot of contacts. That is when I decided to start two years ago.'

The majority of the Belgian non-entrepreneurs state that they have had or still have the ambition to start an own label. But a 'sense of reality' stops them from doing this in the beginning of their career. Because there is no subsidy system, Belgian fashion designers are not encouraged to found a label directly after graduation. They have to start working in order to make a living. They also seem to prefer working for a big company first. This is a huge contrast to Dutch designers who choose to start a label immediately after graduation (16 out of 22). There are a few exceptions who do emphasize the importance of work experience. It probably is not a coincidence that these Dutch designers show a better entrepreneurial understanding. In Belgium, only 4 designers out of 16, have the ambition or make an attempt to start a label directly after graduating.

Belgian respondent, graduated in 2003, works for Dries van Noten as a designer for almost 3 years:

'I think it is very important to learn. At Dries van Noten, a lot of investments are done in research and development. Sixty percent of what gets developed, never makes it into the final stages. With an own label, I would never be able to do this. In my current job I can benefit from this. Besides, I am much more creative now than I would be with my own label. I do not have businesslike aspects I have to take care of. I can be creative the entire day.'

Belgian respondent, graduated in 2006, had several commercial jobs, had the ambition to start a label. Is currently responsible for the accessories at Dries van Noten:

'Directly after my graduation, I was not ready for my own label. I am still not ready for it. Personally I am not somebody who takes big risks. I want to be sure of something and have something like a business plan. And I was afraid not to earn enough money. I know I will become an entrepreneur one day though. There is one in me. There are a lot of entrepreneurs in my family too. It is a matter of time and experience.'

According to Van den Berg (2004), there are differences between the Netherlands and Belgium, in education and the attitude of the designers. According to W. van Beirendock, one of the Antwerp Six, 'Belgian fashion designers never had the possibility to be subsidized. There was a competition, the Golden Spindle, that led to cooperations with manufacturers and a fashion show that was organized by the ITCB. I think the Netherlands suffers from a 'ghost phenomenon'. In Belgium, fashion designers are forced to be more realistic, towards customers too. In the Netherlands, fashion designers cannot escape from their conceptual dream.' (Van den Berg, 2004: 58)

That gaining work experience before starting a label is a more effective way than starting a label right after graduation, is emphasized by different parties in the Netherlands and Belgium.

M. Hoitink, founder of HTNK, the biggest fashion consultancy company in the Netherlands:

'I think that if you want to make it as an independent fashion designer, you inevitably have to be experienced by having worked in the fashion industry. The first five years, you will learn the craft by working in the field. The Academy has made sure you are creative, but you also need a network, technical knowledge and knowledge of the language of the business, in order to start your own business. By not making this step and directly starting a label, you have to reinvent the wheel.'

M. Boelee, coordinator Bachelor of Design ArtEZ:

'We do not push designers that graduate to start an own label immediately. Actually, we strongly recommend not to. Look at A. van Slobbe, who started working at Sandwich and other commercial brands. There, he build a network, he got to know manufacturers. That is when he started his own label Orson and Bodil. He knew where he could produce his line. Unfortunately, today a lot of designers start by launching a label first. They think: this is what I want and need to do. The Dutch environment makes it possible to do so. They start their label from a sense of alertlessness. They can manage a while because of the Dutch subsidy system. Young designers are often very poor, a lot of them get subsidized.'

D. Flamée (FFI):

'We still see that graduates have the ambition to start a label. However, today Belgian designers start a label after more preparation and experience. What I have seen is that they prefer to work in a big company for five years. With this network they can later found an own label.'

Although a majority of Dutch fashion entrepreneurs starts a label immediately after graduation, most of them state not to have sufficient commercial knowledge to do so. Still, a lot of them think that they will be the exception or that they will be approached by third parties that want to help them. While Dutch fashion entrepreneurs are somewhat passive in seeking financial help, Belgian fashion entrepreneurs are more pro-active in their approach.

H.J. Stuyling de Lange, Member Management Board, Fortis, the Netherlands. As the main sponsor of the Arnhem Mode Biennale, he is familiar with the Dutch fashion industry:

'I believe that it may be part of the Dutch mentality to think that when you become an entrepreneur everything will fall into place and that everybody is willing to help you. As a creative entrepreneur, you just want to realize your ambition without having to occupy yourself with the business side. And they often do not want to invest too much.'

And:

'You have to have a certain character to become an entrepreneur. With these characteristics, you may be able to survive. A lot of people try to become entrepreneurs, but they simply miss these characteristics. They will never succeed. Take x, he is from a family of entrepreneurs. He has always been very enterprising. He has been able to combine the creative and the businesslike spirit unlike many designers.'

This 'sense of reality' can also be found with fashion entrepreneurs in Belgium. Instead, of giving fashion shows in the *gestation phase* (Leadbeater and Oakley, 2005) like Dutch designers do, Belgian fashion entrepreneurs prefer not to have a fashion show in this phase. They prefer organizing a showroom, which is meant to attract customers instead of media attention. This is what W. van Beirendonck means with the sense of realism. As we will later see, it can also help them to attract external financing in the form of bank loans.

Belgian respondent, graduated in 2000, started a (profitable) label in 2003 after having worked for Dries van Noten for three years:

'I talked to Dries about the strategy. He has given me some good advices. He told me to start slowly. He said, it was wiser to first do a showroom instead of working with a press office and giving shows. I first had to attract a solid base of customers. And so I did for 5 collections. When I started to make profits, I started working with a press office. The first fashion show in Paris came three years after the foundation of my label. I preferred this idea of a natural grow.'

Dutch fashion designers highly value fashion shows. The majority believes that having a fashion show and being connected to a press office is a good start.

Dutch respondent, graduated from ArtEZ (2004) and FIA (2006), has started a label two years ago:

'Having fashion shows is a part of my strategy. I have no money to produce although I do get a lot of orders, which is pretty frustrating. I do not sell or produce right now as a part of my strategy. With the help of the fashion shows, I want to create a lot of media attention. I hope that an investor or a sponsor will hear my name and that he will offer to help me.'

In the Netherlands there are designers that are quite known but who do not sell their clothes. The example mentioned above is typical for young typical designers who value the presentation of their ideas more than the actual implementation (production). According to M. Boelee, it is possible that this is a result of what he calls 'The Viktor and Rolf-syndrom', after the successful designer duo who were mainly occupied with the presentation of their work.

As a strategy, they decided to make unwearable clothes. But the difference between Viktor & Rolf and designers today, is that there was a strategy behind the presentation of their designs. They made a clear statement. The designers today do not have a clear strategy that explains the way they work. It seems they are forced to work the way they do because of financial difficulties. According to Boelee (2008) the new designers also cannot benefit from the interaction between several factors (strategy, luck and image) like Viktor & Rolf could.

4.3.2 Production

Fashion designers who start their own label, often have problems finding a production company to produce their designs. Often, they prefer to keep their production in-house which keeps the costs lower. Most of the Dutch designers produce the sample collection in-house. Outsourcing of production makes a collection expensive. There seem to be differences between the Belgians and Dutch designers in this regard because Belgium has the image of having better production possibilities. In Belgium, designers are sometimes attracted by production houses to design a collection, like Marc Gysemans invited Flemish designer C. Wijnants. Gysemans has been an influential character in the Belgian fashion industry: he has helped V. Branquinho in her start-up phase too. *Gysemans Clothing Industry*, produces the collections of the new generation of Belgian fashion designers: Tim van Steenberghe, Dirk Schönenberger, Bernard Willhelm and Raf Simons (Windels, 2003). Another example is A.F. Vandevorst who worked together with *Ambiance*, another Belgian production company. However, over the years production facilities in Belgium have declined because of competition from low-wage countries (Verhaeghe, 2008). *Gysemans BVBA* has moved a part of the production to Romania in 1998 in order to stay competitive (De Voldere, 2007).

R. Verhaeghe, former business partner of V. Branquinho, now works for BVBA 32, an holding company in which the companies of Ann Demeulemeester and Haider Ackermann are united:

‘The past ten years Belgium has experienced several important movements. A number of production houses has disappeared. Others have left Belgium and have established themselves somewhere else. Besides, it is very difficult to find employees for this sector. It is not as it used to be anymore ‘

In the Netherlands, we can see events that start to point out a better cooperation between production houses and young fashion entrepreneurs. Dutch fashion designer M. van Gaans and J. Jolink have been invited by Just B (a Dutch retail company) to use their production facilities for their collections (Hoitink, 2008). Still, production (next to financing) is considered to be the biggest problem among Dutch fashion entrepreneurs. We have a retardation when

it comes to production possibilities. Still (especially compared to the Belgian fashion entrepreneurs), Dutch designers produce a lot themselves.

Dutch respondent, did both ArtEZ (2004) and FIA (2006). Started a label after graduating from FIA:

'At this moment my biggest problem, next to financing, is production. Outsourcing makes a collection very expensive but in order to professionalize you have to eventually. In the future it will not be possible to produce everything with interns. At the moment I do not produce because I do not have the money for it. I only produce a sample collection which I show during the Amsterdam International Fashion Week.'

Dutch respondent, graduated in 2005 (ArtEZ). Started a (now profitable) label directly after graduation:

We work with six to eight interns in order to be able to produce the collection. When you start to outsource things, the costs will be much higher. You have to think of 35 euros an hour. I do all the production in-house except for shoes and blazers. For a blazer you need fifty different machines, which I do not have. I try to keep the costs as low as possible.'

In the Netherlands, 15 out of the 22 designers, either produce everything themselves or only partly outsource their production (they only do the sample collection themselves). In Belgium, the majority (14 out of 16 designers) outsource the entire production of their collection. Some Dutch designers point out that in order to find a international production houses, one needs to take action oneself. One Dutch fashion designer produces a collection in India, one outsources parts to Belgium and another one produces in China. The majority of the Belgian fashion entrepreneurs still prefers to produce a collection in Belgium although this has become more difficult too.

4.3.3 Circulation and structure

The fashion industry is influenced by different time cycles who seem to follow up one another quicker and quicker. This can be a huge constraint for designers to start a label. High fashion designers are supposed to present two collections a year (spring/summer and autumn/winter). Fashion retail companies, like Zara (Inditex) or H&M, present over ten collections a year which has changed the landscape of fashion. During their last fashion show (A/W 2009) Viktor & Rolf protested against this pressure by painting No!No!No! on the faces of their models and their clothes.

According to Roso (2005) independent fashion designers still present two collections a year. According to my results, some Dutch designers believe it is not possible to present two

times a year while others (especially Belgians) believe it is necessary in order to be respected by peers and other designers. In some Dutch cases this choice is deliberate while in other cases the designer has no choice but to present one collection a year.

Dutch respondent, graduated from ArtEZ in 1998, started a label almost five years ago:

'Personally I think it would be good to reconsider the calendar of fashion. It is almost impossible to follow this structure of presenting twice a year as a fashion designer. Besides, I am too busy with commercial jobs that help me to survive financially.'

Dutch respondent, graduated in 2004 from ArtEZ, has had his haute couture label for three years now, which is not profitable:

'If I choose to present two collections a year, I need twice as much money too. It is a deliberate choice not to do it also because I refuse to believe in this system. If I would have presented two collections, I should have started to find a sponsor by now. I would not go to a bank however, because I can hardly pay my bills right now.'

There are some Dutch exceptions who believe that they have to present two times a year in order to be part of the fashion industry on a professional base.

Dutch respondent, did both ArtEZ (2003) and FIA (2005). Started a label after graduating from FIA:

'I prefer to follow the international rhythm. I like the quick pace and the excitement too.'

Dutch respondent, did not graduate from ArtEZ or FIA. Started a label six years ago, which is not profitable:

'The idea is to present two collections a year, but already I am doubting whether I can produce the next one. Maybe I will manage, but I am not sure now because I still have to pay many bills from the last one. At the moment I am writing a business plan in order to attract investors or sponsors. When this happens, I will present two collections a year for sure.'

Belgian respondent (based and born in the Netherlands), graduated in 2005, has had her label for two years and made her haute couture debut in Paris.

'I love the idea of a pressure cooker. I will not withdraw myself from the system. Even not when it is financially hard to survive. If I would have financial troubles, I would make a collection from paper. It can also reinforce your creativity. But show your collections twice a year. I like to look for the professional rhythm and I try to survive in this structure. I take a chance.'

Belgian respondent graduated in 2005. Moved to London where he and an old classmate work together on their label:

'There is no use in fighting the fashion system as a young designer. When you are just graduated, you can often adapt a somewhat arrogant attitude. You want to crack the system. But it is a system you cannot fight, you have to think in seasons. Shops also have to grow with you. If you are not there every season people forget you.'

All of the 16 Belgian fashion entrepreneurs state to present (or have the ambition) to present two collections a year. Out of the 22 Dutch fashion entrepreneurs, 16 have this ambition. As can be seen in the quotes, closely related to this problem is financing. This is considered to be the biggest problem young fashion entrepreneurs run into.

4.3.4 Financing

According to Roso (2006: 16) financing is the major bottleneck of fashion entrepreneurs. Problems with financing directly affect the start-up and growth opportunities of an enterprise (Roso, 2006).

The costs of manufacturing a collection have to be considered as research and development costs. According to Roso (2005) these costs can vary from thirty thousand to five hundred thousand euros. It depends on whether a designer presents his collection during a fashion show, the amount of outsourcing and the number of sample collections. A fashion designer has to earn these costs back by selling to retailers. The amount of costs that Roso (2005) has described, seem somewhat high to me. Several designers are able to produce a collection for five thousand euros (both Belgians and Dutch, including presentations) by a healthy balance of outsourcing, working with internships and keeping the costs of fabrics at a certain level.

Still, financing remains a major bottleneck. Developing a collection and the production of orders have to be pre-financed. Possible revenues can be collected once pieces of the collection are delivered to retailers (Roso, 2005: 38). In the meantime, the development of the next collection has already started. This means that there are two periods in the year in which financing plays a major role. In these two periods, the costs (investments) are much higher than the revenues. The overlap can be six to nine months (Verhaeghe, 2008). According to Roso (2005) this makes fashion an unpopular sector for banks. As I will later show, there are some exceptions both in Belgium and the Netherlands that point otherwise.

For this reason, more and more designers sign contracts with big fashion houses in order to have a solid income. In Belgium, Walter van Beirendonck works for Scapa, Raf Simons

works for Jil Sander, Kris van Assche works for Dior and Bruno Pieters for Hugo Boss. These are big examples. In the Netherlands and Belgium, we see that the majority of the young fashion entrepreneurs freelance for big companies in order to be more financially independent or to invest in their own collection. These jobs inevitably effect the time spend on the label. There are some exceptions. Two designers in Belgium, stated that they wanted their company to be viable. Covering up the losses of their label with free-lance work, they called 'cannibalism'. The bad financial situation of young fashion entrepreneurs is supported by the following examples:

Dutch respondent, graduated from FIA (2004). Started a (not profitable) label 2 years ago with an old classmate:

'The label is not bringing any money for two years now. We are making even more debts than we already had. We have to do second-jobs in order to earn this money back.'

Dutch respondent, graduated from ArtEZ in 1998, started a label almost five years ago:

'I still don't break-even with my label after four and a half years. I still have to invest more than I earn. It is some sort of sum. How many points of sales do I need and how much do I have to sell to make a profit. And then I am not even talking about my opportunity costs.'

Belgian respondent, graduated in 1999, has had a label (that breaks-even) for three years:

'I am very fortunate that I get subsidies from Austria where I am from. In Belgium, designers are not subsidized. I live from this subsidy. With the sales from my label, I can keep it alive but I cannot afford producing a new collection. I have this label now for three years. Every season I have to produce a collection before the former collection even gets sold. That is exactly the amount of money every time I do not have.'

The majority of the Belgian and Dutch fashion entrepreneurs earn very little. However, the Belgian entrepreneurs (compared to the Dutch designers) are financially somewhat more successful (including free-lance work) than the Dutch entrepreneurs even if that only means breaking-even.

4.3.5 Entrepreneurship

Dutch respondent, graduated from The Arnhem Academy of Arts and Design (1995) and FIA (2000), started a label with an old classmate:

'It is really hard to be a young fashion designer. It is a struggle. You have to work 24 hours a day. There are designers who are less creative, but who have acquired some business skills. Businesswise they are very creative. They have a bigger chance to succeed. Belgian fashion designers know how to combine these two better. They are entrepreneurs. They combine both without being too commercial.'

The problem of the required multi-tasking is closely connected to the influence education can have on the success of a fashion designer. I will elaborate on this in chapter 5.

In order to be successful, young fashion entrepreneurs have to be able to combine a huge amount of tasks. Being a fashion designer is certainly not only about creativity. In order to be successful you need to have acquired several skills that are all equally important. In other words, you have to be an *entrepreneur*. Jacobs (2007: 4) states that (Dutch) fashion designers are not afraid to occupy themselves with entrepreneurial activities. The problem is that they do not see themselves as being entrepreneurs.

Dutch respondent, graduated from ArtEZ (2004), started a label three years ago, which is non-profitable:

'You need a start sum of 58 euro to start your company. That is the amount of money you need to take a subscription in the Chambers of Commerce. It was a practical thing to do, so I could buy fabrics at wholesale trades. That was the only reason for me to call myself an entrepreneur. Not because I thought this is my business plan and these are my goals. No, if I would have been a painter and I did not need that many materials I would have never subscribed in the first place.'

Dutch respondent, did not graduate from ArtEZ or FIA. Started a label six years ago, which is not profitable yet:

'Objectively I am more of an entrepreneur. Then again, I still consider myself as an artist although I need to be an entrepreneur. I have to start acting as one now.'

And:

'Combining design and management is very hard. How can you unite ten functions in one person? I prove that it is possible but if you look closer at my organization you can easily find the soft spots.'

Belgian respondent, graduated in 1999 from the RAFA:

'I run a one-man business. I have to control so many facets that it is sometimes impossible. If I could financially, I would hire someone to help me. At a certain point it stops. You cannot do more. I design, make graphics, make my invitations, do my marketing and keep control over the cash flow. It is very important that you have the skills to do so. My previous work experience luckily made it easier.'

Dutch respondent, graduated in 1998 from ArtEZ, has had a label for almost five years:

'You do not realize as a creative starter what you get yourself into. As a creative starter you must have multiple capacities. You have to be able to communicate, to organize and to attract money. If you do not have these capabilities, you have a problem.'

Dutch respondent, graduated from FIA (2004) and started a label (which is not profitable yet) two years ago together with an old-classmate:

'You have to be an entrepreneur to be able to start a label. When we started, we thought we would spend 90 % of our time on designing and 10 % on the businesslike aspects, but actually it is the other way around. You only spend 10 % designing. How important is the creative part, when you realize this? I think it is wiser to put more quality in this 90 %. You start a label in order to be creative. But in reality you have to be creative in a few days, in order to manage the rest.'

It is very problematic for young fashion entrepreneurs both in the Netherlands and Belgium to run a one-man business. Especially, because the designers do not have sufficient financial resources to hire someone to help them. When they do have help, it is often somebody that is related to them (a family member or friend) who is willing to help the designer for free. Moons (2007) who has done elaborate research on the Flemish fashion industry, and De Voldere et al. (2007) state that they believe in a strict separation between the creative aspects of a fashion enterprise and the businesslike aspects. Good examples in Belgium are: V. Branquinho (former business partner R. Verhaeghe) and Ann Demeulemeester (A. Chapelle, BVBA 32).

R. Verhaeghe, former business partner of V. Branquinho and currently working with A. Chapelle at BVBA 32:

'The relationship between the business part and the creative part at Ann Demeulemeester has grown organically. It took years. A. Chapelle started working here almost 30 years ago. At that time the company of Ann DeMeulemeester was a small creative company. (...) Fashion is a very a-typical sector. There is a lot of creative freedom. In normal business people just look at the numbers. We at BVBA 32 try to look at both, creativity and numbers. They are both very important.'

In the Netherlands, fashion designer J. Jolink teamed up with a business angel and a partner (P. Feldbrugge). Other Dutch examples are very rare. Other famous examples are Tom Ford (D. De Sole) and Martin Margiela (J. Meirens). Problematic for young fashion entrepreneurs though, is that they are not appealing to possible business partners enough in the first stages of their company (gestation). They do not have money to hire someone and besides they do

not attract business partners. Besides, there are no management schools yet that educate people like this. Because of this, some alternatives have been called into existence. I will discuss 'Turning Talent Into Business' and 'Plato fashion' in chapter five.

M. Boelee, head of design and coordinator at ArtEZ, has had a label in the past:

'You have labels that approach it in a very businesslike and smart way. They have a very creative person and somebody who is really skilled in doing business. The biggest problem of designers who start a label directly after graduation is that they all have creative aspirations. They all want to create. Even fashion duos. They do not have any money and they never considered to divide the creative and the business part. That is a fatal construction. I was absolutely not skilled to be an entrepreneur. My partner also was not. Actually, we were doomed to fail. Today I see a lot of designers that are doomed to fail as well.'

This problem of professionalization is both visible among fashion designers in the Netherlands and Belgium. One possible explanation is that designers who graduate from fashion or art academies in Belgium or the Netherlands, have not learned to commercially exploit their talent. (De Voldere et al. , 2007) According to De Voldere (2007: 36) the main weaknesses of fashion entrepreneurs in this regard are: accounting, financial planning and strategic management. This makes the chance to survive in this industry very small.

According to Franck and Nauwelaerts (2007), young fashion entrepreneurs have to deal with a lot of problems between the third and fifth year of their small enterprise. The biggest problem is that they do not consider themselves as entrepreneurs. An example of this was given by Roso (2006: 7) who concluded that Dutch designers are not very well organized. The low entry threshold as no minimum qualification is required, may cause this. Dutch fashion designers do not have to enrol in trade registers and independent designers are not very organized: only 79 designers (six percent) are registered with the Association of Dutch Designers (BNO). Besides, they are not marketing orientated: only 300 designers can be found in the Yellow Pages. In chapter five and six, I will elaborate on the differences in entrepreneurial behaviour between Dutch and Belgian fashion entrepreneurs.

4.4 Conclusions

In this chapter I have zoomed into the Dutch and Belgian fashion industry. Compared to Belgium, fashion designers in the Netherlands get a lot of government support. However, this support does not result in large numbers of designers that make it into a phase of growth or expansion (Leadbeater and Oakley, 2005) At the least, I can conclude that government

support in the Netherlands does not stimulate entrepreneurial behaviour among young fashion designers.

Compared to the Netherlands, Belgium offers less help to fashion designers. But the help that is offered seems more productive. The fact that Belgian designers are more capable of making it into the second (growth) and third phase (expansion) (see §2.2.2) can be seen as an illustration of this. In evolutionary terms, reaching the second and third phase can be perceived as reaching a stage of retention (see §1.4).

To return to chapter two, where I have both looked at the psychological profile of the entrepreneur and the action based approach, there can be two explanations for the differences in entrepreneurial behaviour between Dutch and Belgian fashion entrepreneurs. Misra and Kumar (2000) have proposed that attitude towards entrepreneurship is a function of the demographic and psychological characteristics and their interaction. Secondly, entrepreneurial intentions are influenced by the attitude towards entrepreneurship mediated by the situational factors.

The first would look at the differences in characteristics between Belgians and Dutch fashion designers. It is true that entrepreneurs must possess over several characteristics in order to succeed. For the action-based approach, skills are more important because they can be acquired. As was explained in §4.3, the next two chapters will look at two factors that can possibly explain the difference in propensity to entrepreneurial behaviour between Dutch and Belgian designers: access to external finance and education.

Chapter five: Education

In this chapter I will look at the first factor that could explain the differences in propensity to behave as an entrepreneur in Belgium and the Netherlands. As was argued in Chapter 1, education is a factor that can have influence on entrepreneurship. When differences in education can account for the different attitudes towards entrepreneurship in the Netherlands and Belgium, this has to be visible in the year schedules of both Academies and the experiences of the fashion designers. Some designers do realize that they need entrepreneurial skills in order to succeed. In this regard, I will also discuss two recent post-academic initiatives. In this chapter, I will compare what ArtEZ, FIA and the RAFA, offer their students in the form of subjects, topics and literature on (fashion) entrepreneurship. Besides, I will look at the way that both the Belgian and Dutch have experienced the four years of training at both academies (perception). In §5.1, I will look what ArtEZ and FIA have to offer (§5.1.1), then I will look at the experiences of the graduates (§5.1.2). In §5.2, I will do the same for Belgium. In §5.3 I look at the result of this comparison from an evolutionary perspective. I will answer the first part of the research question.

5.1 ArtEZ and FIA

As was argued in chapter 3, I have decided to compare the curricula of ArtEZ, including the master programme FIA, with the RAFA. Both academies can be placed under the 'conceptual fashion' education model as described by McRobbie (1998). In the next paragraphs I will look at the curricula of both ArtEZ the FIA. Do these programmes pay attention to the business side of fashion? If yes, in what form? And how are these initiatives (if existing) experienced or perceived by former graduates?

5.1.1 Educating entrepreneurship: Bachelor degree

Viktor and Rolf, the most famous graduates from ArtEZ have mixed feelings when looking back at their education at the academy of Arnhem:

'During our education at Arnhem, the focus was mostly on the creative part of fashion. There were no boundaries, everything was possible. This ultimate form of freedom was nice at the time but it was hard to translate it into something tangible. Fashion was seen as a form of expression in Arnhem. A big disadvantage of Arnhem was that there was no connection to the real fashion world.' (Viktor & Rolf, In: Academie Arnhem 50 jaar in de mode, Artez Arnhem, 2004: 84)

The bachelor department fashion at ArtEZ goes back to 1953, when E. Lamaker set up the department of Fashion Design and Fashion Illustration. The bachelor fashion design at ArtEZ trains students to become fashion designers with an own signature that is recognizable in the Netherlands and abroad. The objective of the course is that students learn to discover and deploy their abilities. ArtEZ aims to not churn out a single type of standard designers. The intention is to educate people to meet the basic needs of every market and to acquire a wide variety of skills. The training will equip graduates either to be a designer of couture or jeans, to work with an own label or for a company, and to focus on the avant-garde or on the mass market. Approximately 75 percent of the graduates will work in confection (Boelee, 2008).

ArtEZ offers a four year course which focuses on the designing and production of clothes along with a general understanding of fashion as a phenomenon. The emphasis is on developing creativity (see: www.modearnhem.nl/mode-en.html). The four year course is characterized by many contact hours (www.modearnhem.nl). Students receive mental coaching, which entails learning to understand oneself and to gain the confidence needed to hold oneself in the professional world.

ArtEZ offers practical and crafts-based aspects and theoretical knowledge. Each year is divided into two terms. In the second term a production period is reserved in which the students can realize their designs. Each year has a clear profile. The first year is meant to undermine fixed ideas and to stimulate original and individual concepts. The first year curriculum consists of: *Fashion Design, Experimental Design, Fashion Illustration, Textiles, Pattern Drawing, Production, Visual Grammar, Fashion & Costume, Computer Skills and Art History*. After the first year, students may be refused admission to following years based on their results (www.modearnhem.nl). There are two first year classes, each of which are attended by approximately 22 students.

The second year emphasizes the knowledge (both general and professional) of the student and focuses on developing professional skills. The curriculum consists of: *Fashion Design, Fashion Illustration, Pattern Drawing, Production, Technical Drawing, Textiles, Printdesign, Graphic Design, Computer Skills, Fashion & Culture and Art History*.

During the third year, the students get in contact with the professional practice. The first term of this year consists of classes in: *Fashion Design, Knitting, Fashion Illustration, Pattern Drawing, Moulage and the minor Collection Arnhem*, a project where third-year students work together on a collection, which has to be produced as samples, presented and sold. In this term students also need to write an Art History paper. During the second term of this year, students need to spend three months attending a work placement (an internship) in the Netherlands or abroad. The third year is finished with an intensive design workshop that both

combines the experiences of Collection Arnhem and the internships (www.modearnhem.nl/mode-en.html).

The final year (the graduation year) is about designing.⁴ The curriculum is dedicated to developing the students personal touch. In the final year, four design teachers guide the students and emphasize different aspects of the design process. Next to a collection, the graduates also need to develop a presentation folder. Also, in this year meetings are held with professionals, so that every effort is made to prepare the students for the world that they will enter after graduation (www.modearnhem.nl/mode-en.html). The finale consists of a presentation of the collections in a show held in June. The higher years consist of approximately 25 students.

It can be concluded that the curriculum is mainly focused on the creative development of the students. There does not seem to be a lot of attention for the more realistic side of fashion or for the businesslike aspects (except the minor Collection Arnhem) that designers will come across when starting an own label. There have been attempts to change this.

M. Boelee, head coordinator of the bachelor Fashion:

'It is hard to integrate a business course in the curriculum. In the past we did offer courses like this but except for 1 or 2 students nobody was interested. They just did not show up although it was mandatory. The students that did show up said that it did not connect to what they were doing. It just did not reach them. They all thought: I will never need this! A lot of them just dropped out. The other problem was that we only have four years to educate our students. There was always something that was more important to them. Especially the final show. The last problem is that our students become younger and younger. It has no use to give them this sort of information in an early stage.'

And:

'Since a couple of months we organize clinics together with HTNK. In these clinics we try to inform students about different sorts of designers. We have had guest lectures of several designers. We have also discussed the marketing side. We have noticed that they have never considered marketing at all.'

Because a mandatory course did not work, businesslike courses are now planned whenever there is an empty space in the curriculum. But when there are not enough applicants, the course will not be offered. According to Boelee (2008), the students that graduate are not fully trained. They need at least four more years working experience in practice.

⁴ Since 2007 students can choose from three profiles for their graduation year: *Fashion & Design*, *Fashion & Vision* and *Fashion & Industry*.

The lack of enthusiasm among students for businesslike aspects can be attributed to a romantic myth surrounding a career in fashion design. This could be ascribed to what I would call the 'Viktor-and-Rolf effect': students entering the fashion business with the unrealistic ambition to become the next Viktor & Rolf's. Viktor & Rolf (who graduated in 1992) are the most famous graduates from ArtEZ.

M. Boelee, head coordinator of the bachelor Fashion:

'Yearly we receive a lot of applications. Two third of them only have the dream to become famous. I call that the 'Bold and the beautiful' syndrom. They have no self-reflection. We have to select them on the right criteria.'

And:

'The highest goal among students still is starting an own label. They all dream of becoming the next Viktor & Rolf although we continuously tell them they won't. I have noticed though that more and more graduates state that they first want to work a few years before starting an own label. We will see about that. They think having on own label is the highest goal possible while in fact it is very, very hard.'

After having looked into the curriculum of the bachelor degree of ArtEZ, we can conclude that the ambition is to educate students as all-round fashion designers. They can either work in confection or start an own label. In the next paragraph, I look into the Masters Degree of ArtEZ.

M. Boelee, head coordinator bachelor Fashion, Arnhem:

Designers who choose to do FIA, more often have the ambition to start their own label. Half of the graduates also do so. FIA functions as a specialization. I believe that the business skills belong in that programme instead of in the bachelor.'

5.1.2 Educating entrepreneurship: Masters Degree

Within ArtEZ, there are two master programmes available. These are: Fashion, Design and Strategy (F,D&S) and FIA. In this paragraph I will discuss the latter.

FIA is a full-time, internationally acclaimed (since 2007) two-year master's programme. FIA (founded in 1998) originated out of the necessity for a better connection between higher vocational fashion designers and the international work field. This course is meant for designers who wish to refine their personal signature and develop their skills as independent

designers. FIA is primarily interested in designers who aspire to create their own label or who want to work in a team at an international design studio. In this Master Programme, the focus is on personal, creative and professional development. Students operate in a unique and extensive international network during their education, which gives them a realistic picture of the professional world awaiting them. For many, it has served as a springboard for success⁵.

Students receive training in work ethics and develop a personal handwriting. They are taught distinctive skills needed in a constantly changing environment. FIA stimulates students to take part in fashion events and shows, and organizes behind-the-scenes group excursions to leading fashion houses. The programme is divided into three semesters.

During the first semester the emphasis is on theoretical training and reflection. In this semester, the student is trained and tested in presentation, communication, personal identity and independence. The courses are: *Moulage*, *Corset making*, *conceptual planning*, *design*, *strategy* and *image making*. During the second semester, the focus is on key elements in a fashion collection and on helping the student develop his signature. Courses are: *Draping and Knitwear*, and workshops called "*Me Myself and I*" which consists of developing a collection from a to z on a small scale. Field trips are also part of this semester. During the third semester, students produce their final collection under the supervision of professionals. The collection must consist of a minimum of 18 outfits. The focus is on the design process, the working method, communication, self-presentation, local and international networking and multitasking. All the aspects of fashion presentation are covered, from the financial and organizational preparations involved in getting a collection off the ground to the presentation and organization of the designer's own product on a catwalk show or in a showroom. The FIA plays an active role in generating publicity around its graduates and their work. In addition to these creative elements, the student is required to write a thesis on a subject of his or her own choosing.⁶

A. Westerhof, founder of the FIA and the DFF:

'Within the FIA we try to emphasize a designer's unique selling proposition and his or her signature. We educate our designers to work in a studio so that they can test whether they want an own label or not. A lot of students who apply for FIA are not sure whether a label is what they want. Some designers change their minds and prefer working in a team. That is the biggest accomplishment we can achieve, to make designers question their motives.'

⁵ Brochure Arnhem Fashion Masters, 2007-2008.

⁶ Brochure, Arnhem Masters, 2007-2008

Notwithstanding the optional courses on business skills in the bachelor phase and the 'realism' FIA should equip students with, it is questionable whether both courses sufficiently prepare students to start an own label. In the next paragraph I will look into the opinions of interviewees on this.

5.1.3 Perception

In the former paragraph, I tried to give a image of the training 'environment' at ArtEZ. There are attempts to improve the lack of business skills of students and to offer more than courses in creative development alone.

Out of the 22 fashion entrepreneurs (20 answered this question), 13 stated that they had been more content if there had been more attention for the businesslike aspects of fashion in the bachelor or master phase; 7 state not to know whether this would have made a difference (or that they realize that they miss it now); one of them states that he would not have paid attention during class, even when it was offered. Another argument against business courses was that they could have discouraged the designer to start a label in the first place. Out of the 8 non-entrepreneurs, the majority (5) states not to have missed attention to businesslike aspects of their education. Out of the three who did miss this, 1 designer failed in setting up a label and the other two just finished their Master Degree. One of them graduated from FIA in June 2008.

The majority of the graduates praises the creative training aspect of the bachelor programme. Most of them are proud to have been educated at Arnhem because of the emphasis on creativity.

Dutch respondent, graduated from ArtEZ (2005), started a company with a former classmate, both produce their own label, one is profitable:

'In Arnhem you learn everything yourself. This helps you to be the connection, the salesman, of your label because you know how it works. The strength of Arnhem probably also is her biggest weakness. Look at the graduates of 1992, among whom Viktor & Rolf, who were so conceptual that they were completely isolated. But because of that, they have been able to create incredible things. Arnhem is unique when it comes to self-expression.'

Only one fashion entrepreneur believed that the training at Arnhem was very much focused on working in confection. The other graduates stated that the Bachelor was very versatile in career opportunities. Although there have been some attempts to train the business aspect

of fashion, the majority of the designers states to have missed this aspect, especially when starting an own label.

Dutch respondent, graduated from ArtEZ (2005), started a company with a former classmate, both produce their own label, one is profitable:

From the start we were very interested both in clothes that could be sold and could be worn. When the Chambers of Commerce offered a course in doing business, we were very enthusiastic. But 99 % of the class was not. It eventually was cancelled because only two students were interested. The academy keeps you very naive.'

Dutch respondent, Artez (2004) and FIA (2006), has had a label for 2 years now, which is not profitable:

'During my education there was no attention whatsoever for the businesslike aspects of fashion. It was about creativity. I understand that it is hard to incorporate this in the programme. Four years is a relatively short period in which you have to be formed on a creative level. But I did miss it, I was interested in the businesslike aspects of fashion. I certainly miss this now. It was the idea that the minor Collection Arnhem made us acquainted with the businesslike aspects but in reality the group was too big to feel responsible for everything, from sales to distribution.'

Dutch respondent, graduated ArtEZ (2001) and FIA (2005):

'I remember that we had a course in entrepreneurship on Thursdays. But that was the only course we had on Thursday. Me and my classmates preferred to stay at home. Most of the students are not ready for courses like this. And it was very boring. I believe in order to make it interesting, you need a teacher who is passionate about fashion too.'

The majority of the students was very positive about the Minor 'Collection Arnhem', although some state to have learned more than others because the groups were too big. Especially students who were in control of accounting or the cash flow (instead of the creative aspect), stated that 'Collection Arnhem' was a meaningful experience. Several students offered solutions for the (in their eyes) lack of businesslike education.

Dutch respondent, graduated from FIA (2004) and started a label (which is not profitable) two years ago together with an old-classmate:

'I believe that the creative aspect of the training should be brought back to three years instead of four years. Then again, it depends on ambitions and future plans. Maybe, it is not differentiated enough right now. When you know that you want to start a label, there should be an education to teach you

these aspects. Or that at least makes you conscious of the problems you will run into. Now, it is just impossible. I believe that it is absolutely impossible to start a profitable enterprise directly after you graduate from the academy.'

And:

'I believe that half of the time of the masters degree should be spend on management. Especially when you realize that designers who start an own label, spend only 10 % of their time on creative aspects and 90 % on the businesslike aspects. Even if you do not want to start your own label and you want to work in confection, the academy does not give you enough skills. The programmes do not match up with reality.'

Even the FIA, whose goal it is to prepare students who aspire to start an own label, does not prepare the students for the businesslike aspects of fashion. The graduates from both ArtEZ and FIA point out that the latter does not pay more attention to the businesslike aspects. A few of them regret this, especially because they state to have done recommendations. These designers stated to have wanted more workshops from designers who had experienced the businesslike difficulties with their labels (instead of creative workshops) or more contact with the production side. A positive point of FIA is that it promotes its students internationally during the two years. That this could work out otherwise was explained by a graduate from FIA (1999) who said that she and her partner stepped into a rollercoaster of attention after they graduated without having any idea on how to tackle business problems.

The majority of the designers that applied for FIA had expected more from the Master degree in terms of 'reality' training. However, these students state that FIA would have wanted to do this too, but that it was hard to organize this. One respondent has just graduated from the FIA after also graduated from ArtEZ. As FIA became internationally acclaimed in 2007, she can tell us whether this changed the course or not.

Dutch respondent, graduated from ArtEZ (2006) and FIA (2008):

'The course emphasizes having an own label very much. You have to give yourself a spot in the market. But that is it. It is not that they offer you guidance. Designing is still the central element of the course. I think that a more businesslike approach would complement the current course. I am not ready to start an own label with the knowledge I have now. I know that I have a strong signature and that I can design. I have noticed that the FIA is (unlike I expected) totally not focused on how it is to start a company and what steps you need to take.'

And:

'We have had a meeting with somebody from the industry who had made a business plan for Martin Margiela before. We had to start thinking about a plan for five years which came as a surprise. Eventually, we did not pay a lot of attention to his business plan. The lecture was quite boring, with a lot of Excel sheets. But it could be interesting for personal situations. 'Therefore I think that the way in which these courses are taught are very important.'

We can conclude that entrepreneurship is not stimulated by education in the Netherlands. Over the years, there has been some attention in the form of business courses, both at the bachelor and master degree. But these courses could not get a grip on the students. This is caused by several factors. First, students are not interested in the businesslike aspects. They do not show up when a business course is planned or they state to have no interest in it. Another often heard argument is that designers that do start a label, will run into these problems sooner or later. In this case, it would have no effect to acquaint them with these problems as there is not one solution for these problems that can be educated. Running into the problems would be the best way to learn (Hoitink, 2008). Thirdly, there is too little time to incorporate business courses into the curriculum. It is also believed that fashion entrepreneurs would be better off with a business partner (Moons, 2007; Westerhof, 2008). Until a certain point, this is true. But young fashion entrepreneurs often do not have the money or the skills needed to attract a business partner.

Also, the environment plays an important role in the selection of the curriculum. Art academies like ArtEZ are dependent upon subsidies and have to follow up on rules made by the government (for example, a minor is mandatory in higher education). Another point of critic from several interviewees is the high amount of student that graduate. For every student and graduate, a school receives subsidy. Another example of this is that, because FIA is an internationally acclaimed master degree, students have to write a Master Thesis. According to Westerhof (2008) this Master Thesis, must fulfil certain criteria. It must be a thesis on the field of Creative Research. This means that FIA cannot make their students write a business plan as a part of their graduation project, although this would be valuable for the students who would want to start an own label (Westerhof, 2008).

Thus, ArtEZ and FIA find themselves in a difficult position. On the one hand, graduated designers blame their education for not having given them the skills needed to start a label. On the other hand, initiatives that are set up by ArtEZ and FIA are doomed to fail as students do not see the importance of these courses when they want to start a label in the future.

The majority of the graduates who pointed out that they had missed the businesslike aspect of their bachelor or master degree, also pointed out that it was important for them how these courses were educated. 'Boring' or 'not interesting' were the words used for the few business courses offered so far. It also did not help that courses like these are always

incorporated into one semester. To make it interesting for the students, they should see the relevance of it from an early stage on.

Dutch respondent, graduated from ArtEZ (1995) and FIA (1999), has had a successful label in the past together with an old classmate:

'I think the best approach would be to 'spread' business courses out more evenly over the semesters. When I had a course like this, it took three days, but you had no connection, no starting point. We went there because we had to. I had to learn it the hard way though. But students should see the importance of business economics. Workshops from designers who run into difficulties with their own labels, could help. Designers that study at an academy, have zero percent ratio and hundred percent creativity. From my experience I can recommend to 'spread' it out evenly, make students used to it.'

Because of the lack of entrepreneurial education, graduates who start an own label, have no choice but to 'learn by doing'. Especially because the majority chooses to start a label directly after graduation. An argument in favour of this situation is that graduates from other studies, like law or economics, also need supplementary training once they start working. Fashion designers are not an exception (Huiskens, 2008). An argument against this though, is that education has the responsibility to at least raise awareness of the entrepreneurial challenges ahead.

In order to take care of the problems of fashion entrepreneurs, several post-academic initiatives have been started in the Netherlands. Entrepreneurial skills can be educated through these initiatives. First, graduates can apply for several reality courses provided by Kunstenaars & Co (the institution that also makes the decisions about the WWIK). For Dutch fashion designers, a pilot project called 'Turning Talent Into Business' started in 2007. This was initiated by HTNK, DFF and Syntens⁷.

M. Hoitink of HTNK, one of the founders of TTIB:

'We selected 50 designers. Syntens tested the cases on possible forms of entrepreneurship. The criteria were talent, ambition and on a small scale entrepreneurship. Eventually, 16 designers were selected who had to make a SWOT. They had to show what they would like to have accomplished in five years. To many of them, that was an eye opener. These are designers that already have a renowned name in the field but no business foundation. Success and someone's bank account are not

⁷ HTNK and DFF were already discussed in chapter four. Syntens (part of the Ministry of Economics) stimulates entrepreneurs and helps entrepreneurs to innovate. The main part of her services consist of advice and guidance. TTIB was initiated by Syntens in 2007 because they saw that fashion designers often failed in entrepreneurship.

the same. They all have creative success and publicity, but they need help to convert it into commercial success.'

Out of the 22 fashion entrepreneurs, 7 are taking part in 'Turning Talent Into Business'. The majority is positive about their progress so far. Problematic is that every designer is at a different stage of entrepreneurship which makes it hard for designers to feel part of a group. One designer states that so far he has not learned a lot, simply because he does not feel motivated. Two designers are not content with the collaboration between them and Syntens. TTIB 2007 is a pilot which takes two years. After the pilot, a new generation of designers should be able to make use of the project. The project is subsidized.

A second recent initiative is 'The Artist Enterprise', that was started in 2008. Two fashion entrepreneurs out of 22, currently participate in their projects. Unlike 'Turning Talent Into Business', 'The Artist Enterprise' does not only focus on fashion but on the creative industry in general. These artists also need to write business plans for the following five years. For fashion designers, The Artist Enterprise tries to find production possibilities abroad. The Artist Enterprise tries to approach the designers on the level they already are, unlike TTIB that approaches all the designers in the same way. TTIB Departs from a collective, while the Artist Enterprise departs from the individual (Wanders, 2008). Designers have to pay an amount of 1,500 euro. The Artist Enterprise stays involved in the organization until profits are made. Profits are shared with the organization till an amount of 15,000 euro.

Both these initiatives leap into the lack of business skills of fashion designers. Both initiatives are convinced that fashion designers must be aware of the business skills that are needed when having an own label. In a way, these projects offer the (business) differentiation that is not offered at ArtEZ or FIA.

5.2 Antwerp Royal Academy for Fine Arts (RAFA)

5.2.1 Entrepreneurship education

Since 1996 the RAFA is subsumed under the Hogeschool Antwerp (the newly established umbrella institute which groups institutes of higher education in Antwerp). The diploma issued by the department is now a Master of Visual Arts. From September 2004 the Bachelor Master degree will be introduced in the Antwerp fashion department (<http://www.antwerp-fashion.be/masterdegree/index.asp>). The last two years are considered as Master years. In 2007 the Academy also introduced a one year Master Programme (Master Project Fashion or Fashion Research). One of the topics a student can choose is: art management or art organization. As no Belgian student graduated after 2006, I will not elaborate on this Master.

The fashion department of the RAFA sees fashion in the broadest sense of the word, as a form of expressions of the emotions of our times (<http://www.antwerp-fashion.be/about/index.asp>). The training that is provided by the fashion department stimulates innovation and is aimed at encouraging the students to create and explore innovative forms, new color combinations and original treatments of materials. The Antwerp approach is focused on experimentation, improvisation and formal innovation. The goal is that the students will achieve an appealing sense of these aspects, on the basis of the professional skills they have acquired. All art forms feature on the curriculum: the history of art, the history of costume, film, literature and music but also psychology and philosophy. The RAFA aims at training designers who combine their natural and stimulated creativity with a virtuosity in different disciplines and with excellent professional skills as well as the required perseverance (<http://www.antwerp-fashion.be/about/index.asp>).

The great difference between the Academy and similar study courses at technical institutes is in the creative approach. Fashion designers who are trained at an academy and who studied four years with painters, sculptors, graphic designers and students of other courses, live in a creative artistic atmosphere that leaves a mark on their personality (<http://www.antwerp-fashion.be/about/index.asp>).

Like at ArtEZ, students follow a four year course in Antwerp. The first year of the training in fashion design has three main artistic subjects: *Fashion design*, *Graphics* and *Tailoring/pattern design*. In addition, the curriculum in the first year contains a specific subject: *The History of Dress*. Students must use as much creativity as possible and must emphasize the experiment, which is highly valued in all years. The curriculum further contains the history of art, world literature, philosophy, sociology and psychology (<http://www.antwerp-fashion.be/fouryears/index.asp>).

In the second year the same three main artistic subjects are taught. The first term of the year, the students must recreate a historical costume. During the next two terms, the student has to create an 'avant-garde' fashion collection of five silhouettes. This year also covers two specific subjects: the history of dress from the Renaissance to the present and modelling/draping. Seminars on shoemaking, glovemaking and other projects are also part of the second year. Theoretical subjects in the second year are: contemporary art, art history, literature, philosophy, sociology and psychology.

In the first master year (the third year) students have to present a collection of eight silhouettes, based on either a European or non-European culture. Other courses are: *Graphic Design*, *Computer Graphics* and *Modelling/Draping*. In this year, students have to choose four theoretical subjects. They can choose from: *Contemporary Art 1*, *Contemporary*

Art 2, Art history, Art philosophy, Art theory, Semiotics, Iconography, Law, Accounting, Psychology or Communication.⁸

The second master year is almost entirely devoted to the final collection which must consist of at least 12 silhouettes. Final year students need to draw on all their organizational skills. In the last year, journalists, press agents, shop owners, fashion designers and companies are invited to give lectures on their profession (<http://www.antwerp-fashion.be/fouryears/index.asp>).

According to the Academy, the education sufficiently prepares designers to design clothes for a manufacturer or for a brand name but also for an own label. When looking at the curriculum of the Academy, we can see a very versatile approach with both very creative elements but also with optional 'realistic' subjects. In the next paragraph I will look at the way graduates have experienced their training in Antwerp.

5.2.2 Perception

Out of the 16 Belgian fashion entrepreneurs, 12 designers state to have missed a 'reality' aspect in their education. Four designers state to have only missed it after their graduation, or not to have missed it so far. Out of the 11 non-entrepreneurs, 10 designers state that they missed certain reality or businesslike aspects in their education. This differs from the opinion of the majority of Dutch non-entrepreneurs who state not to have missed businesslike courses. This can be explained by the fact that the majority of non-entrepreneurs in Belgium does have the ambition to found a label while the Dutch non-entrepreneurs do not have this ambition. However, the Belgians state they feel not sufficiently prepared to start a label directly after graduation. Like the graduates from Arnhem, the majority of the graduates from the RAFA, praise the creative approach of the training:

Graduate from the RAFA (2004), started a label after working a year for a design house :

'The RAFA is very much focused on artistic development. It is very personal. I must say that the Belgian way of education worked very good for me. It gave me a lot a freedom to express myself and to make personal statements.'

Graduate from the RAFA (2006), has worked for Scapa and Veronique Branquinho:

'I consider the RAFA to be the most creative. Everything is about creativity.'

⁸ See the brochure 2007/2008: www.academieantwerpen.be/PDFS/Studiegidsen%202007/Studiegids_Mode

However, none of the graduates believe that the somewhat isolated training prepared students sufficiently for a career in confection or in a company. An example mentioned by a respondent was that she did not know what salary to expect when working for a commercial brand.

Belgian respondent, graduated in 2006, works for a Belgian commercial brand:

'Now that I work for a company, I can see what was missing at the Academy. It has never been a big problem. I have always been able to do my work. But I learn new things everyday. We were never taught about the commercial aspect of fashion because it would stand in the way of creativity.'

Belgian respondent, graduated in 2003, currently works for Dries van Noten:

'While I was studying at the RAFA, I did not miss certain aspects. But once you have graduated, you see that you are on your own. I knew that I could design but I had no idea how to implement my ideas in a commercial company.'

Because of the high degree of creativity, several graduates from Antwerp have the feeling that the RAFA mainly educated designers who wanted to start an own label.

Belgian respondent, graduated in 2000, has had a (profitable) label for almost five years,

'When you look at the education at the RAFA, you are not educated to work in confection or to be an assistant of a designer. For me it felt like they were encouraging designers to start an own label. The assignments we got were so free. When you compare that with other fashion schools where the assignment are more or less structured, you see how different Antwerp is.(....). Especially in the fourth year, you get the feeling how it is to have your own label. A lot of students worked with manufacturers and seamstresses. Some graduate collections were almost professional collections.'

Belgian respondent, graduated in 2005, joined an old classmate to work on his label:

'The Academy gives you a base as a designer, a platform to express yourself. If people come up for advice I would tell them that the Academy is not very realistic. It is good for designers who have the ambition to start for themselves. Starting your own label is stimulated.'

A significant difference between ArtEZ and the RAFA is that an internship is not part of the curriculum at the RAFA. The majority of the Dutch graduates valued their internships very highly while only a handful of Belgians regrets that the internship was not part of the

curriculum (see Appendix III). They believe that their first job or work experience after graduating will function as an internship.

Belgian respondent, graduated from the RAFA (2006), has had a label with a friend, has worked for a commercial brand, and is now trying to set up his own label:

'I missed the businesslike aspect of the education very much. People start their with an illusion. You think you are in a glamorous, inspirational, creative world and that Karl Lagerfeld is going to call you next day to tell you he needs you. It is not like that of course. That is why it was very good to start working at a commercial brand like Scapa after graduation. It was a valuable experience, to know how the system works. It is important to learn this after the academy, because at the academy I did not learn anything besides creation. I had no idea how it worked.'

It is believed by the Academy that the student can do an internship during the holidays or after graduation. Possibly, this is one of the reasons why few Belgian graduates start a label directly after graduation.

Belgian respondent, graduated in 2000, started a label in 2003, has won big fashion prizes and has showed in Paris:

'I did not regret that the Academy offered no internships. But they also did not help the students who were trying to get an internship. But then again, that is the way the 'real' fashion world also works. Nobody will take you by the hand. I agree that internships can be done during the holidays or after your graduation. Four years is a short time. You can better spend three months working on a collection than doing an internship.'

Next to the lack of an internship, the RAFA does not offer a lot of mandatory courses in entrepreneurship or reality training. It is in fact more isolated than ArtEZ. The Antwerp graduates stated that an initiative like the minor *Collection Arnhem* would have been impossible for the individualistic RAFA.

As was stated in §5.2.1, students in the third year have to choose four theoretical courses. Two of these courses are accounting and regulations and law. For three of the graduates, who graduated between 1994 and 1997, the course was mandatory. For the others these courses are optional. These courses are not very popular among the graduates. Only 6 (out of the 26 graduates) took accounting as an optional course. One of them failed and had to do the year again. The chance to fail was often used as an excuse not to do the course. The other reason was that the other courses were found much more attractive or fitted the student's interest better.

Belgian respondent, graduated in 2006, currently works for a Belgian commercial brand:

'In the third year, I could choose between different courses, one was Accounting. When you have a diploma in Accounting, you can start your own company. Or you can have a partner who has this diploma. I did the course but it was not interesting or catching enough.'

Belgian respondent, graduated from the RAFA (1996), started a label two years ago after having worked for commercial brands for over ten years:

There was no attention for mandatory courses that were not creative. I missed that. We had accounting and law. During my study, these were mandatory. Not anymore now. There has to be more attention, also for example how contracts should be closed. Graduated designers often get underpaid because they have no idea what to expect. And x (graduated designer from Antwerp, very talented, went into bankruptcy, EK), who could not work under his own name anymore after he signed a wrong contract.'

Other attempts to teach business skills often failed in an early stage or were of secondary importance in the curriculum. Writing a business plan is not a part of the curriculum although it is of great importance when a designer starts an own label and he tries to get access to external finance (see chapter 6).

Belgian respondent, graduated in 2003, currently works for Dries van Noten:

There was this 'reality course' of two months that we would have had during our third year at the Academy. But it was cancelled because there was too little time. For example we would have seen how a technical drawing should look like. When I graduated I had never made a technical drawing.'

The RAFA and ArtEZ do not seem to differ much when we look at the courses in entrepreneurship offered. One of the differences is that Arnhem offers an internship while Antwerp does not. Arnhem has a Minor (Collection Arnhem) which strives to make students acquainted with everything that comes with making a collection. The RAFA does not consciously pay attention to entrepreneurship but we could say that the structure of the curriculum does have some side effects that can lead to a tendency to entrepreneurship. At the RAFA, students are encouraged to outsource parts of the final collection. The majority of the respondents outsourced a part of their collection; one even worked with a manufacturer (Marc Gysemans). This is very unusual at the Arnhem Academy; students are very proud to have done everything themselves.

Belgian respondent, graduated in 2005, has had a label for two years, has presented a haute-couture collection in Paris,

'The RAFA did not consciously pay attention to entrepreneurship but I believe that the programme is structured in such a way that you have to become an entrepreneur at the Academy already. I needed to hire seamstresses and pattern makers. You cannot do it alone. The Academy is very clear about that. They stimulate you to hire someone. But you have to do this alone. Working this way you learn to give orders, to outsource things, to delegate and to manage your budget.'

Belgian respondent, graduated in 2005, joined an old classmate to work on his label:

'I made a lot of pieces myself, I always did the toiles but certain final pieces had to be outsourced. It was too complicated to do myself. Actually nobody managed to do things themselves. We all had seamstresses at a certain point.'

Belgian respondent, graduated in 2002, works for a Belgian commercial brand, has the aspiration to start a label in the future:

'In the final year there were 15 people working on my collection. I did the main tasks. There were people who were doing the shoes, the embroidery and the knitwear for example. I placed advertisements. People responded. It was like having a little enterprise already. But I did this by myself. I have learned to never give up. There was always a solution for a problem. Besides, I have learned to delegate. It was very good to outsource things because I had more time for the creative part.'

We could say that the RAFA, unconsciously pays attention to aspects of entrepreneurship. Then again, it is also a characteristic of the graduate him/herself. He or she has to take on a proactive attitude in order to succeed (graduate) at the Academy. In the next chapter we will see how this proactive attitude has contributed to the differences in entrepreneurial behaviour between Belgian and Dutch fashion entrepreneurs.

We can therefore conclude that in both schools, the emphasis lies on the creative aspect of fashion design. There have been attempts in the past to improve the lack of businesslike education but it is not appreciated by the students or courses are cancelled. Often, students only see the relevance of courses like this once they have been working for several years or once they have started a label. In a way, the RAFA can be said to encourage entrepreneurial behaviour. This is hard to determine because it could also be that these graduates have entrepreneurial characteristics from the start.

Before I turn to the next paragraph, reference has to be made to a Belgian post-academic course that started in 2007, the *Plato Project*. This project was initiated by The Chambers of

Commerce Antwerp and the FFI. Plato Fashion guides eight entrepreneurs during one year. The goal is to professionalize sales, production, organization, logistics and distribution, budgetting and financing. The entrepreneurs are supported by A. Chapelle and M. Goossens. The participants will meet ten times to discuss different themes (<http://www.voka.be>). One of the interviewed fashion entrepreneurs takes part in this project.

5.3 Evolutionary approach on differences in education

5.3.1 Different reactions

As can be seen in the last two paragraphs, the differences in programmes between the two Academies are relatively small. They both teach the same entrepreneurial skills. Thus, the differences in entrepreneurial behaviour between Dutch and Belgian fashion entrepreneurs cannot be attributed to differences in education.

However, an important distinction has to be made between the actions of Dutch and Belgian students after graduating from ArtEZ or the RAFA. Belgian graduates, both the entrepreneurs and non-entrepreneurs, do not start a label (or have the ambition to) directly after they have graduated. They state not to be ready because the programme has not sufficiently prepared them. That is why we see so many spin-offs (Wenting et al., 2007) in the Belgian fashion industry. The Belgians are very realistic. The Dutch respondents state the same but *do* start a label relatively soon after graduating. The majority of the Dutch fashion entrepreneurs are newcomers (Wenting et al. 2007).

This can be caused by several factors. First, Belgian fashion designers try to supplement their lack of skills by starting to work in confection or with a fashion designer. Several also start doing an internship in their holidays. The fact that none of the Antwerp graduates did an internship during their study intensifies this effect. The majority of the Belgian fashion entrepreneurs felt the need to work in a commercial company to learn more about the business side of fashion and to build up a network that can be used when the ambition to start a label becomes reality. And then, they would never rely too much on the income of their label.

This is opposite to what Dutch fashion entrepreneurs do. Most of the Dutch fashion entrepreneurs start a label soon after graduation while their network and commercial experience is small. The only experience they have stems from an internship and they have no financial backup or a suitable network. With this lack of resources and knowledge, they are trying to reinvent the wheel. They are covered in the media as the 'next big' designer, but the business reality behind these labels is poor.

Dutch respondent, graduated from the Arnhem Academy of Arts and Design (1995) and FIA (2000), started a label after graduation with an old classmate:

'It is like driving a car. You have to hit the brake in time. A lot of young Dutch fashion designers hit the gas but they do not know how to stop anymore. In an early stage, designers need to arm themselves and develop a sense of reality. This sense of reality is almost always missing.'

Belgian respondent, graduated in 2000, has started a label five years ago, after having worked for Dries van Noten:

'At the Academy I missed a sense of reality. The profession of a fashion designer is totally different than it was that you would think while studying. On the other hand I do not think that any programme can give you everything. I believe it is your responsibility to look for the things that are missing and educate yourself.'

The second factor that intensifies the realistic approach of Belgian fashion entrepreneurs is the lack of public subsidies that are open to fashion designers in Belgium. After graduating, there are little possibilities for Belgian fashion entrepreneurs to start a label with the help of government art subsidies. This is a second possible reason why less Belgian fashion designers start a label after graduation. I will elaborate on this in chapter 6.

5.3.3 Variation, selection, retention

As was stated in chapter 1, an evolutionary approach in economic theory focuses on processes that set off evolution and on crucial events occurring in organizational entities. According to Aldrich (1999) organizations flourish or fail because they are more or less fit for the particular selection environment in which they operate. Aldrich (1999) has looked whether organizations have the appropriate traits for a particular selection environment.

When trying to explain the differences in entrepreneurial behaviour between Dutch and Belgian fashion entrepreneurs, this evolutionary view will be addressed. Considering the small differences in the programmes of both academies, the graduates, after having finished one of the programmes, will not differ much when we look at their entrepreneurial skills. I could say that education does not select on entrepreneurial skills. Therefore, education is not the factor that can explain the differences in propensity to behave entrepreneurially between Dutch and Belgian fashion entrepreneurs.

This means that after graduation from either the RAFA or ArtEZ, there are two groups of designers that do not vary much. The programmes do not lead to different amounts of entrepreneurs. Thus, the fact that some graduates will be more entrepreneurial than others

cannot be attributed to education. A more likely explanation lies in the fact that some graduates have more entrepreneurial characteristics than others before entering the Academy. Another explanation could be the fact that some designers acquired entrepreneurial skills in the past. For example, two Belgian fashion entrepreneurs had studied economics before entering the RAFA. This gives them a headstart. Others naturally adapted a more entrepreneurial attitude. However, these examples are rare.

Belgian respondent, graduated in 2000, has started a label five years ago, after having worked for Dries van Noten:

'While I was studying at the Academy, I already had some work experience, had designed an own collection and had done several internships. My work at the Academy was less experimental than the work of most of the others. I was somewhat closer to entrepreneurship from the start. Fashion is a business. I knew already that it was not all about giving catwalkshows. I wanted to sell my clothes too. I emphasized this during my study at the RAFA.'

Dutch respondent, graduated from ArtEZ (2001) and FIA (2003), has had a (profitable) label for 5 years:

'The problem of students who enter the Academy of Arnhem is that the majority does not know what they or she is doing there. I knew that I wanted to start a label. That is why I did several internships and why I worked for several designers. I am also very fortunate that my parents are entrepreneurs. I am very used to entrepreneurship. I have always been focused on starting my own label. Throughout my studies I was very much focused on that.'

Dutch respondent, graduated from FIA (2006), has started a label after graduation:

'Organization wise I am very strong. I have everything under control. I am always planning and I make sure I never miss a deadline. Luckily, that part of an entrepreneur is in me. I really noticed a difference with other students at FIA. I was more entrepreneurial.'

These examples show that some graduates will have a lead over other graduates when looking at their characteristics. Still, there is a lot to gain with introducing mandatory courses in business economics or entrepreneurship. Especially because this knowledge will help these designers with getting access to external finance.

S. Janssen, Accountmanager, ABN AMRO Fashion Desk:

'Fashion designers do not like the business side of fashion very much. Hiring this knowledge is too expensive for them. So if you do not learn some of it at school, you will never. I think that a lot of designers find themselves in a vicious circle. That is why a lot of young fashion designers in the Netherlands are forced to stop after several years. When something has to change, I recommend that they start at fashion academies.'

The majority of the Belgian and Dutch fashion entrepreneurs state that they would have liked to have more attention for entrepreneurship courses in the curriculum. Some graduates have done recommendations. As was described in chapter 1 (§1.3.2.2) an 'experience based' model would also benefit fashion students. Academies are partly responsible for the awareness of its graduates, but it is also the task of a graduate to look for supplementary training in the form of a course, an internship or a commercial job.

5.4 Conclusion: answer research question: part I

In this next paragraph I will answer the first part of the research question.

- *To what extent does education contribute to differences between entrepreneurial behaviour of Dutch and Belgian fashion designers?*
- *What are the differences between the propensity to behave as an entrepreneur in the Netherlands and Belgium?*

As the differences in the programmes of ArtEZ, including FIA, and the RAFA are relatively small, they do not strongly contribute to the existing differences between the careers of Dutch and Belgian fashion designers. Both academies do not attempt to seriously teach entrepreneurial skills. Graduates have to learn these skills in practice by building up a network for instance. However, the Belgians seem to follow up on this advice, while Dutch fashion entrepreneurs often prefer to ignore these skills. When starting a label, Belgian fashion entrepreneurs have a headstart over the Dutch fashion entrepreneurs, whose network is smaller, more limited and focused on certain parties.

There are some differences between the curricula of both schools. For example, the Belgian graduates cannot do an internship as a mandatory part of the curriculum, while an internship is a mandatory part of the curriculum in Arnhem. As a result, Belgian designers feel the need to do an internship or to look for a job after graduation. Several designers stated that they felt the need to do something really 'commercial' after they had graduated from Antwerp. The Belgian fashion entrepreneurs state that this experience in the field has helped them a great deal when they started their own label. Fewer Dutch fashion

entrepreneurs have this advantage. Another example is the amount of outsourcing that takes place. In Arnhem, as a student you are encouraged to make final collections by yourself. In Antwerp you are stimulated to look for help. The effect that these differences in education will have on the entrepreneurial attitude of a Belgian fashion designer, is unintentional though.

Based on the content (attention to entrepreneurship) of these two curricula we can state that the group of graduates in Antwerp will not differ much from the group of graduates in Arnhem. In evolutionary terms, education does not select certain graduates from the total environment. So, education is for the most part ruled out as the determinant success factor that can account for the differences in entrepreneurial behaviour between Dutch and Belgian fashion entrepreneurs. In the next paragraph I look at the influence that the second success factor, access to external finance, has on entrepreneurial behaviour of Dutch and Belgian fashion entrepreneurs. We will see that access to external finance has to be seen as 'the great selector'.

Chapter 6- Access to external finance

In this chapter I will discuss the second possible factor that can account for the differences in propensity to entrepreneurial behaviour between Dutch and Belgian fashion entrepreneurs: access to external finance. In chapter five we have seen that differences in education cannot explain the differences in entrepreneurial behaviour between Dutch and Belgian fashion entrepreneurs. In this chapter I will show that differences in access to external finance in Belgium and the Netherlands, can account for most of the differences in entrepreneurial behaviour. I will show how different environments 'select' designers on different criteria. In § 6.1, I will describe the Dutch environment and the different institutions or parties that are involved in financing of Dutch fashion design. In this paragraph I will also describe the experiences that Dutch fashion entrepreneurs have with external finance in the Netherlands. In §6.2, I will describe the Belgian environment and the different institutions and parties that are involved with the financing of Belgian fashion design. In this chapter again, I will also look at the experiences of Belgian fashion entrepreneurs. In §6.3, I will turn to a special form of financing in Belgium, that typifies the 'selection process' of Belgium. In §6.4, an evolutionary approach on differences in access to external finance will be given. Finally, in §6.5 a conclusion will be given and I will answer the second part of the research question.

6.1 The Dutch financing environment

Viktor and Rolf, the most famous graduates of Arnhem on access to external finance in the Netherlands:

'In the Netherlands there is a subsidy system, but there is no information, there is no fashion culture in the Netherlands. It is really hard to get something off the ground. When the Fonds BKVB, says: we will give you money for you to be able to organize a fashion show, this period of time is too short to immediately show the result. After receiving a subsidy, there are expectations that cannot be fulfilled.' (Viktor & Rolf in: Van den Berg, N (2004), *Boekman 61*, p. 53).

As was described in chapter four, there are several parties in the Netherlands where Dutch fashion entrepreneurs can get financial support. Based on the figure presented in §1.3.2.1, I will divide them in the following categories: *debts*, *equities*, *grants* and *gifts*. In this chapter, the first three categories will be discussed. The external finance sources for debts are: financial institutions such as retail and commercial banks, credit unions, friends and family. For equities the external finance sources are: venture capital, business angels, merchant banks and friends and family. The federal state and local governments are the main external

finance sources of grants. I will now describe in which environment the group of fashion entrepreneurs (variation) has to function after graduation.

6.1.1 The Dutch subsidy system

In §4.2, I mentioned the Fonds BKVB (also see appendix I). This institution is the most important provider of grants in the Netherlands. The Fonds BKVB is the national body responsible for making grants to individual visual artists, designers and architects. The Fonds BKVB is an autonomous foundation and its decision-making process is independent. All grant applications are laid before advisory panels which assess the applications on the basis of the application forms and accompanying documentation. Grants are awarded in case of a positive recommendation from the relevant advisory panel, whose members are involved in the world of visual arts, design or architecture. The Fonds BKVB offers a wide range of grant options. These are: the basic grants for visual artists and autonomous designers and the incentive grants for visual artists, designers and architects. Next to these grants, the Fonds BKVB offers Cultural Mediation Grants for cultural theorists, critics and exhibition curators.⁹

All different incentive grants available (except for the practice grant) are open to those who have recently graduated from an academy or technical university and to those who have been professionally active for some time. The main criterion in considering applications for incentive grants is artistic quality. The panel looks at the existence of a coherent artistic vision, how this is expressed in the work and how it relates to the context of the discipline concerned (http://www.fondsbkvb.nl/09_english/02.php). A starter stipend is the first possible incentive grant.¹⁰ Another incentive grant is the contribution to a working budget (CWB).¹¹ A third possible incentive grant is the practice grant.¹²

Basic grants consist of basic stipends (since may 2000) and production grants. They are intended to enable visual artists a basic level of professional practice. The panel considers

⁹ (http://www.fondsbkvb.nl/09_english/index.php).

¹⁰ A start stipend is intended to help beginning visual artists, designers or architects. A starter stipend is worth € 16,000 (12 months) and can be applied for up to 4 years after completing a course in visual arts, design or architecture at an technical university or art academy. The grant may be used for living expenses, professional expenses, the lease of a work space or purchase of equipment. Money may also be used for exhibitions, competitions, events or shows home or abroad.

¹¹ This grant can cover all sort of artistic plans. For example: production of new work, participation in a competition, a follow-up study abroad (Masters). The maximum duration of this grant is twelve months. A standard CWB consists of € 2,000 a month but this can be adjusted in relation to the plan and budget.

¹² This grant is meant to enable designers and architects to continue the production of their work at a basic level. This grant does not include any contribution to living costs and can only be awarded once in two years. A practice grant is an amount of €10,000 for a maximum of twelve months.

whether the applicant's artistic practice contributes to the breadth and diversity of visual arts or autonomous design in the Netherlands. Both the quality and its public reception play a role.¹³

6.1.1.1 Fashion as art: the Viktor and Rolf-effect

Viktor and Rolf, the most famous graduates of Arnhem:

'From the begin we have tried to position ourselves in the art world without being occupied with fashion. Such a total concept is a sort of art form that at the same time is a parody.' (Viktor and Rolf in: Van de Vliet & Weyel, 1998: 186)

After their graduation from the Arnhem Academy for Arts and Design in 1992, Viktor and Rolf started an own label. From 1993 until 1999, Viktor Horsting and Rolf Snoeren were subsidized 11 times (two Start Stipends and 9 CWB's) by the Fonds BKVB.¹⁴ According to Beumer (2008), their format has developed by thinking in terms of presentations. With the establishment of the Mondriaan Foundation and the Fonds BKVB, fashion became part of the cultural debate. I will show in this chapter that it is time for a hybridization of cultural and economic values.

In 2000, Viktor & Rolf commercialized when their company was bought by an Italian investor. I will show in the next paragraphs that young Dutch fashion entrepreneurs emphasize the presentation of their work instead of the saleability, while fashion (in order to be successful) must have both artistic and commercial qualities.

As was stipulated in the quote by Viktor & Rolf, the Netherlands has a subsidy system but there are no structural business models that select fashion designers on their probability to succeed as an entrepreneur. Because grants are awarded on the basis of artistic qualities alone, designers are pushed to work in the artistic field. Because they are dependent upon subsidies, they are more or less forced to present their work as art instead of something that can be commercially exploited. Several of them do not sell their clothes at all and focus on presentations. Boelee (2008) believes this could also be seen as a legacy of Viktor & Rolf.

¹³ A basic stipend of €32,000 consists (once in four years) of a contribution to basic living costs and a contribution to professional expenses. An artist has to be professionally active for longer than four years to receive a basis grant. A production grant (€10,000) is a contribution towards professional expenses. This grant is open to artists who have attended a recognized art course for at least two years and/or have been professionally active for a minimum of four years. The amount of a basic stipend is linked to the applicant's own income. When the artist earns more than €20,000 the stipend gets frozen. (http://www.fondsbkvb.nl/09_english/01.php)

¹⁴ This information was derived from the annual reports from the Fund from Visual Arts, Design and Architecture (1993-2006)

Being commercial is considered as inferior when we look at the requirements of the Fonds BKVB. But in reality, the majority of Dutch fashion designers strives for commercial success. The clash between art and commerce is hard. On the one hand, fashion is a form of applied arts, but on the other hand it is a commercial product.

L. ter Braak, director of the Fonds BKVB:

'In order to get a Start Stipend, the designer will be tested on added artistic value. When you want to sell a lot of clothes, you should not apply for a grant. We are not planning to make profits. That is also why the grants are not provided by the Ministry of Economics for example. There are a lot of different kinds of designers with different needs. We cannot cater to all of them.'

As a result, Dutch fashion entrepreneurs, who are (in contrast to what Ter Braak thinks) very dependent upon government grants, are forced to emphasize the artistic value of their work. I will elaborate on this in §6.1.4.1. Viktor & Rolf are often mentioned by designers as their big example. As a result, Dutch fashion designers try to cover the same path as Viktor & Rolf have done. They begin their careers with applying for subsidies; in a later stage they hope to find a possible investor, or even more, they hope that this investor will find them. Dutch fashion designers often consider, as there are no other examples, their path as a recipe for success. They want to follow in their footsteps. This is what I call 'The Viktor & Rolf'- effect.

In the Netherlands you can be very successful without having ever sold a thing, just because you have been subsidized several times. As we will see later, grants do not provide a structural solution. Designers are less motivated to look for other forms of external finance because they hope to get subsidized. That is why several Dutch designers lack a process of professionalization.

Dutch respondent, graduated from the FIA (2006), started a label after graduation:

'I am really interested in the strategy that was applied by Viktor & Rolf. They have had to rely on subsidies too for ten years. I have great respect for them. When I look at them I think: it is possible.'

By emphasizing that fashion is art, it is relatively easier to get access to grants than to other forms of external finance as will be proved in §6.1.3.

The 'Viktor & Rolf'- effect even gets more meaning when we see it appear in the Dutch environment with a Belgian fashion entrepreneur who came to work in the Netherlands after having graduated from the RAFA in 2005. At the moment this designer, who is Dutch, is applying for a start stipend in the Netherlands. A part of her collection is bought by the

Groninger museum, as several Viktor & Rolf collections. One of the reasons for her to return to the Netherlands was the subsidy system in the Netherlands.

'I want to take the same path as Viktor & Rolf have done. I feel connected to them because they also started with extreme creative collections. They still are very creative but in the meantime they have grown into an international fashion house. Viktor & Rolf took little steps for ten years. I start with a headstart because it is done before. I hope to meet an investor too, like they did. I want to show couture and do commercial collections.'

6.1.2 Experiences of Dutch fashion entrepreneurs

'Ever since the Fonds BKVB started to subsidize fashion designers, the subcommission Design has noticed that it is hard to make the transition from being subsidized to the market. The professional career of designers resembled that of visual artists. In the past the Fund has tried to solve these problems. However, several meetings with the Ministry of Arts, Science and Culture and the Ministry of Economics did not lead to an improved situation.'¹⁵

All interviewed fashion entrepreneurs have experiences with the Dutch subsidy system. Only four (out of 22) entrepreneurs did not succeed and were never subsidized by the Fonds BKVB (one did receive the WWIK (see appendix I)). Three fashion entrepreneurs receive or have received the WWIK. Eight fashion entrepreneurs have received at least one start stipend (two is the maximum). Five fashion entrepreneurs were applying for a start stipend during my research. One designer has received a basis stipend. Seven designers have received contributions in their work budget (CWB). One entrepreneur was subsidized in 1999, 2000, 2002, 2003, 2004, 2005 and 2006:

Dutch fashion entrepreneur, graduated from ArtEZ (1995) and FIA (2000). Has had a label, which was highly subsidized (see above), with an old-classmate (1997-2001), started an own label in 2003:

'Creativity was my trump. My creativity did not cost anything at all. The Dutch subsidy system has made it possible for me to do what I do today. Without these subsidies I would have never had this label in the first place. I went to banks but they nearly made fun of my plans. I had to get access to external finance one way or another. Subsidies were the only possibility. Five years later, I have my own enterprise. That is something else.'

This designer is not the only designer who states that subsidies have played an important role in his career. Nine fashion entrepreneurs state that they would have been able to start a

¹⁵ This fragment can be found in the Annual Report Fund Visual Arts, Design and architecture 1999, ch. 3.1

label in the first place without subsidies. The subsidies are still very important for designers who like to present their work. One of these designers, states she will not show a next collection if she is not granted a start stipend. Start stipends are used for fabrics for the collections and presentations mainly. Most of the times, the designers are out of money after having showed their collection. This leaves them little space to professionalize with the money from a start stipend.

Dutch respondent, graduated from ArtEZ (2003) and FIA (2005), started a label after graduation:

'There is help for young fashion entrepreneurs in the form of subsidies. I would not have been able to get this label off the ground without subsidies. But in fact, subsidies make it harder when you have the ambition to make a living from your work.'

The majority of the fashion entrepreneurs state that they feel more or less dependent upon subsidies for the continuation of their profession as a fashion designer.

Dutch respondent, graduated from ArtEZ (2004) and FIA (2006), started a label after graduation:

'I have only received a start stipend once. That means I will apply again. I have a note in my agenda, I have to apply in the beginning of May, than the term of the last stipend is over. I will apply right away. At the moment, I am having a hard time financially. I get a stipend for the second time, I will stay afloat a bit longer.'

This strongly contradicts the opinion of L. ter Braak, director of the Fonds BKVB (since 2001):

'It may be that a lot of fashion designers are familiar with the subsidy system but I doubt that they are dependent of subsidies. Besides only ten designers a year get a stipend. And it is very hard to get it two times.'

In fact, the Dutch subsidy system encourages young fashion entrepreneurs to start a label immediately after graduation, when it is easiest to apply for a subsidy. This is how the Dutch subsidy system artificially maintains a large number of small labels that have very uncertain commercial futures (Boelee, 2008).

As was stated in the former paragraph, the main goal of subsidies provided by the Fonds BKVB, is to 'nurture excellence in visual arts, design and architecture'. In order to be granted a subsidy, the fashion designer must have an added artistic value. The designers that were rejected, did not emphasize the artistic qualities of their work in their application. The main criteria are artistic progress and deepening of their oeuvre of work.

Thus, when we go back to the distinction made by Roso (2005) in §2.3.4, we can see the majority of the interviewed fashion entrepreneurs belongs to the first group (subsidy-orientated). According to the 4 designers who did not get subsidies, they were considered to be too commercial. One of them agrees and says she is more business-to-business orientated. But this did not mean she never applied for subsidies. One designer has applied for a subsidy in the past, and is currently deliberately working without subsidies, which is hard. Therefore, she is forced to consider applying for a subsidy again if she has problems with getting access to other forms of external finance.

Dutch respondent, graduated from ArtEZ (2005), started a swimwear collection after graduation:

'In the letter of rejection I was send, it was said that I was too commercial and that I did not have any value for our Dutch artistically minded attitude towards fashion.'

M. Boelee, head coordinator Fashion, ArtEZ, has had an own label in the past and is now part of the Commission Design of the Fonds BKVB. He was subsidized several times in the past. He states that founding an commercially successful brand, is not a goal that is approved (subsidized) by the Fund:

'In the eighthies we already said that it was strange that fashion designers had to turn to the Fonds BKVB. It is very nice for newcomers but I strongly believed that fashion designers would be better off when they had to turn to the Ministry of Economics.'

One of the fashion entrepreneurs, also a member of the Commission Design of the Fonds BKVB, emphasizes the difficulties surrounding the criteria on which designers are granted subsidies. After graduation from ArtEZ (1995), she started a label together with an old classmate. Over the years, she has received several subsidies.

'On the one hand, subsidies can open doors that otherwise would have been closed. For example it gives you money to do a presentation in Paris. On the other hand it feels like you are being cradled. It is not very realistic. The Fonds BKVB, is mainly for visual artists. Today, fashion designers are not visual artists. The generation of Viktor & Rolf were, and my generation too. It is very difficult to find the right criteria.'

This designer states that it would have been very difficult to have founded a label without the help from the Mondriaan Foundation and the Fonds BKVB. At the same time it felt like a weight on her shoulders because she was part of a group that was the representation of Dutch fashion at that time. The emphasis was put on media coverage and the autonomous aspects of the designs.

'In a way we felt constrained. Of course we wanted to be subsidized so we went along.'

As a designer, this respondent has often tried to explain to other members of the Commission Design of the Fonds BKVB, how fashion has changed over the years.

'Today, fashion is less about art. Other criteria need to be developed. There has been some progress but it is very hard. There is always this tension between art and commerce. '

6.1.2.1 Art as a strategy: the Viktor & Rolf effect

As was shown above, subsidies are granted on artistic criteria instead of commercial criteria. The fashion entrepreneurs who apply for subsidies are aware of this. In order to get access to external finance (subsidies) they have to adapt a strategy in which they emphasize the artistic value of their work. Again, this resembles the path that Viktor & Rolf have taken. Emphasizing art as a strategy, is the second aspect of what I call the 'Viktor & Rolf-effect'. In evolutionary terms this 'Viktor & Rolf' effect is an example of *path dependency*. The majority of the Dutch subsidized fashion entrepreneurs has underlined the artistic elements of their work in an application for a stipend or an other form of subsidy.

Dutch fashion entrepreneur, graduated from ArtEZ (2004) and FIA (2006), started a label after graduation:

'In my first application for the Start Stipend, I stated to have the ambition to build my own company. That application was rejected. In my second application, I tried on my artistic hat so to speak and emphasized the artistic value of my work. That is the only thing that is valued. I was subsidized the second time.'

Fashion entrepreneurs find themselves in a difficult position. In order to get access to subsidies, one has to emphasize the artistic qualities of one's work. This stands in the way of an entrepreneurial orientation. The Dutch environment does not stimulate entrepreneurship, instead it discourages it. Thus, the artistic calling of fashion designers is encouraged.

Dutch entrepreneur, graduated from FIA (2005), started an own label with an old-classmate:

'We are applying for a subsidy at the moment. We have had some conversations with colleagues and with keyfigures. They have advised to emphasize the artistic qualities of our work. Our label does not emphasize artisticity though. I would like to give the example of a girl that graduated with us. Since she has graduated, she has not done visible things in fashion anymore but she has gotten a Start Stipend because she embodies the artistically orientated environment we are working in. It is strange

that they only select on these criteria. We are more commercial but we have a higher chance to succeed. But they rather support someone who will never sell a single thing.'

Dutch fashion entrepreneur, graduated from FIA (2004), has had a label ever since:

I see myself as an artist and entrepreneur. I think that an application for subsidies is not only something for an artist. A good artist also has to be a good entrepreneur. I believe that when you control both, you have a chance to succeed. I have ideas for products I want to develop but I know that without subsidies I will not be able to realize them. Then, I have to write an application in which I have to write that these products will not be sold but will be exhibited. I do not mind adjusting myself in such a way but it does bother me that all of my fellow designers are heavily dependent on subsidies. I see that designers who are subsidized spend more money on shows and presentations which is not realistic in the early stage of a label.'

This designer believes that it is a choice not to depend on subsidies. But after three years, she realized that the Dutch environment is hard for non-subsidized designers. There are few other options. She considers applying again.

Two other designers (graduated in 2005 from ArtEZ), who have both received a start stipend in 2006, are also somewhat sceptical about the subsidy system:

'When you are purely focused on subsidies, you do not look at your market anymore. Then it is not about sales anymore. In a way that is what fashion is about too. In the Netherlands you can establish yourself as an artist in order to get subsidies.'

The majority of the fashion designers and key figures believe that it is good that there is a subsidy system in the Netherlands. But there are still very few possibilities for these designers after a period of subsidization. There are no business models that can help these designers to professionalize. Professionalization often comes to an end when the designer receives no more subsidy. All interviewed fashion entrepreneurs believe this is a problem.

A. Westerhof, founder of the FIA and the DFF, believes that this is not the case:

'It is an image that artists live on subsidies. These designers would not have to reflect or question their work, they do not have to deal with the cultural, industrial or international context. Maybe it is a bit like this in visual arts but I think it is a different story for fashion. Yes, fashion designers can apply for several subsidies. Thank god they can! But it is not the only thing there is and you cannot build your label on two Start Stipends.'

M. Hoitink, founder of HTNK:

'I think that subsidies are good for the arts. But I believe in subsidies on a collective level to develop talent. I doubt the relevance of individual subsidies. We have to seriously ask ourselves whether this system really works and whether these subsidies are given to the right designers. The Fund for Visual Arts is not meant for Visual Commerce. I think that is strange because art has to be commercial too. It has to sell. '

It is inevitable that fashion designers are discouraged by the Dutch subsidy system to look for other ways of getting financed. They see the limitations of this form of external finance but have little other options, as we will see in the next paragraphs. Subsidies are considered to be safe (no financial hazards) and do not limit the designer in his or her creativity. In fact, subsidies provide an environment for fashion entrepreneurs in which they can work without making concessions. In a way, it is a second academy you go into, where entrepreneurial skills are also not emphasized.

Dutch fashion entrepreneur, graduated from ArtEZ (2004) and FIA (2006), started a label after graduation:

'Subsidies make it less necessary for me to look for other sources of external finance. In a way I have to depend on subsidies.'

The Dutch subsidy system yearly attracts a lot of fashion graduates. Because it is possible to apply for grants directly after graduation, they are attracted to start an own label directly after graduation (without having more work experience). In a way, it is good that young designers get a chance to prove themselves. But there needs to be more attention for the alternatives. Fashion is culture in the sense that it depends on a standpoint but it has to be backed up by strong operational and economic environment (Mollet, 2008). Fashion is not only about culture. Once a designer starts an own label, he has to sell in order to survive.

From this perspective, the subsidy policy is dubious. On the one hand, the temporary character of subsidies and non-commerciality is emphasized. On the other hand, it is expected that fashion designers will professionalize after having relied on subsidies for two years. However, because commercial and entrepreneurial skills are neglected in this period, Dutch fashion entrepreneurs will be poorly equipped to professionalize.

6.1.3 Banks and fashion

In this section, I will discuss a second form of external finance, *debts*. The main source is commercial banks. As we will see in this paragraph, it is not easy for fashion designers to get access to loans. On the one hand this is the result of designers not having the right skills needed for applying for loans. For example, they lack the skills to write and present a business plan. On the other hand, Dutch banks are short-sighted when it comes to financing individual fashion designers. Instead, banks emphasize visible branding strategies by sponsoring fashion events.

In 2006, the Dutch bank ABN AMRO has founded a Fashion Desk. This initiative has a limited scope since it only focuses on fashion designers in the region of Amsterdam. In the future this Desk wants to fulfill a task for fashion designers outside this region too. At the moment, the Fashion Desk distinguishes two groups in its investment policy: fashion companies, designers and retailers with a turnover of two million or more and fashion entrepreneurs or companies who have a smaller turnover. The latter group is the most difficult to finance because everything comes down to the capabilities of one person.

S. Janssen, Accountmanager at ABN AMRO Fashion Desk:

'Very often starters come to us for advice or a possible loan. But the problem is that they do not see themselves as entrepreneurs. Fashion designers and other creative people are not regular entrepreneurs. They do not care about the businesslike aspects, as long as they can create. But they begin to realize how it works when they come to a bank. More and more often they take with them a business plan. Sometimes they have already attracted other forms of external finance like subsidies.'

There are several problems with the financing of fashion designers. When banks notice that the entrepreneurial skills of designers are underdeveloped, they refrain from financing these designers (Janssen, 2008). Banks look at four criteria: 1) the entrepreneur; 2) solvability (25 percent private capital); 3) rentability; and 4) certainty. Especially this last criterium is often the reason why banks do not finance fashion designers. Starters often do not have assets on which banks can obtain security rights. According to Janssen (2008), banks can be flexible at this last point and choose to finance the designer when he is really strong on the three remaining criteria. This will seldom be the case because fashion designers in the Netherlands cannot indicate the profits they will make. Besides, banks expect that designers start to redeem right away.

S. Janssen, Accountmanager at ABN AMRO Fashion Desk:

'When you ask me whether fashion designers have more difficulties getting financed, I say yes, but at the same time I blame the designers. When they come to me with a good story and with some profit predictions, and have some savings, we can finance them. The main problem is the attitude of the designer. But somebody who starts a grocery shop, needs the bank probably even more. He needs inventory and he needs to hire a place. But the difference is that he can explain how many he is going to sell and what the profit he is expecting. But we have to understand fashion designers, only on the fact that they have graduated cum laude.'

Fashion designers have to start realizing that, in order to convince a bank to grant a loan, they need to emphasize the saleability of their product. Only a small amount of designers succeed to convince banks of their potential commercial success.

S. Janssen, Accountmanager at ABN AMRO Fashion Desk:

'If you do not get a financial injection as a fashion designer, you will end up as an eternal talent so to speak. It is naive to think that you can make it with subsidies alone.'

Fortis does not have a special facility for fashion designers like the Fashion Desk. But Fortis is the main sponsor of the Arnhem Mode Biennial (a fashion event that takes place every two years in Arnhem). Fortis only supports 2 fashion designers. Its main task is to advice designers and to give them the knowhow needed (H.J. Stuyling de Lange, 2008). In collaboration with HTNK, Fortis is trying to set up a Fashion Fund which would help designers with their business plans and with getting access to external finance. The fashion trade and industry should also play a role in this (H.J. Stuyling de Lange, 2008).

H.J. Stuyling de Lange, member of the management board Fortis,

'The non-financial contribution in this industry, is something we are working on. That will take us several years. The difficulties with providing financial contributions is that we might need a committee that can look at these cases. It is hard to finance fashion. It is about fabrics. If nothing is done with it, it is useless.'

6.1.3.1 Experiences of Dutch fashion designers

Out of the 22 fashion entrepreneurs, 11 designers never thought of going to a bank to get a loan. Five went to a bank but were not prepared sufficiently. They did not get a loan. Six

designers went to a bank and did get a loan. Remarkably, the majority did not know about the Fashion Desk. Only 2 designers are Fashion desk client.¹⁶

All of the Dutch fashion entrepreneurs emphasize the importance of getting access to external finance. However, it is a big step to go to a bank as a fashion designer.

H.J. Stuyling de Lange, management board Fortis:

'It is very understandable that fashion designers are afraid of banks. Very often they are very young, between 20-25 years. When you get into a loan and your plan fails, you are stuck the rest of your life. And we do not say that we understand. You have to pay it back. If you make big debts, you will work for the bank the rest of your life.'

The example mentioned above matched the reality. Half of the Dutch fashion designers stated being 'afraid' of banks and of the consequences of making debts. Going to a bank seems a very big step for fashion entrepreneurs. They prefer lending money from friends or family because this is less risky and because the interest rate is lower.

Dutch fashion entrepreneur, graduated from the FIA (2004), started a label with an old classmate in 2006:

'We went to a bank. But they started to ask questions about private capital, income and redemptions. It was said that we started to redeem right away. But we still earn nothing from this label.'

Dutch fashion entrepreneur, graduated from the FIA (2006), started a label directly after graduation:

'I was thinking last week that I never went to a bank. Maybe it is because I am afraid. I do not want to wake up with a debt without knowing whether I will be financially successful.'

The five designers who did go to a bank mention different several reasons for not getting a loan. Old debts or being afraid of uncertainty are mentioned most of the times.

Dutch respondent, graduated from the FIA (2004), has had a label, which has not been profitable for 4 years:

'I went to the Fashion Desk for a business loan. But because I still have a small debt (from my study), it was hard for them to grant me a loan. Besides, they told me that fashion still is a risky product. Much more riskier than lending money to buy a house.'

¹⁶ This number could be higher. I was dependent on information given by designers because ABN-AMRO has a pledge of secrecy concerning information on clients.

Two designers stated that they showed their business plan to so to speak every bank in the Netherlands but that they were not really taken seriously.

Dutch fashion entrepreneur, graduated from ArtEZ (1995) and the Fashion Institute Arnhem (2000), started a label with a classmate after graduating from ArtEZ. In 2001 they quit their label, after not getting access to external finance:

'Everyone admired our business plan very much. But that was it. The risk was too big. A grocier will get 100,000 euros because he has a clear sales potential. We did business with Japan. That was considered as too risky.'

The designers that did get a loan from a bank, state that they convinced the bank with passion. This is a minority though.

Dutch fashion entrepreneur, graduated from ArtEZ (2003) and FIA (2005), started a label after graduation:

'Banks are only interested in numbers. In fashion the first couple of years, the investments are ten times as big as the income. This is very hard to understand for a bank. They do not give you their trust to prove yourself for a few years. Eventually, you will start to earn a lot, but in the first couple of years, the investments are enormous. Eventually I got a loan which almost is unique for newcomers in the fashion industry. I convinced them with my knowledge and with passion.'

Dutch respondent, graduated from ArtEZ (2005), started an own company after graduating, together with an old classmate. Both run a label:

'In order to get a loan, we had to make a business plan. But the bank mainly looked at our income. Our credit has grown from 20,000 tot 100,000 euros and we only have had our labes for two years. I think designers who think that they do not need a bank are stupid in a way. You need the bank, whatever entrepreneur you are. You have to be willing to invest to achieve something.'

I can conclude that the majority of the Dutch fashion entrepreneurs still considers a bank loan as a last possible option. Looking for other forms of external finance (subsidies) is much easier. To apply for a subsidy, designers do not need the entrepreneurial skills needed for applying for a bank loan. Although there have been some initiatives in the Netherlands concerning the involvement of banks in fashion, it is still very hard for a newcomer to get a loan. Only designers with entrepreneurial skills or characteristics manage to convince the bank of the profitability of the label.

Banks need to do more for small designers, which has been possible in Belgium as we will see in §6.2. In fact, fashion does not have to be considered as very risky. When a designer shows the amount of orders he or she has received, a bank only needs to finance the production for the products already sold. With a grocery store a bank does not know beforehand what will be sold.

6.1.4 Other forms of financing

Next to grants and debts, the Dutch fashion entrepreneurs have mentioned other possible forms of financing. Nine designers (three already have a bank loan) state to eventually want to attract an informal investor. One designer works with a business angel. This third form of external finance, *equity*, is provided by business angels or informal investors. At the same time these (and the remaining designers) state that attracting an investor is a bit scary because it can mean losing control over the artistic side of the label. These designers who state to be interested in this type of external finance have not given it a lot of thought. They are attracted by the thought of having an investor or/and a business partner. As there are no schools or programmes for the economic or business side of fashion (AMFI is an exception) it is very hard to find a partner in the Netherlands (Westerhof, 2008).

Dutch fashion entrepreneur, graduated from FIA (2004), has had a label for four years:

'I have thought about a business partner. It would be nice to have somebody who would function as a guard dog. I know who I want to attract for this. But in order to do this I need a very clever business plan. I am not sure enough to go to a bank and take a huge risk.'

Dutch fashion entrepreneur, graduated from the FIA (2006), has had a label for two years:

'In one year I hope to have found a business partner or a manufacturer or an informal investor. And an investor will want to see some real results in two years. In three years I expect to be sold in the Netherlands and abroad.'

Lastly, two fashion entrepreneurs (out of 22) have also mentioned the Materiaal Fonds (Material Fund). This Fund enables artists to close a loan interest free up to 6,000 euro. An artist has to apply for this Fund by sending in a project plan. The advantage is that it is interest free which makes it more attractive than a bank loan.

6.2 The Belgian financing environment

As was described in chapter four, there are several parties in Belgium where fashion entrepreneurs can get financial support. Based on the figure presented in §1.3.2.1, I will divide them in the following categories: *debts*, *equities*, *grants* and *gifts*. I will now describe in which environment fashion entrepreneurs have to function after graduation in Belgium.

6.2.1 The Belgian subsidy system

As was shown in chapter four, Belgian fashion entrepreneurs cannot make use of a subsidy system like in the Netherlands. The grants are limited in Belgium. Designers can apply for a projectsubsidy.¹⁷ The Kunstendecreet does not consider fashion as a form of art (see §4.3). As a result designers who start a label in Belgium are mostly dependent on other forms of external finance than *grants*.

Since 2004, designers can apply for grants at Flanders Investment & Trade (from hereon: FIT). FIT is a government agency that promotes sustainable business.¹⁸ Its goal is to promote international business in the interest of both Flanders based companies and foreign enterprises. To stimulate economic growth, both Belgian and Flemish Government have implemented a number of incentives for businesses that operate in Flanders. These range from investment incentives through tax-related schemes and on to employment, training and R&D advantages. FIT also organizes economic missions.

Belgian artists can also receive the Artist Statute (Kunstenaarsstatuut). However, for independent designers it is very hard to get entitled to this Statute (http://www.rsvz-inasti.fgov.be/nl/selfemployed/artist_who.htm).¹⁹ In order to receive an Artist Statute you must have graduated from an artistic study, you must have done artistic work and you have to show that you are trying to get a job. This last requirement is strange because designers that have an own label, have a job. For them, it is hard to receive the Artist Statute. Few Belgian fashion entrepreneurs are familiar with the possibilities of grants in Belgium. I will return to this in §6.2.2.

¹⁷ <http://www.wvg.vlaanderen.be/architectuur/#OntwerpersProjectbeurzen>

¹⁸ FIT enhances Flanders' position as the gateway to Europe for inward investors. The agency identifies, informs, advises and supports overseas enterprises by establishing production and research facilities, contact centers, headquarters, logistics operations and the like in Flanders, the northern region of Belgium. (www.flanderstrade.com)

¹⁹ Artists cannot get this Statute when they are self-employed (independent). This group can apply for the Statute for Self-employed. Fashion designers in Belgium rarely make use of these Statutes.

6.2.1.1 Fashion as a commercial activity

Unlike in the Netherlands, Belgian fashion entrepreneurs have to position themselves as entrepreneurs in order to get access to external finance like grants (FIT). Also, other forms of support, like the FFI, select on entrepreneurship. For example, the designers that are supported by the FFI (Showroom Antwerp) have the ambition to sell their collections. There has to be a 'possibility to sell'. Again saleability plays a big role. They have to show how many orders they have collected. According to the FFI, it is easier to measure success in points of sale than only looking at artistic values, which are harder to measure. Both values are equally important.

David Flamée, FFI:

'We have a formula for fashion designers who have the ambition to become entrepreneurs. The starting point is a good business plan. A business plan is the foundation of the structure of an enterprise and possibly lead to a financial injection. Designers have to be forced to think about the consequences of having an own label. A business plan will help designers with getting access to external finance, banks, investors or grants. At the FFI we have a pool of Fashion Business Consultants who are willing to help the designers. We are the intermediair.'

And:

'We help designers with their business plans. We mediate between designers and banks or CI. There are possibilities to support designers. But what we do is filtering between the dreamers and the designers who really stand a chance as a newcomer. We believe in a strict selection. By working with business plans you immediately notice which direction it will go.'

Fashion is an important area of international trade for Flanders and Belgium. Both designers and supporting institutions are aware of the economic realities surrounding fashion. This does not mean that Belgium fashion designers are less creative or artistic. On the contrary, they are both very creative but they also have a sense of reality, which is necessary when founding an own label. They are more realistic in their conduct of business. In chapter five it was already shown that less fashion entrepreneurs start a label directly after graduation. In contrast to the Dutch fashion entrepreneurs, the Belgians seem to realize that as a fashion designer you need business skills in order to be 'fit' for the Belgian environment. These skills can be acquired by working for a commercial brand or a designer for several years.

Belgian fashion entrepreneur, graduated in 2000, started a label with an old-classmate in 2001. Show in Milan and have almost hundred points of sale:

'At a certain moment you must break this creative cycle and say: we are a brand, when you are interested in us, it will cost you money. You have to do business and be serious. I am not the boy from the Academy no more. We are a business.'

The majority of the Belgian fashion entrepreneurs has looked for help in one or more businesslike aspects of the label. One designer (part of a duo) does the business part himself. He has studied economics before entering the RAFA. Most of the Belgian fashion entrepreneurs believe that a strict separation between the creative and businesslike aspect of the label is most effective although they do state that they have missed a more realistic aspect at the Academy (see chapter five). Instead of trying to solve these problems themselves, they have to look for help in order to survive in an environment in which subsidies play a marginal role. When a Belgian fashion designer does not position himself as an entrepreneur, he will not survive 'selection' because he is not 'fit' for his environment. In the Netherlands, the subsidy system intervenes with this 'survival of the fittest'. In the Netherlands, skills and characteristics of entrepreneurs will only become of importance in the stage after subsidization. Being 'fit' in the Netherlands in the first years after graduation means that one is able to meet the artistic requirements of the subsidy system. However, in order to be 'fit' after the first years (when reality 'kicks in') a strong entrepreneurial attitude is needed. Often, designers will not be able to make this 'switch' in orientation.

6.2.2 Experiences of Belgian fashion entrepreneurs

Belgian fashion entrepreneur, graduated in 1996, started a label after having worked for commercial brands for ten years:

'The success of Belgian fashion entrepreneurs can be explained by their perseverance. It took several designers like Ann Demeulemeester more than ten years. You have to have a lot of patience. I am for sure, it is not because of subsidies, because we hardly have any.'

Out of the 16 Belgian fashion entrepreneurs, only 3 have made use of grants. One of them has made use of grants in the Netherlands (see §6.1.1). The other two have made use of grants offered by FIT. One of them is also subsidized by the government of Austria and receives the Artists Statute as well. Being subsidized as a fashion designer is very seldom in Belgium. Peculiarly, most Belgian fashion designers never even looked into the possibilities.

Belgian fashion entrepreneur, graduated in 2000, started a label after having worked for Dries van Noten:

'There are not many possibilities in Belgium to be subsidized as a fashion designer. Not structural anyway. Since several years, FIT offers grants for presentations and lookbooks. Twice a year, I can let them finance my lookbooks. Before that, I worked on the collection with my private capital only. I had to pay everything myself. Luckily I was able to convince my clients to give me 50 percent of their orders in cash beforehand.'

Belgian fashion entrepreneur, graduated in 1999, started a label five years after graduation in 2004:

'At the moment I receive subsidies from the Austrian government. The last collection was subsidized and so will be the next one. I have had this label now for almost four years. In the first three years I did not get any subsidy, which was good because I now know that I exist without subsidies too. I can manage. I use this money really conscious. Of course, I am not against subsidies but it is not wise when it is your first and foremost source of external finance. You need to know that you can do it without subsidies too.'

The possibilities offered by FIT are focused on trade more than on culture which encourages fashion designers to behave as entrepreneurs. In fact, the Belgian environment does not see fashion designers as artists but as entrepreneurs. Here lies the big difference with the Dutch environment that does not select on entrepreneurial skills for its support but on artistic qualities.

The Belgian fashion entrepreneurs react differently on the question whether they would like to be subsidized. The majority does think it would make it easier but on the other hand thinks it would make them lazy too. Several designers mention the example of Viktor & Rolf, which (for them) symbolizes the subsidy system in the Netherlands.

In §6.4 I will discuss Cultuurinvest (Culture Invest, from hereon CI) elaborately. CI is an investment Fund for the creative industries, fashion included. Several designers have either had contact with CI or are interested in this. I will return to this later.

N. Vranckaert, Managing Director at Knit CVBA, first fashion enterprise that works with the Belgian Investment Fund for the creative industries, CI:

'Cultural value can impossibly be measured. Not like profit or turnover. I believe a fashion designer with an own label should adapt a proactive attitude. For a Belgian fashion designer, there is no bigger reward than seeing people wearing his designs. Fashion has to be wearable and it has to be sold. When you want to make art you belong in a museum. When a designer is valued for his artisticity, he or she

will find him or herself in a vicious circle. Then you start working to finance your next work. The best way to measure is whether a designer sells. What is the use in making a product that nobody wants?

6.2.2.1 Commercial behaviour as a strategy

In order to function in the Belgian environment, Belgian fashion entrepreneurs adapt a different strategy than the Dutch entrepreneurs. While Dutch fashion entrepreneurs are rewarded for an artistic approach, Belgian fashion entrepreneurs are not. As was seen in the first paragraph, they can only get support based on their entrepreneurial achievements.

Belgian fashion entrepreneur, graduated in 2005, runs a label together with an old-classmate:

'In the beginning we may have been too artistic but we have reinvented ourselves, without losing our identity. We have gained a new identity. Designers who work too conceptual, like Dutch designers often do, lack an understanding of the essence of fashion. We are more commercially focused now.'

The difference between Dutch and Belgian fashion entrepreneurs is that a lot of Dutch fashion entrepreneurs become new fashion crazes in a relatively little time. Belgian fashion entrepreneurs approach founding an own label much more realistic. That is why they do not emphasize presentation in the beginning of their career, unlike Dutch designers. They rather emphasize saleability (by organizing showrooms for example). Are stated in chapter four, Belgian fashion entrepreneurs show on the catwalk what they sell.

The majority of the Belgian fashion entrepreneurs does not believe that fashion can be seen as a form of art while the majority of the Dutch fashion entrepreneurs believes that it is a combination of both. The fact that Dutch fashion is subsidized as a form of art contradicts the Belgian situation.

Belgian fashion entrepreneur, graduated in 2000, started a label after having worked for Dries van Noten:

'I think that fashion is something completely different than art. Maybe that is caused by my commercial view on fashion. I think that fashion has to be worn. An art work never changes while fashion is a tool through which people can express themselves.'

Belgian fashion entrepreneur, graduated in 2000, started a label with an old classmate. Shows in Milan and has almost hundred points of sale.

Fashion is not art, fashion is business. After six months fashion is worth nothing while art only becomes more expensive. Fashion demands so many investments that it has to start making profit right away. Commerce is not a dirty word. It is a good word. People say that museums have opened for Chanel. But Chanel does not exist because it is art but because it sells extremely well. They deliver a product.'

Belgian fashion entrepreneurs do believe that fashion can be conceptual. But they all state that concepts too must sell. The majority of the Belgian fashion entrepreneurs, more than Dutch fashion entrepreneurs, realizes that they make a product which has to be sold. Even designers that value the artistic value of their work, state that when designing a collection, they realize that they must design certain items that sell well. None of the Dutch fashion entrepreneurs mentioned this as a strategy.

6.2.3 Banks and fashion

In this paragraph, I will discuss a second form of external finance, *debts*. The main source is commercial banks. As we have seen in §6.1.3.1, it is not easy for Dutch fashion designers to get access to loans. In part, this is the result of designers not having the right skills needed for applying for loans. Belgian fashion designers are forced to develop the right skills as *debts* are their most important form of access to external finance in several cases. As was shown in the former paragraphs, Belgian fashion entrepreneurs even have to position themselves as entrepreneurs in order to get grants. That could be a reason why the Belgian fashion entrepreneurs are better in convincing banks to give them a loan. Belgian fashion entrepreneurs are less afraid of banks than Dutch fashion entrepreneurs.

B. van Opstal, relationship manager KMO (Transport & Logistics) at ING Antwerp, more than ten KMO's (small companies) are financed by the ING:

'A fashion designer has to become profitable as soon as possible in order to get our support. When several designers came to see me, they were not profitable yet. Fashion always is a risky business. As a bank too, you have to take a certain risk. But we expect that the designers are also aware of the risks. You have to make this creative people understand numbers. In the beginning we were pioneering. You have to tell the designers that certain things must be calculated in order for me to understand their financial gap and what they need. These designers had to work day and night in order to get it on paper.'

ING Antwerp does not have a special Fashion Desk. Still, a lot of Belgian fashion entrepreneurs are financed by the ING. This started with Dries van Noten in the eighties. As a result, ING has positioned itself as the 'Fashion' Bank of Antwerp. In a way this can be

attributed to the designers themselves who had to put a lot of effort into writing their business plans for example. On the other hand, the bank itself was prepared to take more risk than Dutch banks. That there have been some designers who went bankrupt in the past even with the help of the ING (Van Opstal, 2008) confirms this. In Belgium too, a lot of support from commercial banks is based on visible branding (Van Opstal, 2008).

According to Van Opstal (2008), the ING does not finance first collections and shows of fashion entrepreneurs because of the high risks involved. This loan has to be earned by the designer, for example in a commercial job. ING does finance the production of collections once the entrepreneurs have collected orders of clients. According to Van Opstal (2008), it is important not to think in terms of private capital or solvability. The difficulty with financing fashion is that at a point in time, three seasons will overlap. As a result, it is hard to see whether the label is profitable or not.

Van Opstal (2008), who has been working with fashion designers for several years, knows the 'game' of fashion. Van Opstal (2008) has noticed that less designers start a label directly after graduation. According to Van Opstal (2008) the most important thing is that the designer must turn his label into a profitable opportunity.

There is not much difference between Dutch and Belgian banks. Both support profitable opportunities. However, the ING does offer more opportunities to newcomers, which is rare in both Belgium and the Netherlands. There also seems to be a difference in the attitude of Dutch and Belgian fashion entrepreneurs. The Belgians are less afraid of banks. This can be explained by the fact that the Belgians have less access to grants. They have no other choice but to turn to another form of external finance. As a result, it seems that Belgian fashion entrepreneurs have adopted a more entrepreneurial attitude. They know better what banks expect from them.

6.2.3.1 Experiences of Belgian fashion entrepreneurs

Out of the 22 fashion entrepreneurs, seven have had contact with a bank and succeeded in getting a loan (4 at ING). All of them are very positive towards this form of external finance. The fashion entrepreneurs who are preparing to start an own label, state that they will eventually contact a bank for loans. Some of them, like their Dutch colleagues, are hesitant to take this step.

Belgian fashion entrepreneur, graduated in 2000, started an own label 5 years ago after having worked for Dries van Noten:

With the fourth collection, we started to work with a bank that works with a lot of fashion designers. They help me with the money I need to produce the collection. If I can prove that I have sold for a

hundred euros, he will borrow me 50 euro. But in order to do that, he needs a confirmation of the order. That is the only way to finance our collection. Currently, we are also looking at other possibilities, for example investors, in order to be able to invest in a press office and shows.'

Belgian respondent, graduated in 2004, started an own label together with his twin brother in 2005.

'It is hard , but once you have a relation to one bank , it could happen that there are quite open to help you. Not always , they are still a bank and not the social money giver.'

Two designers stated that they have difficulties with lending money from the bank because their label has become very profitable. As a result, the risks for the bank have grown.

'Now that we started to earn more, it is harder to get extra loans. We have credibility, but the amount of money we need has grown too. This year we have had a growth of 42 percent, that means that we have an enormous additional financial need. Our private capital can never grow that fast. That is reality. On the one hand, the situation has improved, on the other hand (because we are doing so well) it has become more difficult. We are in a luxury position but not everything is easier. The risks for the bank are bigger and the private capital can never grow as fast as our turnover.'

The main difference between Fortis and ABN AMRO Fashion Desk (the Netherlands) and the ING (Belgium) is that the latter has more experience in financing fashion designers. In the Netherlands initiatives are started, but on the whole, young fashion designers are still considered as too risky to finance. Instead, projects like the Fashion Biennale are sponsored. The ABN AMRO Fashion Desk is very young. The majority of the fashion entrepreneurs in the Netherlands to have never heard of it. I believe that, because Belgian fashion entrepreneurs cannot get grants, they have to turn to other forms of support, like debts, in an earlier stage. In the next paragraph, I will discuss other forms of financing in Belgium.

6.2.4 Other forms of financing

Next to *grants* and *debts*, the Belgian fashion entrepreneurs have also mentioned other possible forms of financing. This third form of external finance, *equity*, is provided by business angels or informal investors. One fashion entrepreneur has worked with an informal investor (a manufacturer). Seven fashion entrepreneurs state that they are interested in working with an informal investor. Like in the Netherlands, these designers also state that they are scared of the results of this type of financial support. But compared to Dutch fashion entrepreneurs, Belgian fashion entrepreneurs have less trouble with finding a business partner. The majority of the fashion entrepreneurs has found help in the businesslike aspect

of their enterprise. Unlike the Dutch, the Belgian fashion entrepreneurs, believe in a slow growth of their companies. That is why they feel the need to attract an investor in a later stage than the Dutch designers who believe that it is best to attract an investor right away. The former strategy seems to work better than the latter. Two Belgian fashion entrepreneurs who work as a duo, believe that working with an investor is not like they had imagined their career as independent fashion designers.

Belgian fashion entrepreneur, graduated in 2000, started a label with an old classmate in 2002, which has been profitable for four years :

'We do not want to work very hard to eventually have to give all our shares to somebody who has invested in us. We admire the path that Dolce & Gabbana or Dries van Noten have taken. We also would like to become market leader in twenty years. We have to grow slowly instead of having to give away all our shares to an investor who has helped us financially. It may sound arrogant but I believe that designers who have as their goal to work with investors, have a lack of businesslike vision. Why want an own company when not owning it?'

Besides informal investors and business angels, Belgium offers other possibilities when looking at forms of access to external finance. As we have seen in this and the former paragraph, there are several differences in external finance between the Netherlands and Belgium. The Dutch government offers more grants than the Belgian government. Belgian banks seem to offer more help to independent (small) designers. Belgian fashion designers are more risk-averse than their Dutch colleagues. At the same time, it seems that Belgian banks are more willing to take risks than Dutch banks, but only when a designers shows the capabilities needed for survival in an (realistic) environment which stimulates entrepreneurial behaviour.

In the next paragraph, I will elaborate on another Belgian form of access to external finance. As there are almost no grants available to Belgian fashion designers, CI was founded in 2006. Its motto is to invest rather than to subsidize.

6.3 Initiatives in fashion investment

6.3.1 Tax Shelter, CI and Participation Fund

In 2006, A. Turtelboom from the Flemish political party Open VLD suggested to found a Tax Shelter for enterprises in the fashion industry. Belgium already has a Tax Shelter for the film industry. The goal of this shelter is to attract investors (by offering a tax break) to invest in fashion design. According to Turtelboom, agreements between investor, producers and

designers with a duration of four years will offer designers the freedom to produce a collection. At the moment it is not clear whether this plan will become reality.

In 2006, CI (a public-private fund) was founded by the Flemish Ministry of Culture, the Minister of Economics, Science and Innovation and the Minister of Finances. The goal of CI is to invest risk-capital in (Flemish) creative enterprises that cannot get support from the government. (Maenhout et al., 2006) CI, a department of PMV Flanders, wants to build a bridge between culture and economy. An important distinction that has to be made is between subsidies and investments. CI does not subsidize but it invests risk-capital in Flemish enterprises with the goal of gaining financial returns.²⁰ With subsidies, money is given without there being a financial compensation. With investments, there is a clear financial compensation (Van den Eijnden, Hijzen & Van den Steenhoven, 2008: 3).

In order to be considered for an investment, the enterprise must offer quality products that are culture related and have clear economic or commercial potential. CI does not invest in cultural organizations that are structurally financed by the Flemish government. In order to get off the ground, CI initially got a sum of 20 million euro to invest. Half of this amount was given by the Flemish government, the other half was lended by banks and insurance companies. CI wants to achieve economic independency for creative entrepreneurs with the help of well-balanced business plans. So far, CI has invested in 28 projects. The total impact of these investments on the Flemish market has been 7,3 million (Deceuninck, 2008).

CI offers three options. First, it can do an risk-capital investment by buying stocks. The second option is to finance a project. The third option is to offer subordinated debts. The second option is generally not used for fashion design (Deceuninck, 2008). Besides these three possibilities, CI also offers guidance and management advice and it can give designers access to other forms of external finance by redirecting them to Vinnof, the Flemish Innovation Fund, the Participation company Flanders (PMV), private investors or the federal Participation Fund, which focus on Belgium (Deceuninck, 2008).

A business plan is very important when contacting CI. If a designer does not have one, CI can and will help them. Deceuninck (2008) has mentioned that the majority of the applicates does not know what a business plan is. Either these designers have to learn these skills during the education programme or they have to find a business partner (Deceuninck, 2008).

E. Deceuninck, accountmanager CI:

'When we say that we focus on creative enterprises, people often think that we subsidize. But we invest in culture, we do not subsidize. Except for banks, we are the only institution that does this. We do not make value judgments about the content of the creative companies. The main point is that it

²⁰ Brochure CI or see www.cultuurinvest.be.

has to be saleable. It has to be payed back eventually. We also look at the persons behind these companies. It is important that he or she has previous work experience for example. The only thing we will not judge is whether we like the clothes he or she makes or not.'

This form of support strongly contradicts the way in which Dutch fashion is subsidized. Instead of subsidizing, the Belgian environment prefers to invest in its fashion designers. Again, as a result of this, fashion entrepreneurs are selected on their entrepreneurial skills. Earlier we could see that FIT focuses on entrepreneurs when giving financial support (see §6.2.1) Only then, CI will offer possibilities. It also works together with banks and other possible investors. As this initiative is recent, it is not certain how it will evolve in time. As we will see now, several Belgian fashion entrepreneurs have already had experience with CI or the Participation Company Flanders.

6.3.2 Experiences of Belgian fashion entrepreneurs

As this initiative is recently new, only three fashion entrepreneurs so far have successfully applied for one of the investment possibilities from CI. The future possibilities are very promising. Two of them have received a subordinate debt from CI and help from the Federal Participation Fund. The other fashion entrepreneur has received a risk-capital investment. Two other designers, who were not interviewed, belong to the first fashion enterprise (Knit CVBA) that works together with CI. For the purpose of this Thesis, I did speak to N. Vranckaert, Managing Director at Knit CVBA. One other designer tried to get access to an investment (Participation Foundation Flanders) but failed in doing so. Several other fashion entrepreneurs are aware of the possibilities of CI and consider applying for an investment in a later stage of their career. The fashion entrepreneurs who now work together with one of these parties are very content. An example:

Belgian fashion entrepreneur, graduated in 2000, started a label with an old classmate in 2002. In 2007 they reached a turnover of 1,7 million euro:

'In april 2002 we started our label. In the meantime, I had already written a business plan and I had been looking for investments or other sources of external finance. I had also collected some private capital. Eventually we were helped by the federal Participation Fund. I had to look for a bank too who were willing to help us. We got an initial investment from the Fund. This made it possible to finance our first collections.'

This duo also recently received a subordinate debt from CI co-financed by the ING Bank Antwerp. According to these designers, it is very important to have the capacity or the insight

to get access to external finance. Initiatives like CI stimulate the pro-active attitude of fashion entrepreneurs.

'You have to know where the money is and you have to go and get it. There is a lot of money, you only have to knock on the right doors.'

We could say that Belgians are more entrepreneurial when we look at their behaviour. Indeed, some of them are pro-active in getting access to external finance. But on the other hand, the Belgian environment offers these designers better entrepreneurial tools. There has been international interest, also from the Netherlands, in the CI model as we will see in the next paragraph.

6.3.3 Co-Lab

Four years after the plan *Connected* (2002) was presented (see Appendix I), Co-Lab was founded by G. Beumer and G. Staal. It focuses on the guidance and professionalization of designers, which was considered as the biggest problem. In the Netherlands, there is no real grasp on perspectives and there are no follow-ups. A lot of subsidies were pumped into Dutch fashion design, but this led to little results (Mollet, 2008). Mollet (2008), business director at Co-Lab, believes that subsidy policy is part of the answer but cannot be the only answer. The Co-Lab Foundation thinks that the Dutch fashion industry needs an initiative which focus is not only on presentation but one that is able to back up talented designers in finance and operations.²¹ Co-Lab is supported by the Fonds BKVB, the Mondriaan Foundation and designer Alexander van Slobbe.

Co-Lab has several ambitions. First, it wants to set up an investment fund based on the model of CI (see §6.3.1). In order to launch Dutch fashion talent, the Co-Lab foundation will help to create a public-private investment fund in 2009. This fund would take minority shares (less than 33%) in its participating fashion labels. To begin with, Co-Lab wants to support nine projects; three will be pilots for a duration of four years. According to Mollet (2008) former fashion consultant responsible for Co-Lab's daily operation, an independent investment committee will decide on the projects. Research from *Kennisland* in 2008 by Van den Eijnden et al., has pointed out that a model like CI would work for the Dutch creative industry (not for the cultural industry).

The second goal is to create a house of fashion that will interlink fashion, management, strategy and finance. The focus will be on the managerial, financial, operational and legal aspects of the fashion business (<http://www.colab.nl/leaflet.pdf>). Co-Lab will guide two fashion labels, *Intoxica* by Kentroy Yearwood and *Francisco van Benthum* by Francisco van

²¹ <http://www.colab.nl/wp-content/uploads/2006/07/Beleidsplan.pdf>

Benthum. These two labels have both passed the first stage (gestation) and are ready to manifest themselves internationally. Together with these labels, strategies and business development models are developed.²²

The plans for an Investment Fund are still in a start-up phase. During a meeting (april the 24th), several important parties that work in the Dutch fashion industry, came together to discuss this plan. In order to get this fund off the ground, Co-Lab will need support from the Ministry of Economics. For all the parties (designers, investors, cultural bodies) an investment fund would be a win-win situation. According to Mollet (2008), public support should take the lead in order to assure that the private sector will follow.

Christophe Mollet, business director at Co-Lab:

'The designer's signature and his product are the starting point. We measure whether the designer knows himself. Subsidies are helpful till a certain point, then you have to lift a few out of this pool.'

6.3.4 The relevance for Dutch fashion entrepreneurs

The two designers that have been supported by Co-Lab for the last year, state that an Investment Fund like CI would be very valuable to the Netherlands.

Dutch fashion entrepreneur, graduated from the ArtEZ (1995) and FIA (2000), has had a label with an old classmate and started an own label in 2005:

'Co-Lab is such a relief for me. I have always been looking for the base. How to start your own thing? Subsidies have made sure that my creativity was kept at a high level. But it was hard to take the second step, towards my own enterprise. The last year I have been writing a business plan. Now I have combined creativity and strategy. There are so many big Dutch companies that could financially help setting up an investment fund. The time is now.'

The two designers state that Co-Lab has learned them that fashion is about products which have to sell. Co-Lab has learned these Dutch entrepreneurs to adapt a 'Belgian attitude'. Both designers underline the importance of an international platform for the Dutch fashion industry.

²² Co-Lab offers it designers: auditing the company, set up of strategic direction, guidance with collection build-up and product merchandising, implementation of a yearly calender, implementation of an international distribution network and the development of financial formats and a business plan (<http://www.colab.nl/leaflet.pdf>)

6.4 Evolutionary approach on differences in access to external finance

6.4.1 Different reactions

As can be seen in the last two paragraphs, the differences in types of external finance between the Netherlands and Belgium, are substantial. While Dutch fashion entrepreneurs have to position themselves as artists in order to get access to the main source of external finance (public support), Belgian fashion entrepreneurs have to position themselves as entrepreneurs in order to get access to external finance. As was already said in §5.3.1, the lack of public subsidies intensifies the entrepreneurial approach of Belgian fashion designers after graduating from an Academy.

As was shown in this chapter, the reactions of both Dutch and Belgian fashion entrepreneurs are different because the designers adapt their strategies to the environment in which they have to function. As Dutch fashion entrepreneurs can rely on subsidies for a few years of their career, this is their most important source of external finance. In order to get access to this form of external finance, they must emphasize the artistic qualities of their work. Commercial qualities are not stimulated. This is peculiar because once the subsidies stop (which is inevitable), designers will only get access to other forms of external finance when they show their commercial abilities.

Even designers who deliberately never applied for subsidies or stopped applying in order to professionalize are forced by the Dutch environment to rely on subsidies. The Dutch environment knows little initiatives that emphasize entrepreneurship. Even designers who were critical about the Dutch subsidy system, state to have been subsidized at some point because it 'was the only way'. Sooner or later, a Dutch fashion entrepreneur will experience the difficulties surrounding getting access to external finance. In several ways, applying for subsidies is easier than trying to get access to other forms of external finance, like debts or equities. The latter forms are often considered as less safe options. Although there have been some initiatives, like the ABN AMRO Fashion Desk, there are little other possibilities than subsidies for *young* Dutch fashion designers.

The Dutch environment does not stimulate or encourage entrepreneurship. Designers that do develop entrepreneurial talents, are forced to adapt their strategies into more artistic ones, in order to get access to external finance because it is hard to get access to loans for example. When we look at the Belgian environment (and its forms of access to external finance), we see that it stimulates entrepreneurship foremost by demanding entrepreneurial qualities. For example, even the few possibilities to get subsidized demand some entrepreneurial skills.

6.4.2 Variation, selection, retention

When trying to explain the differences in entrepreneurial behaviour between Dutch and Belgian fashion entrepreneurs, I will address an evolutionary view as was explained in chapter 1. In contrast to education, access to external finance *does* select on entrepreneurial skills. In effect, differences in access to external finance can account for the differences in propensity to behave as an entrepreneur in Belgium and the Netherlands. Access to external finance seems to be the 'great selector'.

As was shown in §5.3.3, there is no reason to assume that the groups of graduates from ArtEZ or the RAFA, are differently equipped with entrepreneurial skills (not characteristics!). In evolutionary terms, one could say that both groups are similar in composition, and are therefore similar in 'variation' sense. After graduation, both groups are exposed to either the Dutch or the Belgian 'fashion environment'. What takes place next is a process of selection on the basis of different aspects of these environments.

As we have seen in chapter 6, access to external finance has a great influence on young designers. They adapt their strategies and behaviour to the availability of financial opportunities. Therefore, the availability of external finance is a crucial aspect of the 'fashion environment'. The fact that Belgium and the Netherlands differ greatly in this respect, could justify the assumption that the differences in entrepreneurial behaviour between Dutch and Belgian fashion designers can be attributed to differences in access to external finance.

In evolutionary terms, one could say that both environments 'select' on different qualities. The Dutch environment selects on artistic quality and (consequently) designers with artistic qualities are more 'fit' than designers with entrepreneurial qualities. In contrast, the Belgian environment primarily selects on entrepreneurial (and commercial) qualities. Consequently, the 'survival of the fittest' means the survival of those designers who are able to exploit their entrepreneurial talents. This is not to say that Belgian designers are artistically constrained. In order to be a successful fashion designer, one needs a healthy combination of both artistic and entrepreneurial qualities.

The final stage of evolution is retention. When the notion of retention is applied to the Dutch fashion industry, one can only conclude that there are hardly any designers that remain 'on top' for any serious amount of time. Instead, one could say that the Dutch fashion industry consists of a turbulent pool of young talented designers. Although highly artistic and exciting, they seldom 'survive' when the subsidy source runs dry. Retention in the Netherlands means that the pool of young designers is always full. It is constantly 'fed' from below by new graduates who replace those designers that once were the 'new Viktors & Rolfs' but proved to be 'eternal talents' instead. On a personal level, this is no retention at all. In fact, the situation is better typified as a constant stage of selection. However, if the Dutch

fashion industry can somehow be perceived as an organism, this dynamic situation could be seen as retention: a constant state of flux that results from a harsh environment.

In the Belgian setting, a stage of retention can be distinguished more clearly. Because of the forms of external finance available, the process of selection starts immediately after graduation. As a result, those designers which are prone to survive because of their entrepreneurial qualities get selected in an early stage. Those who lack the entrepreneurial skills to survive will not be artificially 'kept alive' by government support. This accounts for the fact that there is no large Belgian pool of artistically talented designers with no realistic (commercial) future in the fashion industry. Those who manage to survive the first years after graduation will have been able to do so on grounds which will help them to survive in later stages of their development. A small but realistic number of designers makes it to these later stages. This can be viewed as reaching a stage of retention.

6.5 Conclusions: answer research question: part II

In this next paragraph, I will answer the second part of my research question.

- *To what extent does access to external finance contribute to differences in entrepreneurial behaviour between Dutch and Belgian fashion designers?*
- *What are the differences between the propensity to behave as an entrepreneur in the Netherlands and Belgium?*

In evolutionary terms, access to external finance does select certain graduates from its environment in the Netherlands and Belgium. Access to external finance is the factor that accounts for the propensity to behave as an entrepreneur or not. The Belgian and Dutch environments both 'select' on different qualities. In Belgium, a fashion designer is most 'fit' for its environment, when he or she possesses entrepreneurial qualities. Only then, he or she will get access to external finance. In the Netherlands, a fashion designer is most 'fit' for its environment, when the work possesses artistic qualities and when one positions oneself as an artist (instead of an entrepreneur). In the Netherlands one does not have to acquire entrepreneurial skills in order to get access to the most important form of external finance (grants). As was shown, all of the Dutch fashion entrepreneurs have had (at some point in their career) experience with the Dutch subsidy system.

As the Belgian fashion entrepreneurs do not have so many possibilities as the Dutch fashion entrepreneurs on the level of subsidies, they are forced to adapt their strategy to their less generous environment. In this chapter, the 'Viktor-and-Rolf'- effect was introduced for the Dutch situation. This effect is in terms of evolution, an example of path dependency, as a process that cannot shake off past events (see §1.4.3). Fashion entrepreneurs in the

Netherlands are less entrepreneurial in their behaviour (they are often forced to rely on subsidies) because the Dutch environment has made this the easiest option for them. The example of Viktor & Rolf, a duo that was highly subsidized in the gestation (and growth) phase of their label, still serves as an example for many young fashion designers.

The Belgian environment is less generous when it comes to subsidies. Investment –wise, the Belgian environment is better developed. There is a better cooperation between manufacturers, banks and investors in Belgium than in the Netherlands. CI, a relatively new initiative, typifies the character of the Belgian environment. This public-private investment fund has already supported some successful fashion entrepreneurs in Belgium. In the Netherlands, there are plans to set up a (fashion) fund for designers.

As a result of the character of this environment, the strategy of Belgian fashion entrepreneurs is more commercially orientated and focused on selling clothes instead of presenting clothes. This makes them more entrepreneurial in the sense that their clothes are meant to be sold from the gestation phase on. The Belgian fashion entrepreneurs are forced to adapt a more pro-active, entrepreneurial attitude in order to get access to external finance.

Chapter 7 – Conclusions: An evolutionary approach

In this last chapter I will combine the results from the three previous chapters. I will present the results from an evolutionary perspective. In the first two paragraphs, I will discuss both the process of evolution in the Netherlands and Belgium. In §7.3 I will make some recommendations.

7.1 The Netherlands

7.1.1 Variation

In a broad sense, variation in the context of entrepreneurial success in fashion starts with the group of people that have the ambition to become successful fashion designers. In general, the first step in their career will be the enrolment in a fashion academy.

From my analysis of the ArtEZ Academy and FIA, it can be concluded that in general, the 'pool' of young fashion designers that graduated from these programmes, will not be equipped with sufficient entrepreneurial skills (that can be acquired through education) needed for a successful career as an independent designer. This does not mean that there are no young designers in this 'pool' that have sufficient entrepreneurial characteristics to, given the right guidance, become successful fashion entrepreneurs. But it does mean that the group of people that enrolled in these programmes is not much different in composition from the group of designers after graduation, in an entrepreneurial sense.

It can be stated that in this stage, no selection on entrepreneurial skills or characteristics has taken place. Therefore, after graduation, the evolutionary process of becoming a successful fashion entrepreneur is still in the stage of variation.

7.1.2 Selection

After graduation, one would expect that a process of selection would naturally take place. Young fashion designers are 'set free' in the harsh world of fashion design. The ones that cannot adapt by becoming realistic entrepreneurs by utilizing their entrepreneurial skills and characteristics, would not 'survive' and choose different careers. However, the Dutch fashion environment does not pose any entrepreneurial challenge to young fashion designers. The fashion industry in the Netherlands survives on subsidies, which are not linked to entrepreneurial skills and characteristics, but instead are focused on stimulating artistic talent. The access to subsidies is in many ways easier than getting financed by commercially orientated financial institutions. It can be stated that even the designers that have

entrepreneurial characteristics are stimulated to emphasize their artistic value in order to get subsidized rather than relying on their entrepreneurial talent to attract other forms of external finance.

One could say that selection in the Netherlands is not 'natural' in the sense that the qualities needed to 'survive' the first years of starting an own enterprise are not the qualities on which the subsidy system selects. In effect, when the subsidy resource runs dry, young fashion designers are left helpless in a commercial reality that is not reflected in government policy. The designers that succeed in transforming their focus from an artistic to a commercial orientation might be able to 'survive'. In this sense the 'real world' selects on entrepreneurial skills and characteristics of fashion designers. But the years in which their designs were subsidized will have been crucial in their development, so that chances of making a successful transition from art to commerce are bleak. Therefore, the term 'selection' might be somewhat positive for this process in which only few if any designers will succeed.

7.1.3 Retention

While the subsidy system selects on artistic talent, the true selection takes place after all subsidy possibilities are exploited. Since this true selection will hardly let any designer 'survive', it is impossible to speak of a stage of retention of any magnitude. Instead, the Dutch fashion industry revolves around young designers that last just a couple of years in which they show their artistic quality without having to prove their commercial sustainability. This group of designers is constantly fed ('from below') with new graduates who will try their luck as artists rather than entrepreneurs. The subsidy system thus creates a pool of eternal talents in which names and labels are interchangeable. Talents fade away and no serious fashion industry can evolve.

7.1.4 Path dependency: the Viktor & Rolf-effect

The career of Viktor & Rolf show that a successful transition from art to commerce can be made and that a highly artistic orientation can lead to a great level of international success. One could say that their career has had a profound effect on the Dutch fashion environment. It proved that the Dutch subsidy system 'worked' and it concealed the drawbacks of the dominance of an artistic orientation. Next to that, it proved that the curriculum of ArtEZ (from which Viktor & Rolf graduated) can be a blueprint for success. This could have diminished the motivation to introduce mandatory courses on entrepreneurship. Moreover, for many young Dutch fashion designers, the careerpath of Viktor & Rolf seems the 'yellow brick road'

to success. Every successful show by Viktor & Rolf underlines the sensibility of a focus on artisticity.

In this situation, there is little motivation for young designers to seek alternative roads to success. The Dutch environment (the sources of external finance predominantly) pushes them in the direction of an artistic orientation. One has to be either incredibly brave or pigheaded to chose another path. In my view, the strong propensity to follow in Viktor & Rolf's footsteps can be considered an example of path dependency.

In general, it seems wise to follow the route that led others to success. However, besides Viktor & Rolf, there are no examples of fashion designers who have become successful following this path. In reality, the path of artisticity is littered with pitfalls, detours and dead ends. By no means does it promise a successful career in fashion.

7.2 Belgium

7.2.1 Variation

In Belgium, the variation in the 'pool' of young fashion designers does not differ much from variation in the Netherlands. The curriculum of the RAFA does not offer more courses on entrepreneurial skills than ArtEZ. It could be said that some emphasis is put on entrepreneurial skills when students are stimulated to outsource their work. This prepares students for the 'real world' of fashion entrepreneurship in which success is difficult to achieve without outsourcing. However, it cannot be stated that 'outsourcing' is part of the curriculum. Outsourcing is merely *stimulated*, no skills that are required for outsourcing or organizing production are taught.

Next to this, the RAFA unintentionally makes graduates wary of starting their own label by not making an internship a mandatory part of the curriculum. This is hardly an attempt to teach entrepreneurial skills, but it can be viewed as a way to prevent graduates from making an unrealistic start by immediately founding a label. However, it appears that there is no strategy behind this.

Also, the RAFA offers some optional courses on entrepreneurship. However, like in Arnhem, these are not very popular among students and will not provide the average graduate with sufficient entrepreneurial skills.

Thus, like in the Netherlands, education in Belgium does not select on entrepreneurial skills and characteristics. As a result, the pool of graduates will not consist of both designers with entrepreneurial talents and designers without these talents. The share of people who lack these talents will be the same in the pool of graduates as in the pool of students that

enrol in the RAFA. Accordingly, in the phase of graduation, fashion designers are still in a state of variation (in an entrepreneurial sense).

7.2.2 Selection

The Belgian fashion environment poses serious entrepreneurial challenges to young fashion designers. A subsidy system focused on artisticity like in the Netherlands does not exist. The subsidies that are available provide possibilities only to those who succeed in presenting themselves as talented entrepreneurs who will one day stand on their own feet.

As was shown in chapter 6, the need for entrepreneurial skills and characteristics is also stressed by other forms of external finance in Belgium. As a result, a process of 'natural selection' takes place in which only those graduates with sufficient entrepreneurial characters and skills are able to survive commercially. This process is 'natural' from the start in the sense that those young designers who manage to cope with the entrepreneurial challenges at hand are the same designers who are most likely to become (internationally) successful fashion designers in the future.

This is how the Belgian fashion environment does not sustain a pool of talented designers that have only artistic orientations. It underlines the dual character of fashion. On the one hand designers need to be oriented on art in order to meet the artistic demands of high fashion. On the other hand, designers need to sell their designs by applying their entrepreneurial skills and characteristics. The Belgian environment selects on both criteria.

7.2.3 Retention

The Belgian fashion environment is a harsh environment from the start. It is extremely difficult to become a successful fashion designer. Many graduates who once aspired to run a successful label will be disappointed. However, some will make it and some will even reach the international top. Therefore, a stage of retention, can be distinguished in Belgium in which several designers will take part in the most important international fashion events year after year.

In Belgium, talent is instrumental from the start. While in the Netherlands talent is cradled and pampered, talent in Belgium is put to the test and has to be applied in order to 'survive'. In the end the latter situation will stimulate talent more than the first. By having to apply their talents, young fashion designers have an understanding of the aspects of the fashion industry on which their attention should be focused. While young subsidized Dutch fashion designers can experiment without running serious risks, Belgian designers do not have this

freedom and have to focus on what the fashion industry is about right after graduation. This puts Belgian designers in a better position to ultimately reach a stage of retention.

7.3 Recommendations

In this thesis I have shown that the Belgian and Dutch environment emphasize different aspects of fashion design. While Belgium *invests* in fashion, the Netherlands merely subsidizes. As Moons (2008) has stated, 'policy must be geared towards overcoming the dichotomies of private versus public, market versus state and must pursue an alternative (public-private approach)'. For the purpose of the Dutch fashion entrepreneurs, it is of importance to seriously start looking at the possibilities of public-private approaches that can further support the Dutch fashion industry. Support so far from the Fonds BKVB seems to have been counter-productive as only a very small number of Dutch designers have reached a stage of retention. More research has to be done on the relevance of a public-private investment fund (like CultuurInvest) for the Dutch fashion industry. Co-Lab has started plans that point in this direction. Still, more parties in the Dutch environment must realize that a merely public approach is not benefiting the development of the Dutch fashion industry.

Another recommendation concerns the curricula of ArtEZ, FIA and RAFA. Graduates from all the courses stated that they had missed a realistic approach on fashion. There is little or no attention for fashion entrepreneurship. This needs to be revised as post-academic initiatives (TTIB or PLATO) show that fashion designers do feel the need to acquire business skills. A basic level needs to be taught at academies to guard designers from making mistakes that could have been prevented. These courses need to be spread more evenly over the course. Now, these courses often are either not given at all or are planned in a few days which makes them mandatory but not very interesting.

Lastly, research on the differences between the Dutch and Belgian fashion industry is very relevant as differences are often mentioned but not explained. In this thesis I hope to have made a good start.

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Appendices

APPENDIX I

Historic overview Dutch fashion industry

Inspired by Japanese designers in the eighties, like Yohji Yamamoto and Comme des Garçons, who presented their conceptual designs in Paris, fashion evolved into the expression of conceptual ideas. In the Netherlands too, we see a burst of creative talent in this period (Teunissen ed., 2006: 10). In 1988, the Netherlands Foundation for Visual Arts, Design and Architecture (Fonds BKVB) which objective it was to nurture excellence in visual arts, design and architecture, was founded. This foundation provided young (art) graduates, among which fashion designers, financial support. Teunissen (2006) has mentioned several examples of fashion designers (that started an own label) who were supported by the Foundation. These were: Illustrious Imps, Gletcher, Lawina and Lola Pagola that soon were named the Gill-group. Despite the financial support, none of these labels sustained commercially. Other labels that were started are: People of the Labyrinths, Humanoid, Mac & Maggie and Trix and Trees. These labels were (and are) commercial successes, the former two still exist.

While it is very hard for young fashion entrepreneurs to build up a profitable label in the eighties, Dutch retail companies have shown big successes. Examples are: Soap Studio (Frits Klarenbeek), Sandwich (Henriette Daniels, Turnover (Marjan Wigger), X-As (Gloria Kok), Oilily, Van Gils and Mexx (which is the biggest retail company in the Netherlands). Next to the retail companies, several couturiers have booked successes (Teunissen, 2007). Also in the nineties some Dutch confection brands emerged, like Marlies Dekkers, Gsus and G-Star.

It is only in the nineties, that a real new designer emerges: Alexander van Slobbe. Van Slobbe creates the label *Orson & Bodil*. He emphasized the abstract forms of his designs. He presents his collection *So* in Paris. This new attitude towards conceptual design, a revival from the eighties, at the same time is developed at the Fashion Academy of Arnhem. In 1993, an important year, a Dutch group of designers called 'Le Cri Néerlandais' (Pascale Gatzen, Lucas Ossendrijver, Marcel Verheijen, Saskia van Drimmelen and Viktor & Rolf's Rolf ter Snoeren and Viktor Horsting) presented their new vision on fashion in Paris. According to Teunissen (2007), the French feel that after the Japanese and Belgian designers, this is the birth of *Dutch Modernism*. Alexander van Slobbe is the only one at that time who turned his label into a commercial success.

Really famous is the story of Viktor & Rolf, who now belong in the top ten of the world most respected fashion designers. In 2000 their company was bought by an Japanese investor. Before that, they were subsidized by The Foundation for Visual Arts, Design and Architecture several times. They also got support from The Mondriaan Foundation and were supported by the Groninger Museum. When looking at the different groups of designers, as discussed in 2.3.4 we can say that Viktor & Rolf made a switch from the first group (subsidy orientation) into the second group (business orientation). Because of their international success, their strategy functions as an example for many young fashion entrepreneurs in the Netherlands (see 6.1.1). For Dutch fashion designers it is relatively easy to reach institutional success but commercial success seems to be almost an impossible goal.

No other designers so far have excelled the success of Viktor & Rolf and Alexander van Slobbe. Van den Berg (2004: 53) has concluded that this is a staggering number (!) considering that the Netherlands has nine Academies where yearly hundreds of fashion designers graduate. It has made Dutch designers relatively invisible on the international market. There have been attempts of fashion designers though, to try and equal this success.

At the end of the nineties, again a group of designers (the 'new generation') presented itself in Paris (Teunissen, 2007). The rapport '*Connected*' that will be discussed in this paragraph was initiated by this group of designers and peers. These were the first graduates from the Fashion Institute Arnhem (FIA): Niels Klavers, G+N, Oscar Suleyman, Keupr/vanBentm and Rozema/Teunissen. Again, these designers were highly subsidized. According to Rozema (2008), one designer of the collective Rozema/Teunissen, '*we all got a lot of money especially from the Mondriaan Foundation and the Foundation for Visual Arts, Design and Architecture.*' The economic crisis in 2001, is literally the end of the new generation of designers (except for G+N). None of them was capable of building a profitable business. We will see later that there was another cause for the failure of these labels. According to Teunissen (2007) these designers remain active in the fashion industry doing presentations and museum exhibitions. In 2003, Francisco van Benthum founded his own label, *Wolf*. Still, it is hard for him to make the switch from subsidies to an independent business (Van Benthum, 2008).

Other designers that graduated from the FIA and others are very promising: Monique van Heist, Jan Taminiau, Mada van Gaans, Eva van Overbeeke and Delia Drel (EnD), Bas Kusters, Daryl van Wouw, Spijkers en Spijkers and Percy Irausquin. These are only a few designers that have the ambition and possibility of becoming an international successful brand. Spijkers and Spijkers has managed to become an international successful brand.. These designers are very promising, but as long as there is no grown-up financial structure for their companies, like there is in Belgium, these designers will have a hard time too in

building up their brand on a long term. It is often said that it is good that we have a subsidy system (Westerhof, 2008) and that otherwise less designers could survive. I think it would be better to give designers a chance to prove what their worth is without subsidies that intervene with this 'struggle for the fittest'. More on that later.

Although, few Dutch designers are successful in setting up an financially and artistically successful label, many Dutch graduates work at very respected places in fashion. For example, Lucas van Ossendrijver, who designs for Lanvin and Wilbert van Das who is creative director at Diesel.

Forms of support in the Netherlands

In figure 4.1 (see Appendix I) I have described several supporting organizations that play an important role in the Dutch fashion industry. I have not mentioned all of them because they are not all relevant for the topic of this thesis (see Roso, 2005 for a complete overview). In chapter six, the experiences of Dutch designers with these organizations will be discussed. I will look at the influence that these organizations have had on the entrepreneurial behaviour of fashion designers. As I will focus on access to external finance in chapter six, I will mainly focus on the subsidy system and the possibilities that Dutch banks offer. The plans of Co-Lab will be thoroughly discussed in chapter six. In the next paragraph, I will focus on a project that was initiated by the Fonds BKVB in 2000.

Connected

In 2000, the Fonds BKVB, composed the group 'fashion' (Platform for Dutch fashion design) to make an inventory of the problems in the field. This group was appointed because the Fund had noticed how little (subsidized) Dutch fashion designers were able to make the transition from getting subsidized to being a commercial success. According to this group, the main problems were a lack of business skills and knowledge and a lack of production possibilities and investors in the Netherlands. This group concluded that:²³

- 'The artistic level of fashion design is too high in the Netherlands
- There is a lack of interest in the products of Dutch fashion designers and the distribution of it is difficult
- There is no platform for presentation and sales
- There is no platform for discussion and knowledge
- Small scale production possibilities are declining

²³ For more see: www.co-lab.nl/wp-content/uploads/2006/07/Beleidsplan.pdf

- There is a lack of investors
- There is a division between the cultural and economic aspects of Dutch fashion’.

Based on these findings, A. Westerhof and G. Beumer looked into the possibility of founding a new institution that could help to erase these problems in the report *Connected* (2002).

A. Westerhof, co-founder of FIA and the DFF:

‘In 1998 we started a new movement with the first graduates of the FIA. With this group and the Fonds BKVB, we looked for possible solutions for existing problems. Eventually this led to Connected (2002) that was co-written by me, G. Beumer and T. de Neef. A lot of these recommendations were brought into practice. But one important plan failed. There was a plan that the Mondriaan Foundation and the ABN AMRO would work together to provide fashion designers with loans. If the Mondriaan Foundation would guarantee the quality of the designer, the ABN AMRO would lend money to the designer as a business developer. That plan never succeeded because there was too much uncertainty. Not the bank but the Foundation cancelled the plan. This led to the end of all these promising labels.’

The foundation of Co-Lab was one of the recommendations that was brought into practice. In chapter 6, I will further elaborate on the plans of Co-Lab. What this example tells us is that although there are a lot of organizations and there have been several initiatives, so far none of them has really done anything to improve the poor possibilities of the professionalization of Dutch designers. The initiatives are temporarily and do not offer structural solutions. The best example is the Dutch subsidy system.

Figure 4.1 Public and private support for fashion designers in the Netherlands

Organization	Founded	Public/private	Goal	Support	Projects
DFF Dutch Fashion Foundation Originated from Fashion Institute Arnhem (1998) (Funded by Ministry of Education, Culture and	2001 Angelique Westerhof Pieter ‘t Hoen	Both: subsidized (Economic Affairs) and sponsored	Promotion and offering a platform <i>‘to strengthen the cultural, economic and societal position of Dutch fashion nationally and internationally’</i>	Media attention Not financial	Dutch Touch Prelude AIFW Mercedes Benz Fashion Awards Mode Biennale Arnhem Turning Talent into Business

Sciences)					
Fonds BKVB Fund for Visual arts, Design and architecture	1988	public Ministry of Education, Culture and Sciences	<i>'To nurture excellence in visual arts, design and architecture in the Netherlands'</i>	Subsidies Financial support: <i>Basic grants Incentive grants</i>	Pilot projects
Mondriaan Foundation	1994	Public Ministry of Education, Culture and Sciences	<i>'to enlarge and extend interest in, and the demand for visual arts, design and cultural heritage from the Netherlands'</i>	Financial Contributions to exhibitions and presentations. Only for organizations and foundations (like DFF)	Catalogues Fairs
Kunstenaaars & Co (Artists, Culture, Entrepreneurship)	2001	Public (non-profit) Ministry Education, Culture and Sciences	<i>'stimulates and supports artists in raising their level of professionalism and developing new areas of work'</i>	WWIK (income Support for artists) Information Training and Education, courses Training & coaching Cultural Loan Creative co- makership	several
HTNK	1997 Mariette Hoitink	Private	<i>'HTNK binds creativity with professionalism and commerciality. This is not only our core activity, but also our goal'</i>	Recruitment, Selection, Consultancy Coaching training Workshops Meetings Junior Meetings	Turning Talent into Business
Co-Lab	2006	public	<i>'to back up talented Dutch designers in finance and operations'</i>	professional	Founding a fashion investment Fund
Fortis Bank		private	Gives loans to fashion	financial	Sponsor :

designers, retailers.	Arnhem Mode Biennale
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Note: this figure is based upon information from: www.htnk.nl; www.dutchfashionfoundation.com; www.colab.nl www.kunstenaarsenco.nl; www.fondsbkvb.nl; www.mondriaanstichting.nl and on interviews held with Fortis and The Fashion Desk (ABN AMRO)

Historic overview Belgian fashion industry

According to De Voldere et al. (2007: 28) Belgium was renowned in the eighties for its high-quality production of clothing and textile. However, something like Belgian fashion design did not exist yet. This changed when the Royal Antwerp Academy of Fine Arts (Koninklijke Academie voor Schone Kunsten), added a fashion department in 1960. In this department, creativity was a central element. Students are challenged to create something. I will return to this later.

In 1973 the oil crisis and the competition from low wage countries have negative economic effects on the Flemish fashion industry. Between 1970 and 1974 one third of the total employment in the fashion industry disappears (De Voldere et al. , 2007). At the end of the seventies, consulting agency McKinsey was given the assignment to look at the position of the fashion industry in Belgium. Their report concluded that in need for the Belgian fashion industry to grow, it had to focus more on creativity (De Voldere et al., 2007). This meant that the exclusiveness of Belgian design needed to be emphasized. Based on this report, the Belgian government sets up The Textile Plan (ITCB), which I will discuss later in this chapter.

As a result of the *Textile Plan*, two initiatives were started. First, The Club des Créateurs was founded. According to de Voldere (2007) several designers engaged themselves with the question how the image of Belgian fashion could be enhanced in Belgium and other countries. These designers come up with two commercial plans, called the Golden two- horse team. The first was the logo: 'Fashion, this is Belgian' and the second The Golden Spindle Awards (Derycke, Teduits, Van de Veire, 1999). Both these initiatives were big successes. Eventually 'Fashion, this is Belgian' turned into a magazine which turned out to be a big success. The Golden spindle Awards had as a goal to attract new creative talent and to stimulate production houses to collaborate with young designers (De Voldere et al., 2007). So far, there had not been cooperations between avant-garde or high fashion designers and production houses (De Voldere et al., 2007: 29). The first Golden Spindle Award was won by Ann Demeulemeester in 1982.

The international breakthrough of Belgian design was in 1986 when six young Belgian fashion designers (Ann Demeulemeester, Marina Yee, Dries van Noten, Walter van

Beirendonck, Dirk Bikkembergs and Dirk van Saene) presented their collections in London. They were soon called 'The Antwerp Six' and were renowned for their creativity. Today, Dries van Noten, Walter van Beirendonck, Ann Demeulemeester and Dirk Bikkembergs are still extremely successful. Dirk van Sene sells his clothes on a smaller scale and Marina Yee quit fashion.

After this first generation of fashion designers, it would take more than ten years for the second generation to arise. In the meantime, there were some new designers like Lieve Van Gorp, Christophe Broich and Stephan Scheider. However, the success of the first generation was said to scare designers to start their own label (Bruloot, 2003). And as The Textile Plan did not exist any more, this made it even more difficult. Almost fifteen years after the 'Six of Antwerp', the second generation was born. The second generation brought: Raf Simons, Veronique Branquingo, Bernard Willhelm, A.F. Vandevorst, Jurgi Persoons, Angelo Figus (Academy of Antwerp). From other academies, we saw Olivier Theyskens and Xavier Delcour. These designers turned out to be very successful, both artistically and commercially. Notwithstanding, there have been financial difficulties too. A.F. Vandevorst for example has witnessed financial problems, just like Jurhi Persoons. But with help from the Belgian industry, they survived. In the nineties Belgium again became a trendsetter in fashion. And this has not stopped so far. New successful designers are: Bruno Pieters, Haider Ackermann, Tim van Steenberghe, Christian Wijnants and Kris van Assche.

Next to *the Textile Plan*, the Belgian government has not structurally (financially) supported Belgian fashion designers. As I will show later, fashion is not considered as a form of art (like in the Netherlands) which makes it harder for young fashion entrepreneurs to look for external finance. On the other hand, it may trigger entrepreneurial behaviour by selecting on different characteristics of fashion.

The Belgian fashion industry

Textile Plan

According to Moons (2007), the Textile Plan has to be considered as a government driven historical lever to success. The foundation of the Flemish designer industry can be found in the 1970s when the Belgian textile and ready-to-wear industry went through a crisis (Moons, 2007: 5). There were several factors that has caused this crisis: competition from cheap labour countries and the third Industrial Revolution were the main factors. But also the lack of management and professionalism within family enterprises and the weak financial structure of most companies, an acute need for innovation, creativity and image building contributed to the loss of 100,000 jobs (Moons, 2007: 6).

In reaction to this crisis, the Belgian government took measures. W. Claes, the minister of economics, demanded a detailed analysis of the needs and opportunities of the sector. The result was a five year textile plan with a view on how to consolidate the strengths of the sector (quality, flexibility, reliability and customer service) and to control its weaknesses (fashion, creativity, product innovation and marketing). The plan was approved in 1980. It cost 687 million Euro (Moons, 2007: 6).

The Textile Plan consisted of three parts: a financial, a service and a social part. Especially, the service part (costs: 114 million Euro) has contributed to the reputation fashion enjoys today as it was focused on initiatives within the sphere of fashion and design, marketing, education and Research and Development (The Golden Spindle, Fashion, this is Belgian). It was this last part that managed to survive until 1993 in Flanders.

According to Moons (2007), the Textile Plan is not an overall success story. We have to distinguish long-term and short-term objectives. On the short term, the plan led to a doubling of investments, a far driven modernisation, a restructuring of the balance sheet figures, a temporary stabilisation of the decline in employment and a restored competitive position inside and partly outside Europe (Moons, 2007: 7). On the long term however, employment did not grow. In fact, it reached a low point because of competition from cheap labour countries.

Moons (2007) does emphasize the importance of the initiatives of the service plan. According to Moons (2007: 8), the service part of the plan has been of great importance for the development of Flemish designer fashion. The service layer did not guarantee overall cultural and economic success though. According to Moons (2007: 8), the plan offered the context within which fashion companies and entrepreneurs could develop but this context was no guarantee for success. Moons (2007) states that, in the end, business are made or broken at the level of the fashion company and entrepreneur.

Figure 4.2 Public and private support for fashion designers in Belgium

Organization	Founded	Public/private	Goal	Support	Projects
Flanders Fashion Institute (FFI)	1998	public and sponsors	<i>'FFI captures the needs of the designers and offers appropriate solutions. In collaboration</i>	Intermediation Knowledge Support guidance	Support/career office Jobs!jobs!jobs! (website) Plato Fashiom Showroom Antwerp

			<i>with enthusiastic fashion business consultants the FFI team accompanies the designers in their career and on their way to independent entrepreneurship'</i>		
Flanders, Investment Trade (FIT)	2004	public	<i>'F.I.T. supports the international trade from Flemish products and tries to attract foreign investors to Flanders'</i>	Knowledge Subsidies intermediation	seminars
Cultuurinvest (CI) PMV Flanders	2006	Public- private	<i>'CultuurInvest wants to invest in creative enterprises thaare occupied with the creation of artistic products'</i>	financial	Loans Participations Projectfinancing Financial instruments
ING Bank Antwerp		private	Loans Making profits	Financial	loans

Note: This figure is based on information from interviews with FFI, CultuurInvest (CI) and ING Antwerp (Bob van Opstal) and the following websites: www.cultuurinvest.be ; www.ffi.be and www.flandersinvestmentandtrade.be.

APPENDIX II



Thank you for filling in this questionnaire. Information about personal experiences in the fashion sector is highly appreciated!

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T:

Vragen:

Algemene vragen

1. Name

2. Age

Work related questions

3. How did you experience the time after your graduation from the Academy?
4. Was it easy to determine what you were going to do (own label, working in big company)?
5. What is your current profession?
6. What is your yearly income (after taxes) that you make a year with your profession (freelance work included)
 1. less than 10.000
 2. between 10.001 – 15.000
 3. between 15.001 – 20.000
 4. between 20.001 – 25.000
 5. between 25.001 – 30.000
 6. between 30.001 – 35.000

7. between 35.001 – 40.000
8. over 40.000

This will be completely anonymous!

7. How many years have you been working in the fashion industry?
8. Do you have a lot of working experience? Where (when)?
9. Did you start your own label?
10. Why or why not?
11. At what age did you start your own label?
12. Have you, before starting your own label, worked in a company or freelanced?
13. If no, did you ever try to start your own label? **(No: go to 26)**
14. How did you experience this?
15. Why did you not succeed in this?
16. Do you (or did you) break-even with your label?
17. How did you finance the start-up of your label?
18. How much did this cost approximately?
19. Do you present 2 collections a year? Why?
20. Would you consider presenting one collection because of a lack of finances?
21. Was it hard to get access to external finance? Did you go to a bank?

22. Have you noticed that it was easier to get access to money once your name was more established?
23. How difficult is it to combine management and creativity? Have you outsourced the business part or do you do it yourself?
24. Do you still have a second-job (freelance or other) in order to financially support your own label?
25. Did this put a constraint on the time you had for your own label?

Finances

26. Have you ever had problems with getting the access to money for a project you wanted to do?
27. Are you financially supported right now? By whom?
28. If it would be financially possible for you to start an own label right now, would you do this? Why or why not?
29. Do you have an own shop?
30. If no, how many points of sale does your label know?
31. Did you ever do a request for a subsidy (government help)?
32. Were you subsidized? If yes, when? and what form?

Successfactors

33. Which factors do you think are crucial for having an own successful label as a fashion designer?

1 = not important 5 = very important

access to external finance	1	2	3	4	5
social network	1	2	3	4	5
intern	1	2	3	4	5
social class	1	2	3	4	5
business skills	1	2	3	4	5
education	1	2	3	4	5
prizes and nominations	1	2	3	4	5
entering special fashion events	1	2	3	4	5

city where you work

1 2 3 4 5

34. Did you ever follow classes during the Fashion Academy in doing business or the business side of the profession?

35. Did you miss this?

36. Did you do an internship? Was this important for your career?

37. Did you ever win prizes or were you ever nominated (where? When?). Did this benefit your career?

38. Do you have a lot of contacts in the fashion industry? How important are these?

39. How would you define success in your profession?

40. What would you have liked to have accomplished professionally in 3-5 years?

APPENDIX III

Figure 1.1 Set of closed questions: Dutch respondents

Respondent	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30
Factor 1	4	5	3	3	5	4	4	4	2	5	4	-	5	4	2	4	5	-	5	5	5	4	3	5	5	-	-	-	5	5
Factor 2	3	5	5	5	5	4	5	5	5	5	4	-	5	5	5	5	3	-	5	4	5	4	4	5	4	-	-	-	4	5
Factor 3	5	4	5	5	4	4	4	5	5	5	3	-	1	2	3	2	4	-	3	4	4	2	5	5	4	-	-	-	3	3
Factor 4	1	1	3	3	4	1	3	3	1	1	2	-	2	2	3	1	4	-	3	1	1	2	3	4	3	-	-	-	2	3
Factor 5	5	5	4	4	5	3	5	4	3	3	5	-	5	5	5	1	5	-	5	3	3	3	5	5	4	-	-	-	4	5
Factor 6	5	4	5	5	5	4	5	5	2	5	4	-	3	3	5	5	4	-	5	4	4	3	4	4	4	-	-	-	5	4
Factor 7	3	4	5	5	4	4	2	1	3	4	2	-	3	3	4	2	5	-	3	4	4	4	3	3	4	-	-	-	3	3
Factor 8	4	4	3	3	4	3	3	3	3	3	4	-	3	4	4	3	3	-	4	3	5	5	5	5	3	-	-	-	3	3
Factor 9	5	4	4	4	4	4	5	5	4	2	1	-	2	4	3	2	4	-	4	3	3	2	4	4	3	-	-	-	4	4

Total respondents is 28.
 Answered closed question is 23.

Figure 1.2 Set of closed questions: Belgian respondents

Respondent	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	
Factor 1	5	5	5	4	4	3	4	5	5	5	5	3	5	4	5	5	5	4	4	5	5	-	5	5	-	-	-	
Factor 2	5	1	3	3	4	5	4	5	5	5	5	5	5	5	3	5	5	4	4	5	5	-	5	5	-	-	-	
Factor 3	3	1	3	2	5	3	2	3	4	3	5	2	2	1	2	2	2	3	1	2	5	-	4	4	-	-	-	
Factor 4	4	1	1	3	1	2	1	3	2	2	1	1	1	1	1	4	2	3	2	1	3	-	4	3	-	-	-	
Factor 5	5	5	5	4	3	3	4	4	4	4	2	4	4	5	4	5	5	2	4	3	5	-	5	3	-	-	-	
Factor 6	5	5	5	4	4	4	4	4	3	5	4	4	2	2	2	3	4	1	1	4	2	2	-	4	4	-	-	-
Factor 7	3	2	3	3	4	4	3	2	1	1	3	5	2	1	1	5	4	3	1	2	2	-	2	2	-	-	-	
Factor 8	3	5	5	5	4	3	4	3	3	4	1	5	2	2	3	5	5	4	1	3	3	-	3	2	-	-	-	
Factor 9	4	4	4	1	2	4	3	4	5	5	4	3	2	1	1	2	4	3	3	4	2	-	2	3	-	-	-	

Total respondents is 26.
 Answered closed question is 23.

Figure 1 Population of Dutch designers

Respondents	The Arnhem Academy of Art and Design	Master	Entrepreneur or not
Respondent 1	2000-2004	FIA 2005-2006	Yes
Respondent 2	no	FIA 2003-2004	Yes
Respondent 3	2002-2006	no	Yes
Respondent 4	no	no	Yes
Respondent 5	no	FIA 2005-2006	Yes
Respondent 6	2001-2005	FIA 2007-2008	No
Respondent 7	2001-2005	no	Yes
Respondent 8	2001-2005	no	Yes
Respondent 9	2000-2004	no	Yes
Respondent 10	2001-2005	no	No
Respondent 11	no	FIA 2003-2004	Yes
Respondent 12	2002-2006	St. Martins 2006-2007	No
Respondent 13	1991-1995	FIA 1999-2000	Yes
Respondent 14	1989-1993	no	No
Respondent 15	1999-2003	FIA 2004-2005	Yes
Respondent 16	2001-2005	no	No
Respondent 17	1994-1999	FIA 1999-2000	Yes
Respondent 18	2001-2005	no	No
Respondent 19	2001-2005	no	Yes
Respondent 20	2000-2004	no	No
Respondent 21	1999-2003	no	No
Respondent 22	2002-2006	no	Yes
Respondent 23	1994-1998	no	Yes
Respondent 24	1997-2001	2002-2003	Yes
Respondent 25	2001-2005	no	no
Respondent 26	no	2004-2005	Yes
Respondent 27	no	2004-2005	Yes
Respondent 28	1991-1995	1999-2000	Yes
Respondent 29	no	2001-2002	Yes
Respondent 30	1999-2003	2004-2005	Yes

Figure 2 Population of Belgian designers

Respondents	Royal Academy	Entrepreneur or not
Respondent 1	1992-1996	Yes
Respondent 2	1996-2000	Yes
Respondent 3	1997-2001	Yes
Respondent 4	1996-2000	Yes
Respondent 5	1999-2003	No
Respondent 6	2001-2005	Yes
Respondent 7	2002-2006	No
Respondent 8	2000-2004	No
Respondent 9	2001-2005	Yes
Respondent 10	1999-2004	Yes
Respondent 11	1997-2003	Yes
Respondent 12	2002-2006	No
Respondent 13	1997-2001	No
Respondent 14	1995-1999	No
Respondent 15	1995-1999	No
Respondent 16	2001-2005	Yes
Respondent 17	2002-2006	Yes
Respondent 18	1995-1999	Yes
Respondent 19	1998-2002	No
Respondent 20	1994-1998	Yes
Respondent 21	1998-2002	Yes
Respondent 22	1991-1995	Yes
Respondent 23	1999-2003	Yes
Respondent 24	2002-2006	No
Respondent 25	1990-1994	Yes
Respondent 26	1993-1997	No

entrepreneurs in Belgium

Table 4.1 Mean score successfactors interviewees (Dutch and Belgian entrepreneurs and non-entrepreneurs)

N=48

Successfactor	Score
Access to external finance	4,4
Social network	4,5
Internship	3,3
Social class	2,2
Business knowledge	4,1
Education	3,7
Winning prizes or getting nominated	3,0
Participating in fashion events	3,4
City	3,2

1= least important

5= very important

Table 4.2 Mean score successfactors interviewees (Dutch and Belgian entrepreneurs)

N=33

Successfactor	Score
Access to external finance	4,4
Social network	4,6
Internship	3,5
Social class	2,6
Business Knowledge	4,3
Education	4,0
Winning prizes or getting nominated	2,2
Participating in fashion events	3,6
City	3,6

1= least important

5= very important

Table 4.3 Mean score successfactors interviewees (Dutch entrepreneurs and non-entrepreneurs)

N=25

Successfactor	Score
Access to external finance	4,2
Social network	4,6

Internship	3,8
Social class	2,4
Business knowledge	4,1
Education	4,2
Winning prizes or getting nominated	3,4
Participating in fashion events	3,6
City	3,6

1= least important

5= very important

Table 4.4 Mean score successfactors interviewees (Dutch entrepreneurs)

N= 19

Successfactor	Score
Access to external finance	4,1
Social network	4,5
Internship	3,8
Social class	2,7
Marketing	4,5
Education	4,2
Winning prizes or getting nominated	3,1
Participating in fashion events	3,6
City	3,8

1= least important

5= very important

Table 4.5 Mean score successfactors interviewees (Dutch non-entrepreneurs)

N=6

Successfactor	Score
Access to external finance	4,5
Social network	4,7
Internship	3,5
Social class	1,2
Business knowledge	3,0
Education	4,2
Winning prizes or getting nominated	3,5
Participating in fashion events	3,5
City	3,0

1= least important

5= very important

Table 4.6 Mean score successfactors interviewees Belgian entrepreneurs and non-entrepreneurs)

N=23

Successfactor	Score
Access to external finance	4,6
Social network	4,4
Internship	2,8
Social class	2,0
Business knowledge	4,0
Education	3,4
Winning prizes or getting nominated	2,6
Participating in fashion events	3,4
City	3,0

1= least important

5= very important

Table 4.7 Mean score successfactors interviewees Belgian entrepreneurs

N=14

Successfactor	Score
Access to external finance	4,7
Social network	4,4
Internship	3,0
Social class	2,4
Business knowledge	4,1
Education	3,6
Winning prizes or getting nominated	2,7
Participating in fashion events	3,7
City	3,4

1= least important

5= very important

Table 4.8 Mean score successfactors interviewees Belgian non-entrepreneurs

N=9

Successfactor	Score
Access to external finance	4,6
Social network	4,4
Internship	2,4
Social class	1,6
Business knowledge	3,9
Education	3,1
Winning prizes or getting nominated	2,3
Participating in fashion events	2,9
City	2,4

