

# Internationalisation of Creative Professional Service Firms

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## Summary

This research is focused on the internationalisation business processes of creative professional service firms (creative PSFs). From research of Irish architecture practices, the research offers a broad insight into the activities of small creative professional firms that face challenges characteristic of all small firms, but also exhibit distinctive features related to the expert and locally embedded nature of their services. The research summarised here includes findings that illuminate the idiosyncratic characteristics and challenges faced by creative PSFs. In offering managerial implications, a more nuanced approach for managing organisations involved in creative or professional service sectors is proposed.

## Research Study Overview

This research work extends mainly from interviews collected within Irish architecture practices, including interviews from ten Irish architecture practices which focussed on how these firms internationalised their business and more generally exploring the idiosyncrasies of architecture practices as firms which exist at the crossroads of art, business and technology. Central themes within this research are developed around aligning strategy, structure and talent in creative PSFs; business modelling for internationalisation; international network access and 'network to network' interactions; reputation building; and simple rule heuristics connected to the internationalisation process. The research is more broadly interested in the characteristics and idiosyncrasies of organisations active in creative industries more generally. Further research is currently underway in a second data collection process which is more international in focus involving firms in Ireland, the UK and Denmark.

## Project Findings

An early finding from the research published in the Journal of Business Strategy in 2013 (Canavan, Sharkey-Scott and Mangematin, 2013) developed an approach for managing talent within creative professional service firms (creative PSFs). Two alternative strategies for growth employed by creative PSFs were identified: (i) a product portfolio strategy; and (ii) an artistic competency strategy. It is proposed that aligning strategic growth objectives, organisational structuring and particular talent profiles can support successful strategy implementation.

Other findings from this data define the business models that creative PSFs adopt for internationalisation (McQuillan and Sharkey Scott, 2015). We identified four distinctive business models that firms adopt when expanding internationally categorised as the 'Multiple Local Business Model', 'Global Business Model', 'Niche Global Business Model'

and 'Local to Global Business Model'. Importantly we identified how firms leverage multiple business model combinations because of a need to build a reputation or from the opportunities that extend from establishing a reputation - shedding light on the variability that exists in practice in creative PSF internationalisation.

Creative PSFs are characteristically small organisations active in niche market segments. They therefore do not have the resources and capabilities to maintain extensive networks of relationships. Furthermore, the expert nature of creative and professional services implies that signals about quality of the firm's services need to be recognised to trigger relevant international relationships. Exploring signalling from reputation and status building activities rather than relationship building activities as the catalyst for internationalisation offers a novel approach to explain internationalisation for smaller creative industry organisations.

### Implications

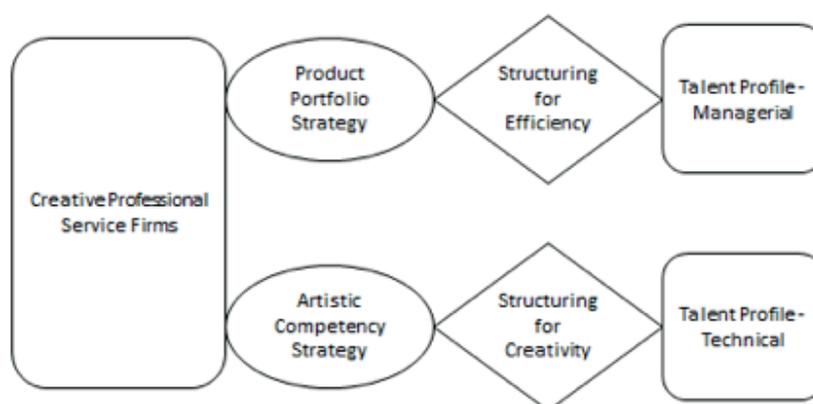
Managerial implications emanating from the research relate firstly to helping managers to recognise how organisations that can

be characterised as small, creative and/or professional require different approaches to business. From one perspective the findings recognise flexibility and adaptability that characterises small entrepreneurial firms in particular relating to how they can grow internationally. However, creative industry organisations and professional service firms face distinctive challenges in that they are providing 'expert services' that may not be understood by the customer. Furthermore, they may be constrained by their own philosophical approaches as artists or creators of culture and they are certainly restricted by institutional and behavioural norms of behaviour which may differ across international boundaries.

Secondly, the research identifies choice and interrelatedness of multiple business models within organisations which may provoke managers to re-think existing approaches to business, specifically international business. Appreciating how combinations of business models may be used simultaneously could assist managers in conceptualising and resourcing for the internationalisation process.

Thirdly, the research offers mechanisms for managers of reputation dependent firms to grow their business by offering insights on reputation and status building across multiple contexts.

#### Aligning Strategy and Talent in Creative Professional Service Firms



### Further Information:

Canavan, D., Sharkey-Scott, P., Mangematin, P.V. (2013) 'Creative professional service firms: aligning strategy and talent', *Journal of Business Strategy*, 34(3), pp. 24-32.

Mcquillan, D. and Sharkey Scott, P. (2015) *Models of internationalisation; a business model approach to the internationalisation of professional service firms*.

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For further information the Series editors are Dr Lorcán Ó hÓbáin of Skillnets (l.ojobain@skillnets.com) and Paul O'Reilly of the Dublin Institute of Technology (paul.oreilly@dit.ie).



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