Milan: Between a city and an ‘urban office’

The managers’ view

ACRE report 6.12

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Accommodating Creative Knowledge – Competiveness of European Metropolitan Regions within the Enlarged Union

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ACRE
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EXECUTIVE SUMMARY

All cities need to become (more) creative. As the manufacturing industry, the former engine of the city’s economic and social development, moves further and further away, efforts to revamp urban economies have all been directed toward feeding the new creative industries. “The creative and knowledge-based industry”, in particular, has been the focus of much attention. The term is undoubtedly appealing to politicians, who use it to emphasise the cultural aspects of their cities and thus to enhance their image in international competition, and to scholars, especially in the social sciences, who are busy investigating the multifarious aspects of this new development. A stream in this literature (Florida 2002) tends to explain the strengths of particular local industries with reference to “hard” and “soft” factors rooted in physical and social space.

Starting from these premises, the report attempts to explore the reasons why firms of the creative and knowledge intensive industry are located in Milan. Specifically, we analysed the influence of traditional aspects, such as infrastructure, labour market, supporting policies, as well as the importance of factors like cultural atmosphere, social mix, networking and local cultures. The report is based on qualitative research that understands the motives behind the decisions of the managers of the selected knowledge intensive and cultural industries (business and management, motion pictures and computer games) to locate themselves at certain locations in the Milan metropolitan area; and to estimate the relative importance of the location factors that played a role in their decision making process (‘hard’ factors, such as the presence of adequate and specialised labour, accessibility, tax incentives, as well as ‘soft’ factors, such as the quality of space, the atmosphere of the city and region, the availability of high-quality residential space, etc.).

Through a transversal reading of the above analysed industries and of the importance of traditional hard factors, it emerges that they are not mentioned very much by interviewees, and that most likely, in the case of Milan, they are not as relevant as the literature stresses. As mentioned above, the only hard factor which is really explicit is the path dependency, connected with the presence of a very good labour force specialised in technical jobs. Having said that, it seems that other relevant hard factors, namely the presence of good universities (the Politecnico and Bocconi Universities above all), a real-estate market capable of fulfilling the industries’ needs, the presence of good connecting infrastructure (airports, highways, public transport) are all consequences of the past and present industrial and business importance of Milan.

In respect to soft factors, one of the most important aspect which characterises the Milanese working culture is the presence of dense networks of relations: they have a Milanese base, in the sense that they are situated within the city, but not always in particular neighbourhoods (with a small exception of the finance sector). The networks are sustained in the city through a “party culture” which allows people working in the same sectors, or in related sectors, to gather and reinforce the network itself.
Milan has always been called the ‘moral capital’ of Italy. It has always been considered one of the most important national industrial poles, as well as the most international and one of the most innovative and progressive Italian cities. However, the interviewees claim that over the last two decades Milan has declined and that it has lost its supremacy in Italy and its competitive edge at the European level.

The question is how it is still competing? In answering this question it is important to understand who the other contenders are. For a better understanding of Milan’s international competitiveness, we should therefore take a relativistic approach. In the business and finance sector for example, the managers’ reference points are London and New York. In the software sector, the competition is the US market. Finally, in the motion picture sector the competitors are other European cities as well as the USA, as one of the motion picture managers underlined.
1 INTRODUCTION

1.1 ACRE: General overview

Economic regions and cities or urban units are highly unstable entities. Change and transformation are normal for them. Economic regions change in terms of their structure: they either grow or shrink; and urban units do the same. The dynamics are tightly linked in this way with particular forms or sorts of urban development. In the 19th century it was the industrial Revolution that gave birth to the typical factory town. In the 20th century, the rise of Fordist mass production was associated with the growth of the large industrial metropolis. Recently, urban economic structure has been undergoing another market shift, away from Fordist mass production regimes. The shift implied more flexible forms of production as well as the new principle of “just–in–time” and “production–on– demand” delivery of products (Harvey, 1987).

The ACRE project – the acronym of Accommodating Creative Knowledge – Competitiveness of European Metropolitan Regions within the Enlarged Union– aims to assess the impact of the emerging ‘creative class’ and the rise of the ‘creative industries’ on the competitiveness of EU metropolitan regions. While the traditional ‘hard’ location factors that firms use will remain important for international competitiveness, new ‘soft’ location factors that are mainly related to attracting the required ‘talent pool’ would deserve increasing attention.

The central research question is: what are the conditions to create or stimulate ‘creative knowledge regions’ in the context of the extended European Union? We will compare the recent socio-economic development trends and strategies in several metropolitan regions across Europe to get a better idea of the extent to which creativity, innovation and knowledge are indeed the keys to a successful long–term economic development.

The study draws on city–regions in thirteen European countries: Bulgaria, France, Germany, Hungary, Ireland, Italy, the Netherlands, Norway, Poland, Spain and the United Kingdom. The metropolitan regions are Amsterdam, Barcelona, Birmingham, Budapest, Dublin, Helsinki, Leipzig, Milan, Munich, Poznan, Riga, Sofia and Toulouse.

The most important topic to consider is which metropolitan regions might develop as ‘creative knowledge regions’, and which regions might not. With the results of this study the EU might seriously consider strengthening the profile of metropolitan regions within the EU area as regards to creative knowledge branches and activities in the face of increasing competition with other growth regions in the world.
The ACRE project focuses on six dimensions:

- The (potential) effectiveness of regional competitiveness policies that focus on a creativity-and knowledge-based metropolitan economy;
- The role of path dependency: do traditions in certain economic branches and certain local and regional historic spatial structures contribute to a more favourable point of departure when trying to develop a ‘creative knowledge region’?
- The extent to which policies for competitive ‘creative knowledge regions’ not only aim at attracting certain types of economic activities, but also at providing ‘soft location factors’ like an attractive residential environment, public space, and ‘meeting places’ for the ‘talent pool’ needed for these economic activities.
- The question why regional geographic and administrative scales are most relevant for regional competitiveness when aiming at ‘creative knowledge regions’.
- The differences and similarities between metropolitan regions in West, Central and Eastern Europe in their potentials to become competitive centres of creativity, knowledge and innovation.
- The role of transnational migration of a skilled labour force towards centres of creativity and knowledge: to which extent are these trans–national migrants attracted by ‘soft’ location factors like an attractive residential environment, a diverse population and a tolerant atmosphere in the metropolitan regions they migrate to? How important are such factors when compared to job or career opportunities and costs of living? To what extent are migrants to ‘creative knowledge cities’ different from migrants to ‘global’ or ‘world cities’ in their reasons to migrate?
1.2 Contents of the report

In the first report of the ACRE project (Musterd et al. 2006) a relevant selection of literature about the creative knowledge economy was reviewed. This was done by linking urban and economic transformation with several theoretical debates about what is important in understanding such transformation. A first series of reports– Paths of creative and knowledge based industries 2.1 to 2.13– specifically dealt with creative and knowledge economy in the thirteen countries previously mentioned. (http://www2.fmg.uva.nl/acre/results/index.html). A later series- Understanding the attractiveness of the metropolitan region for creative knowledge workers 5.1 to 5.12-. highlighted the main creative and knowledge intensive sector in the thirteen city-region previously mentioned and reported the main results of a quantitative survey carried out in each city. The research focused on specific sectors of the creative and knowledge intensive industries. The creative sectors included were: a) computer games, software, electronic publishing; b) architecture and c) radio and TV. The knowledge intensive sectors were a) R&D and higher education; b) law and other business; c) ICT and d) finance.

Drawing from the main result of the previous work, this report will present the main findings of a qualitative research carried out in Milan between January and April 2008. The qualitative research attempted to explore the reasons why firms of selected creative and knowledge intensive industries (computer games, software, electronic publishing; radio and TV; Business ad management activities) are centred in the Milan metropolitan area. Using a snow-ball method, in depth-interviews with 17 managers and 8 local network actors were carried out.

The report is organised into four main sectors. The first section is dedicated to the methodology used to carry out the local qualitative research: the creation of the interview guide, the main dimensions of the research and how the fieldwork was conducted (chapter 2). The following chapter (3) introduces the Milan city–region in terms of its creative and knowledge intensive economy and highlights the main features of the selected sectors.

In the following section (chap. 4) the results of interviews are reported, with a particular focus on the typologies of the firms interviewed: what type of formal or informal networks they have with other firms of the same sector or different sectors and the soft and hard location factors for settling their business in Milan, the sector policies implemented and the general policies, and finally the future perspective they have for their sector, their business and the Milan metropolitan area.

In chapter 5 – the conclusion- strengths and obstacles for a competitive knowledge and creative city are discussed. In particular, the role of the local government in relation to the needs of the firms and employees, and the implications of the city's competitiveness in relation to existing policies are stressed.

The fieldwork was carried out by Silvia Mugnano and Marianna d’Ovidio who have also provided the analyses and the writing of the document. The report was written by Silvia Mugnano (chapters 1, 2, 3.2, 3.3, 4, 7, 8,) and Marianna d’Ovidio (chapters 5, 6). Chapters 3.1 and 9 were written jointly by the two researchers. The whole work was carried out under the
supervision of the Scientific Committee composed of Enzo Mingione, Francesca Zajzcyk and Elena Dell’Agnese.

A special thanks to Giulia Tarantola and Scilla Destri who have enthusiastically offered their help for the technical and organisational part of the fieldwork.
2 RESEARCH DESIGN AND METHODOLOGY

The aim of this part of the ACRE research is to understand the motives behind the decisions of the managers of the selected knowledge intensive and cultural industries (business and management, motion pictures and computer games) to settle at a certain location in the case study region; and to estimate the relative importance of location factors that played a role in their decision making process (‘hard’ factors, such as the presence of adequate and specialised labour, accessibility, tax incentives, as well as ‘soft’ factors, such as the quality of space, the atmosphere of the city and region, the availability of high-quality residential space, etc.). Special attention is also paid to the role of the city and/or regional government: Did specific strategies to stimulate or create ‘clusters’ of cultural and/or knowledge-intensive activities influence the companies’ location decisions? In order to explore the latter aspect, a set of interviews was conducted with network actors.

2.1 Description of the fieldwork

The fieldwork was carried out between February and April 2008. In total, 17 interviews were conducted with managers or general directors of small, medium and large firms of the creative and knowledge intensive sectors, and 8 interviews with network actors and stakeholders operating in the fields.

The following interviews were carried out:

- 6 interviews in the business and management consultancy sector
- 6 interviews in the motion picture, video, radio and television sector
- 5 interviews in the computer games and electronic publishing sector
- 8 interviews with network actors operating in Milan in the field of promoting cultural life and creative culture

The research was also qualitative, and it was agreed with the other European teams to use semi-structured interviews, which could help the researchers shape the conversation around some topics relevant for the research.

In particular, the interviews were built around four main topics:

- networks of managers and firms;
- the reasons why a company settles in the city of Milan: soft and hard location factors;
- the relevance of the city for the sectors
- recruitment strategy and labour force availability

The interviews were supposed to last 45 minutes to one hour. In general, in the case of Milan, most interviews lasted more than one and a half hours. All the interviewees were willing to
talk, and it was easy to meet them. The interviews were conducted (with the exception of one) in the managers’ offices, and they were usually scheduled in the late morning or late afternoon. All interviews were recorded and fully transcribed. Due to economic constraints, it was decided that only the more relevant statements would be translated into English.

### 2.2 Description of the firms and managers interviewed

This section describes in detail the firms selected, which operate in the business and management consultancy sector, in motion picture, video, radio and television activities, and in computer games and electronic publishing. In particular it will look at location patterns, the position of the firm in the sector, the number of employees, and its turnover.

#### 2.2.1 Business and management sector

In business and management activities the interviews conducted were very heterogeneous. This is due mainly to the wide range of jobs that go under this label. According to the Nace code, the term business and management activities indicates:

- Financial consultancy
- Labour consultancy
- Agrarian consultancy
- Administrative and management consultancy and company planning
- Public relations

In particular, we selected some services connected to the financial sector (a head-hunting company), a real estate adviser who works in Milan and deals exclusively with multinational relocation, two private administrative and management consultancies, and finally companies selling advertising space on the web and the television. The decision to focus on the latter is related to the great and strong role that advertising, television and web channels have in Milan. The companies selected are either multinationals or national companies. In the latter case, we selected companies with headquarters in Milan and several branches throughout Italy. Regarding the people interviewed, we selected three main typologies of positions: senior managers, company directors and managing directors.

In particular we interviewed the following firms:

1. **B1**- located in the centre of Milan, it is one of the major head-hunting firms. It is an American multinational company with a European headquarters in Belgium. It has only recently moved to the Italian market. In Italy its main office is in Milan, however, it also has branches in Turin, Genoa and Rome. The company works on the recruitment of medium and high profile managers working in administration, finance, banking and insurance sectors. The interviewee was a male manager.

2. **B2**- located in the city centre, it is a global real estate adviser, working with clients to create cutting-edge property, investment and business solutions worldwide. The Italian
headquarters is located in Milan and has another branch in Rome. The interviewee was a male managing director

3. B3- located in the centre of Milan, it was established in 2002. It has around 100 professionals and consultants working on human resources, micro-organisations and competences. The firm offers consultancy and training in the sphere of organisational development and human resources in all private and public sectors, both in Italy and abroad. Their aim is to help increase the competitiveness of Italian and European companies and organisations through: improving the vision, competency and courage of the management; selecting and implementing the best organisational, managing, and operational practices; giving value to professional creativity in organisational and managing contexts, which ensures the success of the innovative processes. Its turnover is 14,000,000 €. Its headquarters is in Milan, and it has branches in Rome, Turin, Vicenza and Lucca. The interviewee was a female senior company partner

4. B4- is a merger of three of the main consultancy companies in Milan. Cumulatively they have thirty years of experience in the consultancy field, and comprise some of the leading brands and professionals on the market that have all helped create the history of managerial and organisational consultancy in Italy. They operate as professional partners for the innovation of both private companies and public administration bodies, developing integrated projects involving organisation and strategic development of the human capital. Additionally, the company manages growth and change in organisations, developing innovative, effective and efficient models for the organisation and the management of human resources. Today the firm counts 140 professionals. Its turnover is 10-14 million Euro per year. The interviewee was a male manager

5. B5- It is located in Milan in a semi-peripheral area. It is the largest on-line advertising company in Italy. The company has been on the market since the very beginning of web advertising in Italy. It advises firms on how to gain maximum benefit from the Internet thanks to the strength of its innovative advertising techniques. The company is able to reach, between them, more than two million users daily. This allows firms which use the company to develop their brands on the Internet, to generate business, acquire new clients and qualified contacts, to create fidelity among the users and to optimise the success of their advertising campaigns. The interviewee was a male manager

6. B6- It is located in Milan. It sells advertising space for one of the private broadcasting companies; It is a purely commercial company. The publishing part is conducted by the area publisher. The company employs 130 people: 50 agents and 80 employees. Its turnover is around 280 million, and it was created four years ago. Initially the turnover was around 40 million and it originally employed 21 people. The interviewee was a male manager
2.2.2  

Motion picture, video, radio and television activities sector

In order to get an idea of the multifaceted Milan motion-picture system, interviews were conducted with different kinds of actors: two managers from the advertising industry (a producer and a musician consultant); a cinema producer working in a mixed reality between publisher and cinema; a video-clip director; a copywriter for television programs; a manager of a television production society.

In particular we interviewed the following firms:

1. M1. located in Milan, is a production agency born in 2005, and it is composed of young film-makers Specialised in musical video clips, viral spots and video installations, the society also produced a movie which is currently being played, and which has been selected by numerous international festivals. In the music world, M1 has realised clips for important artists. The turnover is about 150.000 Euro and the company is managed by 2 associates who are in charge of the whole job. A number of collaborators are involved with the base of the single project. The interviewee was the male company director.

2. M2- One of the largest Italian publishing firms for books and DVDs of important and original films. The publishing firm was founded in Milan towards the end of 1954 and it dedicated itself in particular to the study of contemporary history and social movements. Today it publishes thousands of books ranging from art books to novels, history to science. The interviewee was the director of the motion picture section- man.

3. M3- Passionate musical connoisseurs and proven professionals, for more than twelve years they have been a point of reference for all (companies, advertising agencies, production houses, directors) who are looking for the “right” music for their project. Advertisements, short films, compilations, special productions, musical events, sound installation for exhibitions and art spaces are the fields of application in which they have contributed their competence and versatility, in order to guarantee that “additional value” that music is capable of offering. The society is very small, with only associates and a turnover which is around 400.000 Euro It is located in the core of Milan. The interviewee is the male co-director of the firm.

4. M4- A one-person company that writes texts for communication (for a television program about food and nature; for advertisements). The director has a home in the Centre of Italy, but he works only with companies located in Milan or in the metropolitan area of Milan. The turnover is about 60.000 Euro The interviewee was a man.

5. M5- Founded in 2001, it was born as a multifunctional multifaceted company. It is the first production house in Italy that, owned by a director, works a bit like in the UK. Most of the advertising work from abroad and in Italy is done by Luca Maroni. However, he is well known for representing and working with some of the best foreign directors worldwide and is often called to participate and bid on the biggest projects in Italy. We interviewed one of the founders of the company, which is located in the centre of Milan. M5 has ten employees, but it works with many other collaborators as well. No information about turnover. The interviewee was the female company director.
6. M6- Established in 2002, it is the dynamic and flexible expression of a sector in continuous evolution, a company which has developed and established itself over the course of just a few years to become one of the most cutting edge realities and one of the most active in the use and implementation of new technologies, consolidating total yearly sales of more than 12 million Euro with its current multi year contracts. It works with about 100 people (employees, collaborators,...). It is located on the outskirts of Milan, in the metropolitan region in an area where the main Italian private television company is located. The company also has an office in the city centre. The interviewee was a male manager.

Many of these societies have a medium-high position in Milan's market and in the Italian market as well. All the companies are extremely centred on Milan, even if they are located in the metropolitan region. Their customers are mainly Italian, many are even from Milan itself.

All the interviewees were interviewed in their office (except the “text-writer”, who was interviewed in our office).

2.2.3 Software sector- computer games and electronic publishing

Within this articulated framework we interviewed a number of actors operating in the sectors, trying to catch a glimpse of different kinds of activities. We talked with a manager of one the few independent computer-games companies, with the content director of one of the major Italian portals, with the manager of a large Internet company, and with the managers of two small web-design companies. Almost all of our interviewees are based in Milan, except for one who is based in a small town in the metropolitan area.

Here is a list of the companies interviewed:

1. S1- one of Italy’s most important companies operating in the field of computer games development. The company was founded in 1996 in Milan – where it is still based – with the aim of braking new grounds in the world of video games and raising the standards of quality. The company employs 50 people, including computer programmers, graphic designers, producers and managers, all of them highly talented professionals with years of experience in the sector and strongly motivated by a veritable passion for their work. The interviewee was a male and he is the CEO and founder of the company

2. S2- The company is managing the main Italian web-portal, founded at beginning of the ‘90s in Milan, when it represented a real novelty in both the national and international scenario. Now the company employees about 50 people only in the creation and development of the contents. The interviewee was the female chief of the editorial board.

3. S3 - is a holding of a number of more than 20 websites. Founded in 2007 it is now the owner of more than 20 societies within on-line media, e-commerce and web-services. It employs more than 200 people and in 2007 had a return of 38 millions Euro We interviewed the male manager and founder.
4. **S4**- The company is a small communicating agency, working mainly in building and managing web-sites. It is located outside the city of Milan in a small town in the metropolitan area of Milan. It is managed by two associates working together with a small graphic company and a small video producer. The interviewee was a male co-partner of the company.

5. **S5**- It is one of the founders of Milan’s young and youthful universe operating in communication design. Created in 2003, the company works in the communication field, offering consultancy services as well as the planning and realisation of graphic projects in different media. In addition, it develops independent projects, the most important of which is the website for communicating and managing design events. The interviewee was a male manager.

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<td>M4</td>
<td>X</td>
</tr>
<tr>
<td>11</td>
<td>M5</td>
<td>X</td>
</tr>
<tr>
<td>12</td>
<td>M6</td>
<td>X</td>
</tr>
<tr>
<td>13</td>
<td>S1</td>
<td>X</td>
</tr>
<tr>
<td>14</td>
<td>S2</td>
<td>X</td>
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<tr>
<td>15</td>
<td>S3</td>
<td>X</td>
</tr>
<tr>
<td>16</td>
<td>S4</td>
<td>X</td>
</tr>
<tr>
<td>17</td>
<td>S5</td>
<td>X</td>
</tr>
</tbody>
</table>

2.2.4 **Network actors**

By network actors we mean people who have a special knowledge of the sectors, such as representatives of the public administration (for example, economic affairs directors of the core municipality or persons responsible for the sectors in the economic affairs department) and representatives of business organisations (for example, the director of the Chamber of Commerce or the head of a professional organisation) in each sector.

In particular we interviewed the following subjects:

1. **N1**- The president of the Triennale Foundation. The Triennale was originally created to offer an overview of modern decorative and industrial arts, with the aim of stimulating
relations between industry, productive sectors and applied arts. Very soon the Triennale became a mirror of the artistic and architectural culture in Italy, and a focal point for the convergence of emerging trends. More recently, the Triennale expanded into the world of fashion and audio-visual communication. When it became a Foundation in 1999, it further modified its activities, which now embrace conducting and promoting research activities, as well as organising exhibitions in the fields of architecture, city planning, decorative and visual arts, design, artisanal and industrial production, fashion and audio-visual communication. The Triennale has two head offices in Milan: one in the centre and one in a more peripheral area. The latter is provisional. It also has an office in Tokyo, and plans to open other offices worldwide. The Triennale is one of the focal points of Milan’s cultural life. It received around 600,000 visitors in 2007.

2. N2- Director of the Piccolo Theatre, which was founded by Paolo Grassi and Giorgio Strehler in Milan in 1947. The Piccolo Theatre was the first Italian stage theatre with its own theatre company. Its programming is culturally among the most important ones in Milan. It has theatres in three different locations, all of them in the city centre.

3. N3- is the director of the Sector for Economic Activities and Innovation of the Province of Milan. The Sector assists small and medium sized companies and artisans in their efforts to increase their technological innovation and competitive capacities in the process of internationalisation. Additionally, the Province lands support for the economic and territorial development of the Milan area, by means of both direct action and services of the Development Agency and the Business Innovation Centre, conducted in cooperation with other bodies and institutions.

4. N4 - is the director of a creative incubator in a peripheral area of Milan. Zona Bovisa is a non-profit cultural association created in 2006 through cooperation of citizens of different professional, artistic and academic backgrounds. The Association is a strategic reference point in the development of the area which is being transformed from an old industrial centre into a new nucleus focussed on culture, research and technology. The Zona Bovisa Cultural Association has a multifunctional head office – BaseB Metriquadricreativi - on the premises rented to it by EuroMilano, a private real estate developer.

5. N5 - is an art historian. She works as a curator and a critic of contemporary art, focusing mainly on the latest trends in artistic research. She has organised exhibitions in Italy and abroad, some sponsored by EU programmes, and some in cooperation with foundations, institutions or private individuals, in addition to special activities concerning inter-cultural projects. She is a scientific consultant of contemporary art for the Province of Milan, in the framework of which she took part, among other things, in preparing the project InContemporanea.

6. N6 - is one of the founders of the Cultural Association. The Association was created in 1995, with the aim of promoting a social and cultural project of a very wide scope, an intellectual movement which produces critical thinking, ideas and events, a forum of free participation which embraces people in their individuality, a working group which thinks and acts in order to cause true change. The Association’s activities focus on different aspects of culture, art and communication.
7. N7- is the president of the Zona Tortona Association. The Association was recently created by the most important business entities in the sectors of design, fashion, art and culture operating in one of the most creative districts of the city of Milan. The Association’s objective and hope is to strengthen the specific resources of the area and improve its appeal through cultural initiatives, communication and information, and to build on the best of the local and the global sectors, not only during the week of fashion and design, but also on other special occasions and in everyday life. The aim is to establish the Tortona area as the place of excellence for Milan, at both national and international levels. The Zona Tortona Association is a non-profit organisation with no commercial aspirations, committed to developing quality initiatives in the area, through actions of coordination and dialogue with institutions, relevant bodies and local residents, which will impact on the many lacking aspects of the area, such as transportation and living conditions, and will improve the general quality of life in the neighbourhood.

8. N8- is the director of the independent cinema theatres. At the moment AnteoSpaziocinema is part of Europacinemas, and with its four theatres, a bookshop, a restaurant and an exhibition area, it constitutes an important cultural reference point in the city of Milan. The director is also one of the founders of the non-profit association Agency for Cinema in Milan. The association, which was set up in May 2007, is promoted by cinema experts, critics, workers and event organisers in the sector. The Association’s task will be to establish contact between its members and possible investors and TV and multi-media editors, as well as to create a meeting place for interested professionals and institutions. Milan boasts a vast commercial network of advertising agencies, daily and weekly press dealing with the cinema, companies working in the audio-visual sector, schools of cinema and numerous festivals. The aim of the Agency for the Cinema is to group together all these elements and help them cooperate.

2.3 Problems, limitations

The fieldwork was conducted without difficulties. Most interviewees were very open and showed a great deal of interest in the research and in the possible implications their contributions could have on the policy recommendations for the city political arena.

However, the researchers encountered two main problems.

The first one is related to sampling. It was agreed with the other European teams that the firms selected had to respond to two criteria:

1) The dimension: micro enterprise/ SME/ big enterprise
2) The location: inner city / urban fringe

Due to a very large number of firms situated in the centre of Milan, it was not possible to meet the second criteria and conduct interviews with firms located in the urban fringe. The most relevant economic entities are indeed located in the city centre or in the immediate
suburban area. The centre of Milan, as some interviewees underlined, has a strong appeal for firms. The choice of a central location mainly depends on the prestige added. In particularly for small and medium sized companies the *positive neighbourhood effect* is a priority in the location choice. As some interviews will show, some managers feel like pioneers only because they based their firms in a semi-central area of the city.

The second limitation for the fieldwork was the low response of politicians and public administration operators. Public administrators, in particular those of the Milan municipality and the Lombardy Region, did not show any interest in talking about the policies they implement. Most of the information about public administration policies was therefore taken from published and unpublished policy documents.
Milan’s productive and economic fabric is constantly changing, and the urban metamorphosis is the tangible side of this change: Fabbrica del Vapore (a former steel engine factory) which has become a creative arts centre, the Nestle factory which is now Giorgio Armani’s atelier, and Pirelli’s plants transformed into a university are only a few of countless other examples. The city’s industrial heritage is being converted into spaces which enhance knowledge, creativity and innovation. Milan’s economic past is today apparent not only in the skeletons of big factories that still stand in what was once the city’s outer suburbs, but it is also evident in the productive and artisanal culture, in the know-how of Milan, which is nowadays rejuvenated and emerges in the so-called creative and knowledge intensive industries which are the city’s new source of development.

Within the national economic framework, Milan acquired the role of an industrial city in the first decades after the unification of Italy. Subsequently, in the early 1900’s, the creation of a large iron and steel producing industrial centre in the north of the city, the development of the mechanical industry and of the electricity producing companies strengthened the city’s industrial character, marked by a considerable spread and specialisation of production. In addition to a myriad of small and medium sized companies that have always been the trademark of the Italian economy (in the province of Milan they employed 42 per cent of the workforce in the post-war period), in the early 1960’s, 101 of the most important industrial firms operated in the Province of Milan (Longoni 2004).

However, Italy’s industrial history lasted relatively briefly if compared to the Anglo-Saxon industrial experience, and the de-industrialisation process, which started in northern Europe, hit Italy, and above all Milan, in the early 1980’s. The decline of the manufacturing industry went much faster than its development, and in the early 1990’s Milan faced the great challenge of conversion.

From the economic point of view, a new trend developed in the production sphere, which has had a strong impact on the transformation of Milan’s metropolitan area. On the one hand, the manufacturing vocation has not completely disappeared, but it has concentrated itself in some peripheral urban areas, thereby creating three meta-districts (target districts)¹ of production,

¹The Region of Lombardy has introduced the notion of ‘meta-district’, referring to an area characterised by a high level of interaction between ‘communes’ (a local administrative unit), even if not adjacent, which have a high concentration of companies operating in the same field, which is considered strategically important. There are currently three recognised industrial districts related to the economic system of the Province of Milan. The Brianza district, which consists of 10 communes divided between the Province of Como and the Province of Milan, boasts strong textile, mechanical and furniture production. The Lecchese district, which consists of around 40 communes straddling the Provinces of Lecco and Milan, is specialised in mechanical engineering and machine manufacture. The third and last district is Milan-East, which consists of some communes from the
synergetically very important to the economic system of the metropolitan area. On the other hand, the more central areas, which comprise the city of Milan, as well as some closer suburbs (for example Sesto San Giovanni, Cinisello Balsamo), saw a reorientation of production, consistently abandoning their manufacturing facilities, like for example Breda, Magneti-Marelli, Pirelli and Falck.

Despite the fact that the transition from the industrial to the post-industrial economy posed many challenges and difficulties, and has had heavy social costs in the Milanese system, the positive capacity of the production systems and the workforce to ‘reinvent’ themselves in new environments has enabled Milan to remain the undisputed leader in the national economic system. Milan is still the axis of one of the most productive areas in the whole national territory: 20 per cent of Italy’s GDP is created in Lombardy (OECD 2006). Indeed, the region is the home of 18.5 per cent of the productive units, as well as 24 per cent of the industrial workforce and 31 per cent of the workforce employed in the new technologies (ISTAT, Censimento dell’Industria e Servizi, 2001)

In addition to the industrial and work-related spheres, the industrial conversion has had a great impact on large tracts of the metropolitan area. It is estimated that around 7 million square meters of former industrial areas (Centro Studi PIM 2007) are becoming new residential quarters, office districts and spaces for creativity and leisure in the city.

The urban transformation, however, did not happen at the same speed as the de-industrialisation process. In the Milan metropolitan area, the first attempts of urban regeneration appear during the late 90s. Compared to the urban transformations of Glasgow and Birmingham, Milan can be considered a city with a “slow start up/regeneration process”. There are areas, even semi-central in the city, that have been abandoned for nearly twenty years. In the very recent past, however, there has been a acceleration in the regeneration process. As it will be explained in more details in the section 3.2, the recent transformation can have positive and negative effects. On the one side, it might give a new effervescence to the city, on the other side the rapid change of the urban morphology might have strong social implications (forced expulsion of vulnerable groups, low capacity of attraction of certain social classes, transformation of the local identity of some neighbourhoods)

Just like many other European cities, Milan has in the recent years entered a new phase in which competition between cities is based on the creation of an economic system focussed on the production of invisible and symbolic goods: publishing, architecture, advertising, cinema, radio, cultural activities and so on (Scott 2000; Caves 2000). If Milan wants to remain competitive on the national and international markets, it must become a reference point for creativity and knowledge in Italy and Europe.

Provinces of Milan, Bergamo, Lecco and Lodi, specialises in the production of office furniture, computers and electronics in general, including medical appliances and high-precision devices.)
3.1 Creative and knowledge intensive industry in Milan: The position of motion picture, software and business

In Italy, the Milan creative and knowledge intensive industry holds the first position for absolute number of employees (553,339 employees), followed by Rome (407,769) and Turin (209,413). The knowledge and creative industry employs 31% of the labour force in the Milan metropolitan area. Between the two sectors, the knowledge-based industry employs a slightly higher number of people (303,073) than the creative sector (250,896).

Table 3.1 - Milan, employment in five sub-sectors, average number of employees by local units (percentages of total working population and of creative knowledge economy)

<table>
<thead>
<tr>
<th>MILAN Metropolitan Area</th>
<th>Employees</th>
<th>Local units</th>
<th>employees on total economy</th>
<th>Local units on total economy</th>
<th>Employees on creative economy</th>
<th>Local units on creative economy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advertising</td>
<td>16,559</td>
<td>3,921</td>
<td>0.93%</td>
<td>1.05%</td>
<td>2.99%</td>
<td>3.02%</td>
</tr>
<tr>
<td>Architecture</td>
<td>30,863</td>
<td>17,705</td>
<td>1.72%</td>
<td>4.74%</td>
<td>5.57%</td>
<td>13.62%</td>
</tr>
<tr>
<td>Arts/antiques trade</td>
<td>54,449</td>
<td>21,557</td>
<td>3.04%</td>
<td>5.77%</td>
<td>9.83%</td>
<td>16.58%</td>
</tr>
<tr>
<td>Craft</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Design</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Designer fashion</td>
<td>39,147</td>
<td>5,775</td>
<td>2.19%</td>
<td>1.55%</td>
<td>7.07%</td>
<td>4.44%</td>
</tr>
<tr>
<td>Video, film, music and photography</td>
<td>38,542</td>
<td>16,357</td>
<td>2.15%</td>
<td>4.38%</td>
<td>6.96%</td>
<td>12.58%</td>
</tr>
<tr>
<td>Music and the visual and performing art</td>
<td>9,647</td>
<td>4,807</td>
<td>0.54%</td>
<td>1.29%</td>
<td>1.74%</td>
<td>3.70%</td>
</tr>
<tr>
<td>Publishing</td>
<td>16,540</td>
<td>2,495</td>
<td>0.92%</td>
<td>0.67%</td>
<td>2.99%</td>
<td>1.92%</td>
</tr>
<tr>
<td>Computer games, software, electronic</td>
<td>40,094</td>
<td>6,465</td>
<td>2.24%</td>
<td>1.73%</td>
<td>7.24%</td>
<td>4.97%</td>
</tr>
<tr>
<td>Radio and TV</td>
<td>5,055</td>
<td>286</td>
<td>0.28%</td>
<td>0.08%</td>
<td>0.91%</td>
<td>0.22%</td>
</tr>
<tr>
<td>Creative industries</td>
<td>250,896</td>
<td>79,368</td>
<td>14.02%</td>
<td>21.25%</td>
<td>45.29%</td>
<td>61.04%</td>
</tr>
<tr>
<td>ICT</td>
<td>88,863</td>
<td>9,093</td>
<td>4.96%</td>
<td>2.43%</td>
<td>16.04%</td>
<td>6.99%</td>
</tr>
<tr>
<td>Finances</td>
<td>89,494</td>
<td>10,408</td>
<td>5.00%</td>
<td>2.79%</td>
<td>16.16%</td>
<td>8.00%</td>
</tr>
<tr>
<td>Law</td>
<td>108,707</td>
<td>29,706</td>
<td>6.07%</td>
<td>7.95%</td>
<td>19.62%</td>
<td>22.85%</td>
</tr>
<tr>
<td>R&amp;D</td>
<td>16,009</td>
<td>1,447</td>
<td>0.89%</td>
<td>0.39%</td>
<td>2.89%</td>
<td>1.11%</td>
</tr>
<tr>
<td>Knowledge-based industries</td>
<td>303,073</td>
<td>50,654</td>
<td>16.93%</td>
<td>13.56%</td>
<td>54.71%</td>
<td>38.96%</td>
</tr>
<tr>
<td>Knowledge-based and Creative Industries</td>
<td>553,969</td>
<td>130,022</td>
<td>30.95%</td>
<td>34.81%</td>
<td>100.00%</td>
<td>100.00%</td>
</tr>
</tbody>
</table>

Source: ISTAT Censimento dell’Industria e dei Servizi 2001

In terms of local units, Milan is still in the top position. Compared to Rome (111,717) and Turin (56,353), Milan has 129,803 creative and knowledge intensive local units.

Looking specifically at the creative sub-sectors, the strongest activities seem to be arts/antiques trade (54,449 employees) and computer games, software, electronic publishing (40,094 employees). However, the quantitative data might overshadow some relevant aspects.

The census data allows for only a partial analysis of the trends in the creative sectors: on the one hand they do not allow for sufficient segmentation into creative professions, and on the other they obscure some important links between different sectors. For example, in the advertising sector, we need to take into consideration creative individuals, as well as

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2* When not otherwise specified, the source is ISTAT, Industry and Services Census 2001
advertising agencies and firms that sell advertising spaces. Therefore, although the census data shows that Milan employs around 23 per cent of the national workforce in advertising, in actual fact the importance of Milan’s advertising sector is much greater, especially considering the volume of business that advertising produces. Indeed, major Italian advertising agencies, such as Armando Testa or Pirella Lowe, are based in Milan, as are big firms that sell advertising space. Additionally, the Milan advertising market is important not only in its turnover, but it has always been, and continues to be, an important generator for other sectors in creative industry, in terms of both professionalism and competence.

Indeed, the advertising sector is linked to that of new technologies, advertising production of video clips and films and other supporting sectors. If Rome is the capital of the cinema, Milan is the home of production houses specialising in advertising films, advertising agencies and firms that sell advertising space.

‘I am from Milan and my professional life started in the 80’s with advertising... a child of art, my father had a media centre... here I started working in the advertising world... when the Internet era took off, with my partner ... who comes from the world of technology, together we thought of creating a kind of media prototype and presenting it experimentally to agencies from the advertising point of view.’ (S3)

Milan’s design industry has been visible on the international scene at least since the immediate post-war period (Vercelloni 2008). Nowadays, Milan attracts workers and students, Italian and foreign, and is the base of some of the internationally most recognised design companies. Although a lot of the interior decoration production has now been relocated, Milan is still the home of the design phase of some of the most important – nationally and internationally – interior design companies (accessories, lights etc.), such as Cappellini, Driade, De Padova, Fontanarte, Artemide etc. These brands still attract designers from all over the world. Indeed, in this sector ‘made in Italy’ does not seem to be that important; the value is added by ‘made in Milan’. Finally, Milan hosts ‘Il Salone del Mobile’, the furniture fair which every year attracts almost 250,000 visitors, of whom roughly half are foreigners.

Consequently, Milan is the point of reference for Italian and international design, not only owing to the presence of big names in design, but also due to the existence of a myriad of small and medium sized companies that work in design. It has therefore become important even for those whose companies are not based in Milan to have representative offices there, even if shared, as a worker in the sector tells us:

‘The entry ‘Recapito Milanese (Milanese address)’ means: you are represented in Milan... We invented this activity which keeps a showroom for the press and represents companies working in design or other artisan activities, companies which are small enough not to have enough money to have a base in Milan, but also sufficiently qualified to have relations with the press that deals with design, almost 99 per cent of which is in Milan’ (N7)

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3 Census data are not available with enough details
Similar arguments hold for the *Computer games, software, electronic publishing*. In quantitative terms this sector is considered one of the most important in the creative industry. However, as it has been highlighted by a sector expert, the market is mainly oriented to the product distribution rather than its design. Most of the major multinational software houses are concentrated in the Milan metropolitan area. Microsoft, Atari, Electronic Arts, Usisoft are all located in Milan. One of the few exceptions is the Sony multinational, which is located in Rome. These important multinationals distribute in Italy products designed somewhere else. This analysis of the *Computer games, software, electronic publishing* is also substantiated by the size of local units. In the Milan metropolitan area, 50% of the local units are large companies (more than 250 employees).

However, it can be argued that there are some areas of business where the Italian entrepreneurship is still quite important. An interesting example is provided by the electronic publishing. Combining the specific expertises of publishing, architecture, design and advertising, Milan has been able to develop interesting experiences in the electronic publishing sector. In the late 90s, there were several interesting attempts to develop electronic publishing companies (such as Virgilio.it, Gampy.it, etc). Although most of them had a short life, there are still companies such as Alice.it (former virgilio.it) that are competing very well with important multinationals such as Google.

Special attention should be paid to the video game sector. The Milanese market is strongly colonised by the US market, with the exception of some important companies. The stereotype of a young computer game fan working in a basement on a new product that will be sold to a major company is no longer valid. The computer game market consists largely of a few important companies known at the international level.

With respect to the knowledge intensive industry, Milan seems to be the “city of lawyers” (108,707 employees). Although numeric importance of legal firms cannot be denied, Milan’s primacy on the national scene is the finance sector. In particular, the city of Milan is the centre of the finance district. The territorial distribution of finance companies is mainly in the city centre: there are only 5,005 employees in the wider metropolitan area compared to the 84,489 employees working in Milan. The city hosts the Italian stock market, as well as most of the major banks and merchant banks (such as Morgan Stanley, JP Morgan). Just like the software sector, the finance sector is strongly characterised by multinationals and big firms. In the Milan metropolitan area there are 10,408 enterprises working in the sector. The majority of the firms in Milan are large in size; there is a very small number of micro and small firms. The situation in the metropolitan area (excluding Milan city) follows a similar trend.

In this context, it can be argued that the sub-sectors selected for the quantitative research do not have a leading position. The numbers partially argue in favour of this theory. However, as it will be constantly argued, creative and knowledge intensive industries should to some extent be considered as interconnected. The migrations and the contamination of professional expertises and work methodologies from one sector to the other helps the development of some sectors. This might be possible only with the support of the others.

The fashion design sector is a great example. It goes without saying that Milan is one of the most important capitals of fashion, competing with Paris, London and New York. According
to some authors, like Marchetti and Gramigna (2007), this success is linked to the fact that the city gained its primacy on the basis of an economic model of locally-based filière, remaining thus ‘the intersection in which big centres of style communicate with all the other affiliated businesses’ (p24) If, on the one hand, this certainly provided a decisive initial push in the fashion industry in Milan, we could actually surmise that the great entrepreneurship and the simultaneous presence of other sectors contributed to its development and firm establishment. In other words, if the fashion sector employs most workers in Milan in quantitative terms, this is partly due to the fact that other sectors – such as publishing, advertising and design – operate on the same territory (and in some cases, they have been there for a long time), and these sectors have facilitated and helped fashion. The economic system of fashion has benefited partly from the presence of specialised talents, such as artisans in the textile industry, and partly from the highly competent human capital active in related sectors.

3.2 Spatial transformation of the Milan metropolitan area

The shift from the industrial to the post industrial economy has had a strong impact on the spatial aspects of the city. The City of Milan is changing. And, according to professionals, the working city is facing two main trends. On the one hand, the financial and economic centre has been enlarged, and on the other, the peripheral areas, and Milan’s satellite municipalities have switched from hosting industrial areas to becoming economic districts.

The next sections will explore why and how firms decide to move from one place to another, while here the origins, location and main features of the creative and knowledge intensive districts in Milan will be briefly outlined. In general terms, most of the creative and knowledge intensive districts in Milan were created on former areas of industrial plants. Their peculiarity is that they are located also in semi-central areas (some are within walking distance from the main square). Apart from the strategic position, the reasons why creative firms selected these semi-central former industrial areas were basically lower costs and working space layout.

In part, the transformation was the result of a spontaneous process of gentrification (Isola neighbourhood), in other cases it was spearheaded by private real estate developers (Tortona neighbourhood).

‘In the Tortona area intelligent high end real estate developers made their purchases and started creating communities of artists, of design, communications, fashion... They made the first example that I know of in Milan of real estate and land marketing.’ (N7)

There is however no clear cut between the two strategies. In some cases the two regeneration strategies overlapped (for example, in the Bovisa and Lambrate neighbourhoods). Furthermore, the process did not develop at the same speed in all the ex-industrial areas In some other cases, the process has just started (see Zona Lambrate - contemporary art district). In others it is quite mature. One of the most developed districts is Zona Tortona – the new design district.

This is what one of our interviewees had to say regarding the Tortona area:
'The large scale process of de-industrialisation was already under way in 1995, 1997. But there were important changes in the neighbourhood even before then. Magnapassa transformed an old perfume producing company into a premises for conventions, meetings, congresses... Even before that, in the 1980’s, another factory, a malt producing plant, was refurbished and Citterio turned it into the headquarters of Esprit, a multinational firm of prêt-a-porter fashion for the young. It’s the transformation of an industrial core which is regenerating. Soon thereafter it was Superstudio 13’s turn... They transformed it into a premises for photography, dance and so on.' (N7)

What seems to be a common strategy is that the area tries to develop a new identity for the neighbourhood. An interesting phenomenon is that in some cases we can identify micro-territory marketing practices by actors in a given sector, who aim to develop strongly identified creative areas. One of the most interesting examples is the Fiera del Mobile (Furniture Fair) – Fuori Salone – hosted by the Tortona area during the Design Week.

'There was a lot of networking at work in the area, in the sense that one person would call another... A jungle telegraph... For example, somebody from the fashion industry said: ‘I’ll call them because they do design... Do something for the Fiera del Mobile because there’s room...’ This jungle telegraph in the area was decisive. We called Guido Cappellini because he’s a friend and a reference point for design, the best known internationally: he did some talent scouting, he launched many successful designers... (N7)'

What made the Tortona area well-known as a creative district was the cooperative work of some of the firms located in the area. During the Design Week a couple of years ago, some creative firms decided to launch a neighbourhood brand to advertise some locations that were hosting events related to the Design Week.

'The funny thing is how, for example, the ZonaTortona Red Stamp was born (in 2000)... The fair had a gate, an entrance, an address, but here things were not clear and so we thought of a cost effective solution, what would be the best sign to indicate that there was a location, one, two, three or more locations... They were not visible, we had to communicate them, point them out. And so the Red Stamp was born... We glued to the ground 3,000 stamps, all the way from the Porta di Genova station. They went in and out of locations, so people automatically did as Hansel and Gretel, they followed the stones. And we also added the standard road sign ZonaTortona, to indicate a road sign, an urban sign...'

A different strategy of micro territorial marketing has been applied by local real estate developers in the Bovisa area. The area is in the process of urban branding. Under the label of Bovisa area the developers are planning to re-launch the area as a high technology and creative hub. Right now, the area hosts the new site of the Politecnico University of Milan, the provisional premises of a contemporary art exhibition – Triennale Bovisa - and a creative incubator - BaseB (B Basis). However, the regeneration process is only at the beginning. Although the University has been based in the area for more than a decade, the area is still in the process of transformation, and there are still vast unused areas. Real estate developers have decided to focus the urban branding on a temporary regeneration programme. In these
empty spaces, the private developers have sponsored an incubator for creative firms and have provided an area for building a provisional contemporary art exhibition.

*BaseB, creative company incubator: the project in this area started off as a provisional refurbishment project, precisely because this area has not yet been reassigned, its future use has not yet been planned. So, while waiting to develop the project and obtain permits, administrative papers to allow them to demolish and rebuild, the owners decided to do this provisional project. So, the main characteristic of BaseB is its limited life; initially it was meant to be three years, but obviously it has already been extended.* (N4)

As for Triennale Bovisa, the decision to locate the temporary exhibition in the area has had a strong impact on Bovisa’s regeneration.

*This land has a certain value, but thanks to our presence here, its value has quintupled. We said three years, but in fact it will be five. When the project is over, and the construction starts, everything will be removed. But TBVS will remain an additional building inside a site which will contain a theatre or a library... it will become even more important.*

*But it was necessary for the project to be provisional in the way used by Cerri, who planned it: if it had not been provisional, we could not have managed to do it. Because doing something provisional means that you can obtain permits straight away and so on, and so on. Not to mention the fact that nowadays, with existing technologies you can make something that will last 30 years, even if it’s made of perishable material.* (N1)

The necessity of working on a new identity for Milan’s former industrial areas is an issue relevant to the Bovisa creative district, and increasing cooperation between firms based in the area is becoming a from-the-bottom-up strategy. While undoubtedly recognising the value that these projects add, the lack of a public administration agent creates effects of imbalance, and social and territorial inequity (conflicts between old and new residents, processes of forced gentrification, abandonment of traditional, neighbourhood based cultural centres...)
3.3 Milan cultural life

In the previous section we underlined the fact that the Milan metropolitan area is one of the major centres of the creative and knowledge intensive industry in Italy. The city is also morphologically transforming itself in order to become more and more attractive for firms and workers. The new strategy of micro urban branding for specific sectors such as design, fashion, fine art etc. is one of the innovative responses that the city is producing. This section will explore whether the city leadership in the creative industry is supported by an effervescent cultural life. It cannot be denied that the Milan cultural offer is quite vast. In the national scenario, the metropolitan area is still a centre of excellence of cultural life. Milan is
one Italy's cultural capitals (theatre, cinemas, music and arts). Rome, Milan, Turin and Naples are the first cities by percentage of theatre activity in Italy, with Milan at the second place with 9.13 per cent of the total Italian activity (Salvemini 2005). As far as cinema is concerned, a similar situation is happening. Milan is the first city if days of programming are counted and the number of cinemas are considered (cinemas: 6.72 per cent of total Italian cinemas; days of programming: 9 per cent).

With regards to bars and restaurants, Salvemini (2005), in research on the creative class in Italy, uses not only institutional data on the number of bars, hotels and restaurants, but also the Michelin Guide about hotels and restaurants in Italy, in order to have more qualitative data. From his research it emerges that Milan and Rome are the first Italian cities, with more than 6 per cent of total restaurants, (respectively 6.38 per cent and 6.31 per cent), followed by Turin with 3.96 per cent of Italian restaurants and hotels.

A very similar situation is that of sport facilities and sport societies: Milan and Rome score the first positions in both fields, followed by Turin (respectively with 6 per cent, 5.8 per cent and 3.6 per cent of the Italian sport facilities; with 5 per cent both Rome and Milan of the sport societies).

As far as art is concerned, the primacy of Milan is brought into question: actually, looking at a time sequence, from 2000 to 2005 Milan lost its supremacy in the percentage of art exhibitions, in favour of Rome and Florence (see graphic 2.1); as far as the number of art galleries is concerned, on the contrary, Milan is still the first Italian city.

However, if Milan is quantitatively important for culture, cultural promoters and creative workers do agree that “the quality is not always as high as we aspect from a metropolis”.

What are then the problems of Milan's cultural life? The cultural life of Milan suffers two types of problems: the first one is related to the organisation and the second is the quality. Regarding the organisation, in Milan there is a lack of collaboration between the private and public sectors to promote cultural policies. The implemented strategy is to create “a city of events”. Although the city offers a high numbers of festivals, events and other cultural situations, the feeling is that Milan is not a cultural city. And this depends on the lack of a cohesive and structured strategy of what should be culturally relevant for Milan.

Secondly, the city does not have a long term strategy, the funds for cultural events are given with short notice. In the majority of cases, the public bodies partially or totally sponsors or propose patronage for a specific event. However, the relationship between the public body and the cultural event organiser is always quite difficult. The administrative and political timing do not often match with those of the event. According to the organiser of one of the most important cinema festivals in Milan, the financial support of the public bodies is always under risk and there is never the certainty that the festival will be re-funded until a few days before. The economic risk that the cinema festival organisers have every year is quite high.

There is indeed a lack of long term policies and the future uncertainty is a constant issue.

“The timing definitely yes, if you have to wait for an answer from a public institution, yes... or rather, you have to get used to it sometimes. We are now doing the Milan Film Festival, a third of which is financed by public institutions, half of which by the ministry...
and almost no one gives a guarantee before the festival begins. So we begin an extremely expensive festival and we risk a lot guarantees that aren't there. If we waited for the ok, the deed with “the commune gives you 1000 Euro” written on it, we would do almost none of the things that we do.” (N6)

However, this is only one of the limits. In more general terms, the relationship between private cultural promoters and the public administration is to find a common strategy about the cultural life in Milan.

In our case maybe the problem are the politicians: in Milan, above all with commune and the Region we have a hard time working for their political choices, they want to go in another direction than the one which we believe in; that is not leftist, because in the Province it isn't as if the left has a good opinion of us, but maybe even a little more... (N6)

The problems are also related to the innovation and quality of the cultural offer. There has been ”a stagnation in the cultural life” of Milan. The Public office doesn't seem to make innovative and progressive decisions. Compared to fifteen / twenty years ago, the policy strategies are still the same.

Also because who governs the city has always made the same choices, that are always those... but if we want the city to offer more to its own citizens a choice is needed from up above, the one from down below is not enough... and moreover, in Milan, it's not as if there are revolutionary force down below...

Innovation, progress and freshness is what has really missed in the cultural life. It can be said that Milan has not lost its cultural position in absolute terms but in relative ones. Compared to other cities that have tried to be more innovative, Milan has decided to follow a traditional path.

“plainly speaking if you go to a city like Valentia, for an America Cup they shook up the world... we could have had it too, but then the people, faced with the problems and prerogatives that Italy could have made, said: no, I choose to save. And this is related to the Italian reality that reflects upon that of Milan, in as much on an Italian level it can represent the European city.” (B4)

### Milan as a creative city

**Key aspects**

- Milanese creative and knowledge intensive industry holds the first position for absolute number of employees and firms
- Milan is central for some sectors( design, fashion, publishing, advertising etc)
- There are some leading sectors but what works is the whole creative and knowledge intensive system (interconnection between sectors exchange of human capital between sectors)
- The new morphology and urban regeneration: slow start up but nowadays great impact on the identity of the city
- Presence of creative districts and bottom up promotion of micro-territorial branding.
- Milan as one of the cultural poles of Italy but the cultural life suffers a lack of policy planning, low collaboration between private and public sectors
4 DESCRIPTION OF THE SECTORS: BUSINESS AND MANAGEMENT CONSULTANCY ACTIVITIES

4.1 Milan and the business sector

This section will be dealing with the business and management consultancy activities which are financial consultancy, labour consultancy, agrarian consultancy, administrative and management consultancy, company planning and public relations. Milan is the financial pole of Italy and this attracts all the correlated activities including those related to consultancy. The main reason why business sectors are concentrated in Milan is the “high concentration of interests” and “the high interconnection between different sectors”. Sectors such as advertising, public relations, and consultancy are in Milan because traditionally this city was one of the industrial poles of Italy.

“There’s communication and advertising in Milan because there are companies here that demanded that certain services be developed… and whoever works in advertising must create their agency here in order to have access to certain budgets. I could do it in Bari, but I will always remain a tiny agency which does only press campaigns for the local newspaper. And you live there, and maybe you even live better… they are more relaxed… But all this is about the concentration of interests: one thing or another makes Milan a city where you can make it and work at competitive levels’ (B5)

Indeed, the idea that Milan is a crossroad is something all interviewees agree on. During the industrial period, the innovative and productive economic life of the Milan metropolitan area developed positive situations for the creation of new businesses. For a long time Milan has had a “manta ray effect”. Just like the big fish that is always surrounded by small fish moved by the sea’s currents, Milan’s flourishing economic and production system has created an interconnected system of supporting businesses.

In addition, in Milan the labour market is flourishing. As a manager of a head-hunting company underlines

“Milan is rich in demand and supply of labour force” (B1)

Milan is especially quite rich in highly qualified labour force. Most job offers are in the Milan metropolitan area, and in particular in the Milan city centre and in the north-eastern part of the metropolitan area (Cinisello, Sesto San Giovanni or Vimercate). However, there are some clusters near Varese, especially related to the pharmaceutical industries. The finance, insurance and all related sectors are mainly focused in Milan

‘If you want to work in investment banking or asset management... in Italy that means that you want to work in Milan’ (B1)
However this manta ray metaphor is partially still applicable. First of all there has been a shift from small and medium sized companies to a more corporation and multinational size, secondly the manta ray effect is no longer related only to productivity power but also to political power.

The consultancy world is becoming increasingly made up of multinational firms or medium and large companies. An aspect that has characterised northern Italy for a long time, and in particular the north-east, and it has always had an influence on Milan too, is the strong role of small and medium-sized business companies. A significant new trend, especially in the consultancy business, is the shift from a micro-medium sized company run by single individuals – a consultant-entrepreneur well rooted into the local context (strong relationship with the University, studying or living in Milan) - to a more multinational approach. The transformation has had a strong impact on the market.

First of all, multinationals enter the national market by benefiting from the presence of positive market conditions. Two strategies can be identified: buying small and medium sized enterprises well-rooted in the local context, and offering job opportunities to young and senior consultants.

‘(The more traditional Italian firms) have now become medium sized companies because the big consultancy firms are now multinationals. Therefore, there are no longer any big Italian firms, big in the sense of a turnover of 30 or 50 million Euro Medium sized Italian companies have a turnover of around 10, 12, 16 million Euro because all of them have been purchased.’ (B4)

Secondly, the presence of multinationals has an impact in terms of competition. The variety of services and specialisations provided by multinationals such as Mckinsey&Company or Ernest&Young cannot be matched by local medium size companies. Ever more often, project bids are colonised by multinationals which can provide a great variety of in-house services.

‘In the public administration field the multinationals have a big market on the technological front because we don’t have big Italian companies with developed technologies. Therefore all the big steps forward in the computerisation of the public administration have been taken through bids which favoured those companies.’ (B4)

The increased competition does not affect only projects but also human resources. Multinationals are more attractive because they offer better contract conditions. In local companies consultants are considered as freelancers, although some benefits and job stability are guaranteed. In contrast, in multinational contracts conditions for consultants are more likely to be similar to those of an employee.

‘Recruitment policies and personnel search are different. Italian firms still rely heavily on out-sourcing work to self-employed people. Not all of them, but many Italian firms still use the self-employed., which affects consultants who work a little bit as self-employed and a little bit by contract...they may have some days of work guaranteed, so they are less subject to the fluctuations in the market, but all in all, it’s not great. Multinationals hire people with proper contracts...’ (B4)
In the eyes of managers, Milan has for a long time been “the moral capital” of Italy. The division of the financial and political power between Milan and Rome has made the Italian situation more similar to the USA than to other European cities. In Paris, Madrid, and London financial and political powers co-exist. This division has created a high competition between the two cities. In the past, the competition between Milan and Rome was limited to only a few sectors, such as the consultancy with the public administration. Even in a sector such as motion picture and film industry, which is traditionally more developed in Rome, the advertising economy depends on the Milanese pole.

‘60 per cent of our business is in Milan, which is very important. In Rome we have 30 per cent, and the rest is from all over Italy. Another important region is Piemonte because although it has few clients, they are big (Fiat, Ferrero, Reali). Our headquarters is in Milan because all media centres are here, as well as big companies. Milan is a kind of an economic heart of Italy.’ (B6)

Will this model still work in the near future? Does this model still work? According to some interviewees, there are some alarming developments that indicate that something is changing. This positive trend seems to be in decline. And the competition from Rome is getting stronger.

Although Milan is the “moral capital” of Italy for business, Rome gets the second best position. According to the director of an advertising space selling company, the Roman market is also important for other emerging sectors such as mobile communication. Two of the major mobile telecommunication companies are located in Rome and this is opening up new business strategies for Rome.

‘As far as we are concerned, apart from the cinema, in Rome there are the mobile telecommunication, Wind and Telecom (two big clients), ministries, tourism offices... Rome is absolutely a very important city for us, but the budget distribution is done in this way, so most of it is in Milan. Because here there are media centres, which are the central points which manage the budgets of the clients from all over Italy.’ (B5)

The political power localised in Rome has an attraction effect. In particular, some sectors, such as consultancy, which has always been Milan oriented, are moving to Rome. The relationship between the political power and the economic power is getting closer and this is becoming an obstacle for some activities in Milan.

‘There is a certain proximity to the power in Rome, which is kind of symptomatic of the Milan of today. I mean, the power which is also Confindustria¹, not only politics. It’s something that surprised me because all the consultancy companies are in Milan, all the big ones, they were created here, they have their business here. The first ‘clients of the consultancy firms were companies, all of which were in the north and therefore... also all the multinationals have their Italian headquarters in Milan. (The relocation of some

¹ Confindustria is the Italian employers’ federation, founded in 1910. It groups together more than 113,000 voluntary member companies. It aims to help Italy’s economic growth, assisting, in doing so, its members. It is a member of the International Organization of Employers (IOE)
headquarters to Rome) is for me a sign of a change in the attraction that this Roman power has, and it also takes advantage of the business concentration in Milan.’ (B4)

4.2 Where is the business sector located in Milan's metropolitan area?

According to a firm relocation consultant in Milan, business and residential locations are changing. Milan has always been a city strongly focussed on the city centre. Firms, businesses and finance have been mainly located in the city centre. Insurance companies, business consultants, law firms as well as advertising companies have always chosen the city centre to set up their headquarters for reasons of prestige. For a long time, a very small part of Milan was considered a strategic location for business. The Spanish wall (which coincides with the inner city ring, which is approximately 3 km in diameter) used to be considered the “edge of the financial and business city”. According to most of the interviewees, these borders have been expanded.

‘I was born in Via Santo Spirito, and I lived there until 1973 or 1974, when the rent control was imposed, after which it became impossible... I remember that in those times this area (Tortona) was considered as a suburb... now sometimes I walk back here from the Cathedral, and it takes me 15 minutes... the psychological dimensions of the city have changed too.’ (N7)

Three main aspects will be explored. First of all, whether the old city borders have been broken by all the sectors; secondly, whether relocation strategies have been similar for small, medium and large enterprises; and thirdly, what are the reasons for moving away from the city centre.

In respect to the supremacy of the city centre, it is necessary to argue that for some sectors the centre still remains attractive.

‘Then it also depends on the type of company. There are firms that absolutely must be in the centre, such as banks, insurance companies or law firms...’ (N7)

The city centre has always been important for finance and consultancy firms. Although the finance sector is not so visible as other sectors, and it has always had the tendency of keeping a low profile with respect to its role in the city, a map of the location of the main finance firms and services supporting the sector can clearly be drawn. The stock market is the fulcrum, and the area between Duomo (Cathedral) Square and the La Scala opera theatre - the noble part of the city – is considered to be the finance headquarters.

As for the consultancy sector, it cannot be said that there is a consultancy district. However, some location requirements, such as accessibility from both short and long distances, and the presence of prestigious buildings have naturally concentrated most of the firms around the city centre.

‘There are quite a few of us in the Velasca Tower [a very centrally-based 50s building]. There’s us and other four consultancy firms... Then there are a few small firms. This is a prestigious building, but not because there are other consultancy firms. Now there are also offices... We are not here to cooperate... We could say that there is no special
district for consultancy firms ... Almost all consultancies are in the centre, also because after all you have to be easily accessible for the clients, and we, consultants, need to be able to move about easily, by subway...’ (B4)

The accessibility is indeed the first aspect that is taken into account

‘When we moved here, we took into consideration the fact that there is the subway, it takes you right to the train station, in 2 minutes you get wherever you want in the centre... The same holds for professionals who need to go out on a job. We also have a garage underneath with room for two or three cars that nobody uses... Maybe for a client, or if somebody comes in by car because later they need to go somewhere where there’s no train service...’ (B4)

Within the creative sector, the only sub-sector which maintains a traditional location pattern are the big fashion design firms. In most cases - with the exception of Prada and Dolce&Gabbana- the main fashion design firms have located their headquarters in the core of the city. In contrast to all other sectors which favour letting strategies, fashion design firms choose to invest, and there are several examples of entire blocks owned by some big fashion design firms.

‘Fashion companies usually buy, they have the money! They are mainly family-owned business, not multinationals. For example, Via Borgo could be renamed Via Armani: they bought three buildings there.’ (B2)

However, the shift from small and medium size offices to multinationals is also changing location priorities – there is a greater need for large and efficient places. City boundaries have expanded significantly and at times include also municipalities around Milan. While in the early 70’s and 80s’ the peripheral locations were favoured mostly by the productive sectors (steel and metallurgic industries were located in Milan’s north-eastern metropolitan area, for example at Sesto San Giovanni), nowadays there has been an enlargement of location for the service district, especially for multinationals that need to host more employees. One of the effects is that municipalities around Milan seem to be more attractive for big firms. Milan however, has been quite slow in answering these new needs.

There was a transition period (in the late 90’s and the early 2000) when the multinationals’ demand for office space could not be satisfied. Two main trends emerged. On the one side, there was a process of internationalisation of the real estate market, and on the other, a process of multinationalisation of firms. In this period, the change in the real estate market towards new, flexible office locations was first perceived by multinational real estate agents.

‘We went through a transition period, in the late 90’s and early 2000; we went through a period when our clients, especially international ones, expressed needs that we could not satisfy. As soon as people realised, and it was mainly foreign, non-Italian real estate developers that realised it. For example, we helped upgrade buildings in Via Bergognone [a very central street]: the developer realised the quality of the product, the quality of the efficiency of the offices and so on, and he managed to obtain 30 per cent more than the average rent... This started happening in the early 2000, with the change to the Euro But the process was initiated by foreigners who said ‘I’ll bring a model that you Italians do
not understand, the model that we’ve already introduced in other countries: we upgrade buildings’’. (B2)

The enlargement of the business district in the city is the main trend of the new millennium. The centre is getting bigger and the suburbs are becoming new poles of attractions. As one of the interviewees underlined:

‘Sesto San Giovanni is Milan’s Defence... There are currently several refurbishment projects: Porta Nuova, City Life, Area Falk, Santa Giulia’ (B2)

There are various reasons for relocation or first location in this semi-central area. We grouped them in the following typologies:

1- Size of the buildings. There is a general problem in Milan’s city centre: buildings are often historical buildings, and therefore office layout does not meet the needs of a firm. One of Milan’s advantages is that several of the ex-industrial areas are located in a semi-central area of the city (between the inner and the middle rings of the city) and in the regeneration process these spaces have often become locations for medium and small firms related to the creative and knowledge intensive industries.

One of the most interesting examples is the area of Zona Tortona, which is considered one of Milan’s new creative districts. The reason for this area’s success in attracting creative industries lies in the size and layout of buildings. In converting former industrial plants into new buildings, private developers decided to target the conversion towards a special professional class. Photographers and TV producers needed large spaces for indoor shooting and therefore, instead of offering them “minced meat real estate”- aggregation of small size offices – private developers converted former industrial plants into lofts - keeping an open space layout.

‘At the same time, old industries left and there was no more construction... this real estate idea of a loft took off in the 90’s. Then there was a kind of invasion. The first work started in Via Savona... intelligent high end real estate developers made their purchases and started creating communities of artists, of design, communications, fashion... They made the first example that I know of in Milan of real estate and land marketing.’ (N7)

The size of the building, however, is not only important for the creative sector. It is becoming increasingly important for the services based economy. Particularly in the private sector, there is a growing tendency of merging all offices in one building. This recent trend has two main causes. One is strongly related to the economic situation. In a recession period, there is a general tendency of merging or buying-out between small and big firms, or even among big firms. The second cause is related to the rationalisation process: it is time and money consuming to have different offices across the city, and therefore firms tend to re-unify all branches under the same roof.

‘Currently, at a time when there is a kind of economic crisis, we are working a lot on reunitifying offices in one head office... this enables companies to cut on personnel: why should you have five offices with five secretaries?... Rationalisation is the word of the day, and above all, companies want to move into modern, efficient spaces where you can have, unfortunately, a person working in 8 square meters, and not in wastefully organised
buildings. Therefore, we need efficiency in the layout of office furniture, and this has now become a selling point.’ (B2)

The public sector seems to follow the same path. The rationalisation and size issues are the main drivers of the re-location of some of the most important administrative centres of the City. The public administration offices for the municipality, the region and the province are indeed planning to move into new buildings in the near future. However, at the same time, the location choices of the public administration still respond to the “old” rules: the primacy of the city centre. These services will be relocated to one of the most central areas under construction (….)

2- Typology and quality of the buildings. In terms of available buildings, there is an important relation between peripheral economic districts (especially outside the administrative boarder of the city) and the typologies of office space provided. In some parts of the Milan metropolitan area the strategies used have been to build new economy districts using innovative building concepts.

3- Proximity to the public transport. Milan has a fairly good subway system, although some areas of the city are still uncovered. One of the main problems of the subway system is that the metro stations are not as close to each other as in other cities.

Particularly for multinational firms, the distance to the metro is a priority. However, relocation to the peripheral part of the city requires a good transportation system with subway stations at walking distance and safe streets.

‘the first thing they ask for, because they come from cities such as Paris or London, is a metro station near the office. And, obviously, in Milan we have a mediocre subway system... and the stations are too far away, and in the end 500 or 600 meters, especially at night and in the suburbs of Milan, create problems... So the subway issue becomes very important.’(B2)

In other words, the process of internationalisation of Milan is slowly changing the strategies used in locating firms, and it is creating new poles of attraction within and outside the city centre. Some risks are still lying in ambush though. The enlargement of the business centre is still a location strategy for big companies. Small and medium size companies might suffer isolation if they move to a disadvantaged area.

In Milan there are locations outside the centre, but ... if you are a big multinational firm, you can create your own prestige, but if you are only a medium-sized firm, you have to move into an environment that will give you some prestige, you give a bit and take a bit, but in Milan there are few such areas. (B4)

A small digression at this point deals with residential patterns of high income foreign families who are helping to change deeply ingrained ideas of the hyper value of the Milan city centre. The trend of opting for peripheral areas is accompanied by different residential strategies pursued by newcomers and the Milanese. It is interesting that Milanese and international managers have different priorities in choosing where to live. While for the Milanese the heart of the city is still very attractive, the foreigners’ priorities are open spaces, green areas,
closeness to international schools and the quality of life. To some extent, each nationality produces and reproduces their living models.

‘The Americans all troop to Milan 3( one of the few example gated community neighbourhood in Milan) because they have the concept of a second house, so they have tennis, sports centres, the greenery; even if it is inconvenient, they like this idea of green spaces a lot... most Englishmen settle on Lake Como. They work in Milan, but they live on Lake Como. After all, the English are used to commuting... The French on the other hand have their own priority... They have the French school and so they all move to the Magenta area because they have discovered that there is an excellent French school in Via Novara...So they go there and they may have a convenient school bus that takes their kids to school... Anyway, they live in the Magenta area, a very nice part of the city.’(B2)

However, there is a process of adaptation to the Milanese lifestyle, and after a few years the foreigners’ residential choices fall in line with those of Milanese managers.

‘I have a couple of English colleagues who used to live on Lake Como and then they moved to the Magenta area because they said... after months during which they spent two hours in the train every day, in the overcrowded trains in the north, they realised that it was not easy living on the lake.’

4.3 Formal and informal networking

In the business sector, formal and informal relationships seem to be a rather important and relevant aspect of working life. This might appear quite contradictory. Indeed, the business sector is one of the most competitive ones, and “information flight” might have a fatal effect. However, the need to meet and to see each other seems to be fundamental for the workers. One possible explanation is that the finance, consultancy and services markets are very fluctuant and the exchange of “certain” and limited information is necessary (Thrift 2005).

Contrary to expectations, the location is still important and managers use their spare time (in bars, restaurants and sport centres) for networking. However, not only the location matters, but also the time. Rapidly changing circumstances force people working in this sector to have formal and informal places where they can exchange information in real time.

As in other sectors, two different typologies of networks can be discerned: formal and informal.

Regarding the formal networks, there are several non-profit associations whose task it is to connect workers and enterprises, and to facilitate the circulation of information. Finance and consultancy are fluctuant markets with a strong sense of isolation among workers. People work with sensitive information and therefore it is quite difficult to communicate with competitors. However, the necessity to create “a critical mass” sometimes overcomes the
barriers. In the consultancy world, for example, the creation of non-profit associations such as Assoconsult and Arco\(^2\) has the aim of lobbying and providing good quality professionals.

> 'Assoconsult has a kind of lobbying role, it defends the interests of competition, in particular in the context of the public administration; for example, against all sorts of in-house contracts that the public administration creates in order to give jobs to their firms and avoid any kind of competition from private companies... or against obscure or incomprehensible calls for bids.'

In this sector in particular, market competition at the level of professionalism is a relevant issue, especially in the consultancy sector, in which specific expertises are not formally acknowledged. Compared to France and the UK, where consultancy is seen as a clear and marked profession, with its tasks and aims, in Italy the culture of doing consultancy is relatively young and it is still linked to the idea that consultancy is not a clear profession.

> 'In any case, in the world of politics, the word consultancy is very much abused... people referred to as consultants in the budget are individual consultants, cost cutters who have also been called minions and ministers... all in all, the word has had a bad reputation for a long time, also because over the years consultancy has done some things... Kickbacks... But, I think that our political world does not recognise the value of a knowledgeable society... it looks at it with suspicion. In this respect there is a lot of provincialism in Italy' (B4)

Quite to the contrary, it is necessary to be properly trained to become a consultant. There have been several occasions when managers coming from the industry sector decided to ad lib a new profession.

> 'There are hordes of managers who are left without a job and say: 'What am I going to do? No one is going to employ me as a surgeon or an engineer... but I could be a consultant.' But the fact that consultancy is open, that firms do not request exams etc, means that even if a person used to be a very good manager, ... he sits down and says: 'Where is my secretary, where are the clients?'... But no, the nice thing about consultancy work is that you have to do it 360 degrees'. (B3)

Creating associations is therefore a way of guaranteeing better standards in the quality of work and expertise.

The other typology of network is prevalently informal. Due to the working style - long working hours and flexible time - informal relationships are a key aspect in the working life of some managers in this sector. Life in the finance world runs 24-hours a day. According to the interviewees, in addition to offering good working opportunities, Milan is also a city that has “the right atmosphere”. Indeed, it offers a great variety of socialising places where people working in these sectors meet informally. Bars, sports clubs and restaurants are places of leisure where finance people go, also for networking and socialising. According to some

\(^2\) Assoconsult, set up in 1997, is the Association of Management Consultancy Enterprises. The aim of the association is to bring together companies operating in this field in order to enhance the development of consultancy and promote the image, role and qualifications of the profession, also in the interest of clients.
interviewees, for people working in finance or related sectors, social life is partly connected to working life. More than in other sectors, professionals tend to spend their spare time going to places and hanging out where they find people from work.

‘Some people (who work in finance) were saying: ‘It’s true that I could do the same job based in Rome, in any event I’m always on the plane because I have to travel for work.’ But it’s not the same thing. In the evening (in Milan) in some places, such as Good Fellows, near Via Cusani, or Radetzky Café in Brera –trendy bars in Milan, and a whole lot of other bars near the Stock Exchange, you go there and you know that you will find business lawyers, people who work in investment banking and so on.’ (B1)

The reasons for the need to build informal networks are mainly related to the type of work. People working in the finance are aware of fluctuations of the market. They earn fairly high salaries, but they are always under a risk of loosing their job (a restructuring of the company, a restriction of the market). Creating an informal place where they can communicate to each other new job opportunities is quite necessary for survival. Meeting each other means:

‘having opportunities... for example, if a company is doing badly, I can leave and find another job... we’re talking about banks, investment banks, a market which is also merciless: there may be 30-year-olds earning, say, 50,000 Euro a year, and the year after they are fired because the market plunges...’ (B1)

The vagaries of the market are not the only reason. The typology of contracts is another. Especially in the consultancy world³, social life in a way allows people to always be on the market and always be available for a better job offer. However, keeping the informal network in balance is not an easy job. Information that is allowed to circulate should be selected. There is always a risk of insider trading or of revealing to a potential competitor information about a new project to bid for.

‘I mean, in Milan I go to have a drink with... who are also my competitors... we work in a very competitive market, so obviously we have to avoid talking about some things that are too delicate. But at the same time, we give each other some clues, as far as it is possible, and so on... I can’t imagine the same lively social life in other Italian cities, precisely because of all these companies in this line of work operating here.’(B1)

Furthermore, this way of socialising has another important aspect. According to most of the interviewees, Milan is not really an international city. It is not a city that attracts highly qualified foreigner workers, and that can compete with other cities. However, increasingly it is a city with some international attributes. The way new generations of people working in the business sector socialise is showing a new way of living and using the city.

According to several researches, a managers’ social life is restricted mainly to a close circle of friends from high school or university, or from the neighbourhood where they live. The low mobility of the Milanese restricts their way of meeting people to a very conventional method. However, the social networking described above resembles socialising patterns found in other

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³ There is a similar situation in the motion picture and TV industry: there are places or events for socialising and exchanging information.
international metropolises. Just like Paris and London, the finance district in Milan offers the combination of a high concentration of specialised companies and places of socialisation for people working in finance.

The importance of informal meeting places is partly related, as it was said before, to the type of work, and in part also to the life experiences of the people involved. Most people working in this sector have had a working experience abroad (most of the interviewees certainly did), and it seems that they have brought back with them a new lifestyle that is not so common in Italy.

‘There are some people who after graduating, or anyway around the age of 27, 28 go to London for three or four years. Then their needs change: the parents get older, or maybe they have children, all in all, they come back.’ (B1)

It can be said that Milan’s international flavour is created to a greater extent by personal experiences of the people involved rather than by a real sense of the city.

4.4 Working hours: Flexible but demanding

There is a strong connection between type of job and lifestyle. Business managers seem to have long working hours, and to some extent there is no real line separating day and night. Several researches on urban time seem to highlight that the peak time in Milan is changing. In the past, the morning peak time was around 8am, and the evening one around 6pm. Nowadays people tend to go to work a little bit later (9-9.30am) and to finish work around 7-8pm. This to some extent matches the time schedule of the public services (school hours, transportation system etc.) Supermarkets are one of a few services that have followed this new trend. In Milan, supermarkets are often open until 8 pm in the evening and in some areas of the city (especially near the business district until 11pm).

‘Milan corresponds to my lifestyle (which is, finishing work around 9pm), and even more so compared to other Italian cities. I’m not sure about Rome, but I’d say even compared to Rome. I’ll give you an example... There’s a supermarket near my office, which is open until 11pm every day. It’s quite convenient, and I can tell you, I don’t go shopping very often, but when I go there at 10.30pm, the place is packed. I think there’s no one there at 3pm, but at night it’s chock-a-block.’ (B1)

To some extent the city has started responding to the new working hours. Furthermore, the distinction between working days and weekends has become blurred. New technologies and types of work have created “the freedom and/or the dependency” to work when and where people want. Additionally, there are some jobs where the level of commitment is rather high.

‘Consultancy is a very demanding type of job, very difficult... you earn a lot, and you risk a lot... it’s demanding because you always have to study, you may have to go on a trip to Catanzaro tomorrow, and you have to be in the room by 9am, you have to organise the trip... There is also the issue of where you live: it’s better to be near an airport, because you can’t just take the car and drive the whole night. It’s demanding because you have to work on Saturdays too... Now finally, at my age I can allow myself to turn down some jobs, or to take a job because I like it, because it’s fun... I don’t concentrate solely on the
money, and I try to take it easy... But often you have to start going on Sunday afternoon or on Saturday. So, there’s no talk of extra time, of ‘Oh, but it’s 5.30...’ (B3)

Long working hours and the need to work on weekends penalises to a certain degree women in carrier in comparison to men. Especially in sectors such as consultancy, where managers need to see clients on their premises, there is a lot of travelling involved. One of the few women interviewed strongly underlined gender discrimination.

‘I see my younger colleagues who find it hard because clients are all over the place. Young women with children, they start thinking: I have to stay away for four, five days... I have to leave at 5 in the morning and come back at midnight... They travel a lot, and therefore it’s tiring. (B4)

Her reflections on this issue were developed in even greater detail. The manager also added that the difficulties women encounter in this sector are related not only to practical issues, but are also partially linked to the very strong male dominated culture in consultancy.

‘Consultancy was born as a kind of ‘guruism’, and imagine if in Italy you could ever suggest that a woman could be a guru; abroad maybe a bit more. And so they were great gurus. Now, for example there’s Galgano’s daughter, who is a chief executive officer; a beautiful young woman, but she has a slightly different role. Italian consultancy was kind of imported from Anglo-Saxon countries, and those gurus went around and pronounced themselves on business, organisation etc. Now things have changed a fair bit, there is a lot of coaching in consultancy, and clients accept women consultants much more readily, even in private enterprises; and then in the public administration there are always women on the client’s side, so the situation is more balanced. Before there were only men, and they liked to be indoctrinated only by men.’ (B4)

4.5 Milan's strong brand name: Competitive at the national and international level?

As it was mentioned at the beginning of this section, competition between Rome and Milan depends totally on the sectors in consideration. However, how competitive is Milan at the international level?

Although Milan is not a capital city, in the frantic urban race for international supremacy, it is competing with Paris and London. In competition with international capital cities, Milan is in a losing position.

‘I’ll give you a numerical answer: Milan can offer around 250 000 square meters of office space a year, whereas Paris offers 3.8 million square meters.’ (real estate consultant for office space)

Although it is in a losing position compared to European capitals, Milan still has a strategic role in Europe. There are several reasons for this. The main one is related to the economic and financial role that Milan has on the European and national scene: Milan is the “moral capital” of Italy and at the same time it is considered an outpost in the South.
Looking at the location strategies of US multinationals, we can get an idea of Milan’s international position or reputation in the business market.

‘What do multinationals do? Multinationals are essentially American, and in their first move to Europe they get a foothold in London, because it’s culturally close, because they speak the same language and so on. The second step in southern Europe is Paris, because it’s a city which is still a capital of southern Europe. Moscow is now becoming the capital of the East. Then, let’s say that in southern Europe it makes sense to move to Milan as a second step. The first branch is either in Madrid or Barcelona, either Spain or Italy. I’m talking about services, financial, insurance services...’ (B2)

Furthermore, Milan is a “second appendix” in southern Europe, in a strategy to open up the markets in Mediterranean countries (north African countries such as Libya and Egypt), as well as in the existing and future EU countries such as Greece and Turkey. In this sense, Milan is competing with two other cities, which are Barcelona and Madrid. The game is mainly played on an economic, political and historical level. Although Spain traditionally has strong contacts with some of the North African countries (for example Morocco), Italy has had a very important diplomatic role in the Mediterranean basin in foreign relations between Europe and north African countries. Milan is still a strategic bridge between northern European countries and the countries in the Mediterranean basin.

Another type of competitiveness is related to the labour force. For example, in the finance sector, Milan is competitive in attracting highly qualified managers from the rest of Italy, some of whom have spent a period of time abroad.

Milan's attractiveness in terms of job opportunities is very high. Job profiles and high salaries make Milan the Italian capital of finance. Although Milan loses in competition with other international cities, on the national scene it reigns supreme.

‘Most people who work in the finance would not want to go to Rome. They would accept to go to London or Luxembourg, or for some things maybe even to Monte Carlo... or, of course, New York. But it's extremely difficult to find people willing to go to work in banks in Padova or Rome because you're out of the circuit.’ (B1)

There is therefore a circuit of international cities – in which Milan is included - suitable for managers working in the financial sector. According to the interviewees, the reasons why Milan is included in this circuit are related to the availability of jobs in the sectors, high salaries and the presence of an informal social life to exchange information, and a “cultural life” related to their sectors.

In fact, Milan is becoming a good and attractive market for the reversal of “brain drain”. For some professionals in carriers such as finance, consultancies and all related professions, experience abroad is becoming a compulsory stage of their working lives.

‘Italians go abroad for professional development. In this context, London is now the hub for more or less the whole world, certainly for continental Europe... From this point of view Milan is ransacked, just like Paris, Madrid, and even Frankfurt because Italian and European bankers want to go to London.’ (B1)
The “predating” strategy of London’s head-hunting firms is helped by the prestige that London carries in the financial sector, and also in terms of salaries. Stories of super-salaries that some merchant banks offer are becoming legendary. The reason why London employs this recruitment strategy is related to the fact that London’s banks work all over the world, and having international teams enables them to have a better insight into local markets and local strategies. On the contrary, the Italian finance market is rather closed, and there is very low interest in recruiting foreigner managers to work on international markets.

‘Partly because London, as a labour market, crosses all boundaries... I think that all the world markets are covered from London, so it’s an advantage to have people from Bocconi who know Italian, people from Hong Kong who speak Chinese well and people who studied in South America. Also, because they are very selective, the best of English graduates do not satisfy their needs, and so they go in search of the best graduates from all over the world. They look for absolutely the best profiles, and they can do it because they pay very high salaries and in comparison with all the others, they have an incredible appeal.’ (B1)

To some extent, however, the city of Milan benefits from these managers’ international carriers. It is becoming a common practice for people to return to Italy after a period abroad, and Milan is usually the chosen destination because it is ‘the most European’ city in Italy. For some people, Milan is a good compromise between having a globe-trotting lifestyle and keeping their family ties strong.

‘Look, there are plenty of reasons (why I came back to Milan)... personal reasons, linked to my personal life. I worked in Paris and then I came back to Italy for family reasons. I worked in our family business with my father. Then my mother was alone, so I decided to live in Italy... And Milan is an excellent place to work. You work easily, everything is near and there’s plenty of work.’ (B2)

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5 DESCRIPTION OF THE SECTORS:
MOTION PICTURE, VIDEO, RADIO AND TELEVISION ACTIVITIES

5.1 Overview of the interviewed firms

Milan is a European centre for services related to communications (OECD 2006). First of all for television and broadcasting: the main private television network (MEDIASET) and the Italian company from Sky-TV is based in Milan. Second of all, Milan hosts the larger publishers and has the highest concentration of the national publishing industry (20% of the local units in the publishing sector are located in Milan and more than 30% of the workforce). Thirdly, the advertising industry is concentrated in the city, where 21% of the national local units and 31% of the employees of the sectors are located. In fact, as mentioned above, the weight of the advertising industry is much more consistent because of the link between this sector and many other ones (video production, television and media in general, but also financing and business). The history of the Italian advertising industry itself is associated to that of television, and the advertising industry has expanded rapidly thanks solely to the development of private television networks. In this regard it is not by chance that the advertising industry, the television networks and the financial sectors are concentrated in the city of Milan. Nevertheless, in Milan (and in Italy in general) the advertising industry influences video production and media production in general. The turnover of the advertising industry in Milan was estimated at 250 million Euro (Amadasi Salvemini 2005). The Cinema industry is located only in Rome where, unquestionably, all of the Italian production is concentrated.

5.2 High costs and poor quality of life…but my life is here (and I work here)

5.2.1 Physical infrastructure of the city and real estate market

Let us start with a presentation of the location of this sector. First of all, and this is typical for every sector in Milan, there is a very strong tendency towards the centre (the physical centre coincides also with the historical centre). In motion picture and television this trend is neutralised by the necessity of having large spaces for shooting. Within the metropolitan area there is a dense cluster of activities linked to television around the huge Mediaset tower (the largest national private television company); nevertheless even these societies (who mostly work with Mediaset) have their representative branches in the city centre. It can be said that there is a difference between operative offices and management ones: if you need a large space to shoot in you will look either for a large place near the centre of the city (as, for instance M1), or a place within the TV cluster; if you do not need spaces for the shooting (because you will rent it when you need it, as for instance M5), then you can locate your
activities in the centre of Milan, where you are recognised as a good company, just because of your location.

“[when we were looking for the new head-quarters] we were looking for a central zone that could guarantee us a good visibility, because in the mind this generates a certain reasoning: so, these people can allow themselves a studio in the city centre, this must mean that they earn a lot, if they earn a lot it's because they are good.” (M3)

Moreover, many large record labels have recently merged, so they left the core of the city and moved to the first periphery of Milan in search of larger spaces. As a result, there are a lot of small and medium companies in the city centre (especially advertisement producers, who do not usually have their own shooting studio), while the larger companies tend to move outside the core.

It can be said that Milan, in this respect, is moving in two directions. On the one hand the core of the city is getting larger and larger, expanding towards the Northern part of the city. On the other hand new centres in the metropolitan area are gaining visibility, since the city centre is now all occupied, or too expensive for the small activities.

In this respect the example of BaseB in the Bovisa area is very interesting. The area, located in the north periphery of the city was occupied by many small and medium factories. With the de-industrialisation process that occurred in Milan during the 1980’s, many factories closed and the area went unoccupied for a long time. At the beginning of the 1990’s the Politecnico University of Milan decided to transfer part of its structures there and the area started to be re-qualified by a private developer, Euromilano. Euromilano created a very innovative marketing strategy, using the land for cultural and artistic purposes temporarily: in agreement with one of the most important cultural institutions of the city, they built a temporary art exposition, and at the same time they rented (at a very low cost) spaces to creative workers, so that they could establish their activities and attract workers, consumers, and visitors to the area.

“The community has a thing of this value [the Triennale-Bovisa] without paying for it, because the businessmen paid for it.[...] It is a terrain that has a value, due to the fact that we are here, now that value has grown five times. When the project is finished, the construction will begin [...].

Provisional in the way that Cerri says, who conceived it: In the sense of “providing”, because if it wasn't provisional, we wouldn't have been able to do it.” (N1)

In general, the presence in the city of a large number of former industrial areas left space for cultural activities which often require large spaces, and this in turn attracts different populations in the area. Examples of these areas are spread all over the city, from north to south, from east to west. It will be further discussed in this report that nearly all the regeneration projects in the city are organised and implemented by private developers and not by the Municipality (see also section 3).

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1 See, in regards to this, the concluding chapter on the city of Milan
5.2.2 Costs

Milan is a very expensive city, and this is applicable for all the economic sectors: independent production (in many creative spheres) is affected by the high costs of Milan. Nonetheless, as far as motion picture, television, and video shooting are concerned, costs are higher than elsewhere in Italy because they are based on the advertising industry, which can support higher prices. Therefore, as a director of video clips and short films claims, the advertising industry in Milan is increasingly dominating all the independent productions.

"Milan, for a typology such as ours, is a fairly tiring city. Because it is a city that has marked itself over the course of time on publicity. For this reason the costs of publicity were really big. M1"

This is fatal for many independent cinema or video directors who are not interested in the advertising industry: it is very difficult for them to enter the industry and, even when they can, it remains very hard to stay within the sector. Many of them decide to leave the city of Milan and to try their luck in other cities, primarily Rome, but even other smaller cities, Turin most of all, but also Bologna.

Special attention must be given to the labour cost: very often workers are underpaid and employed with very unfavourable contracts, even in those sectors which are particularly flourishing in the city: therefore the motion picture, media and advertising industries are not immune to that.

5.2.3 Quality of life

All the interviewees claim that the quality of life is very bad in Milan, and that they are in the city for other reasons: many of them have come back to Milan after a period abroad, and they came back due to personal reasons. For instance, the director of an advertising production house was in New York, but after that she came back to Milan in order to start her enterprise.

"I was supposed to return to Harvard to do a master on something that I liked, but my partner had moved to Italy for a year, I sent my CV to a few places and a production house hired me in one of them. After a few years I opened my own society (M4)"

The only interviewee who came to Milan for professional reasons was attracted to the city by the kind of job he was interested in and, probably, by the confidence of the enterprise where he is currently employed. He is not happy about the quality of life in the city, as he claims “The Milanese can’t wait to leave the city at the week-end.” (M3)

Finally, the cultural scene in Milan is said to be very poor, with no investment from the government. In particular, there has been a decline in the Milanese cultural scene, which, between the ‘50s and the ‘70s, was very creative and vibrant. Creative people need constant inspiration and, quite often, expositions, museums and art in general are the main sources for allowing new ideas to grow. Milan, although it offers a high number of expositions and...
museums\textsuperscript{2}, now is judged rather incapable of satisfying the art-needs of the creative workers, especially if compared with its glorious past.

“I’ve seen Milan precipitate a lot in these last few years also on a cultural level... at the level of exhibitions, of stimulating objectives. In other words, Milan needs a shared space like in Rome such as an auditorium where every night there is a concert of a certain kind. Rome opened 3 contemporary art spaces,... all things which Milan doesn’t have... apart from the Triennale Bovisa... what’s going on? [...] From this point of view Milan was the Italian door towards Europe, but in the last 10 years, in my opinion, it has precipitated. In Milan culture is in a wreck.” (M1)

“The cultural life in Milan... I would say that it is dramatic, yes, dramatic. There isn’t anything. Now there is only one decent gallery in Milan”(M5)

5.3 Working networks: Informal circles

The high concentration of activities linked to the media, motion picture, and advertisement industries are related to the thick networks that have developed among operators in these sectors. In fact, networking seems to be an intensive activity, and a key issue in a large number of fields in their working activities.

“This is a world in which relations are extremely important, word of mouth, phone calls”(M4)

Different types of networks in these sectors appear to be relevant for many reasons. Specifically, networks can be described on the base of their size, whether they are local, national or international, or on the base of their functions (contacts for job recruitments, contacts with local or national governments...).

5.3.1 Size of networks

Due to the high concentration of the advertisement industry in the city of Milan, the operators in this sector and in related sectors (cinema, television, music, radio, and so on) have the possibility of building tight networks and relations.

“in any situation there are contacts, there are perhaps many more in the productive part [...] because at that point you are dealing with authors, actors and directors... with graphic designers, you go and look for new people, young people, young societies... there are many activities in Milan, there are people who do advertising, there is the television production” (M6)

\textsuperscript{2} See also WP2 report
The network of television and cinema operators seems to be very close to that of the advertisement operators, since many workers tend to cross boundaries between the sectors and have many different collaborations.

“I also have my job as an independent publicity director: I come from music videos, fundamentally 90’s [...] Then I stopped in order to dedicate myself to film and then fundamentally to work in publicity where the economic margins were bigger than those in music” (M1)

Moreover, networks are in fact built by producers or production houses, which often work with free-lance directors, photographers, technicians and so on. Once they work together for a job, they are in the same network and they keep in touch even when they don’t work together, so that they can start new collaborations. Therefore local relations are built through “short” networks composed of people working together in different spheres of the television/video/advertising production. The strong concentration of production in the city allows the network to be built locally and to reproduce continuously.

These kinds of local networks are developed in semi-formal channels: parties, small festivals, private dinners and so on, where people can meet other operators and create new contacts.

At the national and international level networks are built both among operators of the same type (among Italian and German directors: horizontal networks) and among workers in the same sector with different functions. In this respect, international festivals and exhibitions are very important as channels through which relationships can be built.

5.3.2 Functions of networks

The main functions of relations are linked to career-building and the organisation of production. It is not an exaggeration to say that all jobs are found and organised by word of mouth.

Of course, local networks in this case are very important, since they give people the opportunity to move quickly and to have easy connections.

In particular, two factors should be emphasised. Firstly, the skills needed in this kind of industry are mainly tacit and non-coded, as a result it is necessary that the exchange of information happens in a direct way through face-to-face interaction (Becker 1982; Bourdieu 1992). Secondly, professional careers are built on temporary jobs: relations within the network are particularly precious to professionals involved in creative careers made up of various temporary jobs at a time. Due to the unstable nature of cultural work, cultural operators are always spurred to look for new contracts and to develop their network of contacts.

The international network develops for reasons other than career building and recruitment. This is due in particular to two reasons: the logic of international film co-production and the building of international collaborations. In the first instance, many production houses are forced by European public financing laws to produce a film together with foreign enterprises.
(an Italian director, a French production with German financing as well, a Greek photographer and so on). This creates an international network of professionals who have a strong interest in working together.

“there are a whole series of public European financial programs for cinema that recompense, asking specifically that movies be an international co-production. [...] For me, as a producer it seems also an important cultural challenge, above all when you work with a young writer or actor, to ply them to the task of imagining a international audience for their film, its a difficult task but very stimulating. And this counts for everyone.” (M2)

Finally, it happens that international networks are used in order to improve employees’ knowledge: one of our interviewees claims that she usually organises, together with foreigners partners, a sort of “exchange” of young workers, so that they can learn new techniques, they start building their own networks and so on.

“last year I sent my people to America, for their vacation, I sent them to work there for three weeks. [...] As soon as I see a bit of talent, I encourage the person to do some experience abroad. One of my employees was in China doing research for me for the whole summer” (M5)

The second type of interaction happens usually among small enterprises and it is due to the fact that, more and more, the sector operates within an international and global market. It is common for an advertisement produced in Italy to be seen in Germany or in France. Operators have the possibility of sharing knowledge about local actors, local policies and about advertisements and the motion picture world in general.

“the clients are quite frequently multinationals[...] So it might happen that you find yourself working for international campaigns. Then the fact of also having one perspective with another, one belonging to the territory on which you have to finish the campaign, offers for example the opportunity of avoiding some classic mistakes, for example, we are obviously very informed on all of the music which was recently used in the national campaigns. [...]on the other hand, the moment in which I have conduct a campaign on an international breadth, there are things which I should know. The fact of having perhaps a correspondent abroad with whom I can exchange this information becomes fundamental. The relations that are created are reciprocal obviously.” (M3)

The same kind of relation does not happen locally, where operators fear local competitors and prefer not to share special knowledge or information.

A concluding remark on network is needed. Milan is a relatively small city which does not attract many foreigners (see also ACRE report wp5). Therefore people really do know everyone. There are a number of “informal committees” which are more or less all connected with each other. The negative effect is that of tight networks: they are very difficult to penetrate for those who are outside. In the general conclusions this will be discussed broadly.
5.4 Recruitment by word of mouth

As far as the recruitment strategies and the labour force present in Milan, once again the main statements concern the importance of word of mouth and networks. Many interviewees claim that they receive a lot of CVs everyday, but they prefer people with job knowledge, and they look for them through their acquaintances.

“I receive curriculums, I answer and I say thank you, then once in a while I see one that interests me... even only out of curiosity or to give them indications, maybe only to suggest to them to call this person that I know [...] now I am looking for someone who can do research and I am having much difficulty in finding them [...]” (M5)

“I look for them in the sectors here that are the same as mine and so I look, I look in other structures the same as mine... because I need someone who is not new but who has already done this job a bit. [...] I go by word of mouth.” (M5)

Only one interviewee claims that it is important to give the possibility of entering the labour market to those who do not have any skills, but that have good school competency.

“ [...] in general I always try and look for someone outside of the network, I find that I am always disappointed by the system of friends, of acquaintances. I find that it is much more productive to see 50 people who I've never seen before than to see 10 who are presented to you by your friends.” (M2)

As far as the quality of the labour force in Milan, a distinction must be made between “creative workers” and technicians. In Milan, the artisan culture permeates every specific sphere of the labour force, therefore there is a very good offer of technicians. Gaffers, repair men, sound technicians are very well formed in Milan, thanks both to the good educational institutions and to the local artisan culture of the city. Milan boasts very skilled workers as far as electricians, music technicians and technicians in general.

“I'm convinced that a person, especially if they are self-directed, the stagehands, the operators will always work. There is lots of work in Milan especially in the operative sectors.” (M1)

The same cannot be said for creative workers: many interviewees claim that at this moment everybody wants to be (for instance) a director, but not all have the capacities for directing a movie, and the schools often do not offer enough orientation within the labour world.

In this respect the interviewees are not very satisfied with formal education and training. Sometimes they are not even satisfied with students in general.

“Schools don't teach what is needed. Hundreds of kids who come out of schools want to work in publicity because there is an image of publicity that is appealing... instead these kids should be geologists.” (M5)

“I don't know if schools teach well or poorly, but even the kids, maybe they don't have the desire to do things... I don't know... last year I gave a course and when it was time to shoot the clip, we had to start at 7 in the morning... no one showed up!” (M1)
Moreover, the television industry is now facing a difficult situation, especially because of an economic crisis in the sector. In the 1980's, when the private television sector was at its highest, there was money and investment (especially in people, who where employed with fixed contracts). Now the sector is contracting, job organisation is exclusively by project, as well as the contracts with the labour force.

“The problem is also the moment: right now is a moment of strong contraction, little money, so... when there was lots of money it was easier... at the beginning in Mediaset there were striking careers, because there was a continuously expanding flow of work, so that who entered rose immediately. Now it is almost saturated” (M4)

5.5 Image of the city

Having said that, the resulting picture is that of a sector well rooted in the city, a sector rich and very well connected with the city’s social fabric. The sector is sustained by the development of relations and the word of mouth. The city is relatively small and creative workers can easily reach most parts of it. They usually use private transport, do not rely on public transportation, and since most of the activities take place within the city centre, a motorbike, a moped or a Vespa are the most commonly used vehicles. The city is rather expensive, but in the sector it is not difficult to make good profits, and therefore creative workers are happy about their life in the city. Nevertheless, this is only one facet of the picture: Milan is a city where one can rise higher or fall down very rapidly. Although jobs are available, they are also very flexible.

All the interviewees work in companies where jobs are organised mainly on the basis of projects and people have project-based contracts without any job guarantee.

How does the city administration affect the creative sector? What is the role of public administration policies in this context? Elsewhere in this paper the role of policies will be analysed in respect to the creative and knowledge sectors, here we will discuss them in relation to the motion picture sector (and related sectors).

Saying that policies are non existent may be too extreme, but it is not too far from the truth. In particular, policies are absent in various small facilitating actions that could improve the quality of work of operators in the sector. One of the spheres where many operators lament the complete inadequacy of the city administrators is the film commission. The paradoxical situation in Milan is that, notwithstanding the strength of the advertising and television sectors, the possibilities of outdoor filming in the city are very limited. It is difficult to film in the city, especially because the film commission (the institutional office in charge of organising filming around the city) is not capable of organising it.

‘The big problem of Milan and Lombardy is that the film commission does not exist. I mean, it does exist, but it’s in the hands of the Lega Nord (centre-right political party), and they do absolutely nothing, and this is one of the biggest scandals. The film commission never comes forward to talk, it doesn’t do anything... Without the film commission, any business activity linked to the cinema and television – except for opulent advertising, which is now in decline because there’s a growing crisis – will not be able to prosper.’ (M1)
Motion Picture, Video, Radio and Television in Milan

**Key aspects**

- Milan is a European centre for services related to communications: the main private television network (MEDIASET) and the Italian company from Sky-TV are based in Milan; the larger publishing companies are based in the city as well as most of the national publishing industry; the advertising industry is concentrated in the city.
- There is a very strong tendency towards the centre, although activities are increasingly moving outside the centre because of the necessity of having large spaces for shooting.
- New centres in the metropolitan area are gaining visibility, since the city centre is now all occupied, or too expensive for the small activities.
- Milan is a very expensive city and costs are higher than elsewhere in Italy because they are based on the advertising industry, which can support higher prices.
- The high concentration of activities linked to the media, motion picture, and advertisement industries are related to the thick networks that have developed among operators in these sectors.
- The main functions of relations are linked to career-building and the organisation of production.
- There is a general lack of facilitating policies for the sector, nor is there a cultural policy aimed at improving the cultural scene of the city: while the city experienced a glorious past in the ’60s and ’70s as far as art and culture are concerned, now it is facing a period of stagnation.
6 DESCRIPTION OF THE SECTORS: COMPUTER GAMES AND ELECTRONIC PUBLISHING

6.1 Overview of the interviewed firms

In order to describe the software industry in Milan it is necessary to refer to more recent history, starting (in Italy) from the early 1990’s. The electronic boom happened a bit later in Italy, it started in the 1990’s and from the mid-90’s to the year 2000 there was a rapid growth in the sector (software, e-publishing, and anything related to the Internet). The following crisis (the ‘sboom’ as it is frequently called by operators) in Italy was more accentuated than elsewhere because of the relative delay of the Italian Internet-related industry. The operators were not able to gain as much from the real boom given that their international competitors had entered the market much earlier, but they did lose as much as the others with the millennium sboom. Most of the interviewees claim that their luck has been that of surviving in the market despite the crisis.

Of course, the process has been different from sector to sector. As far as the computer-game sector is concerned, in the beginning, the one-person companies that were developing new technologies, or new software, merged with multinational companies, which preferred to “buy” the company (and employ the owner at very high wages) rather than to buy the product. In so doing the market became monopolised by a small group of multinationals (Sony, Nintendo, Atari). During the crisis, these companies were able to survive, at the expense of the many employees they had to lay off. Now, after this period of crisis, the major companies are merging with each other. Today, Milan harbours all of the distribution branches of the main computer-game companies, and very few companies producing computer-games by themselves.

In the electronic publishing sector the transformation occurred also with the product. At the beginning of the boom of the Internet and computer technology the electronic publishing industry was mainly concerned with the publication of formerly paper-based products within a new electronic context (electronic encyclopaedias, electronic books, …). Today, electronic publishing is more concerned with original contents developed and published on the Internet.

This kind of sector is now sustained by the advertising industry, which is exploiting the web, but, as in the case of traditional media forms(television, press and radio), the sector is driven mainly be the major companies.

Finally, the web-design sector is a multifaceted industry composed, in Milan, of a myriad of micro, small, and medium companies, along with a few large ones. Many of the web-designers in Milan were born as advertisers or they worked in the advertising industry and then made their own way into the web-design sector.
A common trend in the macro-sector of the software industry (computer-games, electronic publishing, web-design) is that customers are now generally more concerned with the cost and less with the quality of the product, which constrains the market to produce less innovative solutions and less quality products.

6.2 Reasons for settlement

Here we investigate which factors can be used in order to understand the reason why software operators (web-designers, people from electronic publishing and from the computer-game industry) settle their activities in Milan. What factors are attracting those kinds of activities? Which ones should be strengthened in order to facilitate the software industry? Which ones expel the sectors out of the city?

6.2.1 Milan is a complicated (but small) city

Let us start with the role of infrastructure and the physicality in the city of Milan. According to the interviewees, Milan is a valuable city because it is relatively small and it is easy to move around from one side to the other. Moreover, it must be said that most of the companies are concentrated in the centre of the city, therefore it is even easier to move from one place to the other. The creative and advertisement industries are especially based in the centre of the city.

Nevertheless, as in advertisement, motion picture, and radio activities, there is a recent tendency to merge societies, therefore the activities are increasingly leaving the city centre to move to the periphery of the city.

Despite the smallness of the city some interviewees lament the difficulties and the complications that Italian transport can cause:

“our country is a complicated one. Even moving around in Italy is difficult. It happens to me that I won’t go to Rome but maybe if I had been in Paris I would have gone to Lion without any trouble, because their are problems with the flight, the taxi, the train is late... and in the end they complicate my life. Sometimes the almost certainty that there will be something which doesn’t work within the transportation infrastructure discourages you. I’m not saying that then I don’t go to Rome or Turin, but that I would go more if I a had more efficient forms of transport. Its the same deal for a thousand different things.” (S3)

On the contrary, sometimes the interviewees admit they locate their activity in Milan, although they live rather far from the city, because the city is better connected, and their employees must come to the city everyday. Commuting to Milan is much easier than commuting to another nearby town.

“life is already complicated in Milan and so then the connections become essential. Complicated in the sense that one spends lots of time moving around
It is well connected, don’t get me wrong, but 60% of the people that work take a train to arrive in Milan, so they arrive from areas decisively outside of Milan, they need an office in Milan, easy to reach” (S3)
Besides the transportation system, all the interviewees agree about the pertinence of web infrastructures in Milan. On the contrary, the operators working in the metropolitan area claim that the management of the net is not organised properly and it is common for the internet connection to fail. Since it is not well organised, when the connection fails it happens that it is very difficult to resolve the situation quickly. This is especially a problem for small enterprises, since they are not strong enough to claim a rapid solution.

“I am someone who works with the Internet and I want certain guarantees. We argue every other month with Telecom (the national Internet provider) who disconnects the adsl. Notwithstanding the fact that we have business contracts and in twenty-four hours everything should be reactivated, at times they aren’t that fast. This is a real problem, because if we aren’t connected to the Internet, we can’t work. If a user calls regarding a problem with a site… how can we see it? These are serious problems. If there was someone (city hall, region, province) who we could count on for these services it would be fantastic.” (S4)

Another aspect concerning the infrastructure and the physical structure of Milan is real estate. Many interviewees agree on the fact that it is a complicated factor because it is not clear at all. For instance, one internet operators claims:

“Plainly speaking, the real estate market is a mess. Are you looking for some office space? We currently have 5 locations in Milan, 5 offices, we have to bring everything together… there are prices that go from 150 Euro per square meter per year to 200 Euro per year. The market is not transparent, there are people who leave buildings empty because they are used as assets and they don’t want people to find out that they have dropped in value, then the market… its all fairly complex and unclear, so that when you try and do things its even more difficult.” (S3)

Simply put, the problem with Milan, as said about the previous sectors as well is the costs, in particular the real estate costs. Nonetheless, as mentioned above, Milan remains, in the mind of our interviewees, the best place to locate their activities: “it is difficult to find bigger spaces for more decorous prices, you always end up being limited” (S1).

6.2.2 The business of the software sector

The operators we interviewed are well placed on the market, but many of them suffer (or suffered in the past) financial difficulties. For example, today the dollar is rather low compared to the Euro, and many software firms have their main customers in the US, which makes them fear that they must either find new costumers or work much more than before.

It also appears from the interviews that many problems arise when a new company needs to be set up, especially now, when the market is not at its peak. In particular interviewees lament the lack of private financing, which is a common practice in the USA. In the words of an interviewee:

‘The US is a place where there is a natural setting for business, there is a whole set of people called ‘angels’, who tend to be people who went into business and did well, and then they help others. They are the people who meet the young at a barbecue and give
them maybe their first 100,000 dollars. When the idea proves to be working, there’s a whole network of capital management funds which invest money in a fairly consolidated way, according to a well established process. When you study at university, you know that this world exists and often you prepare to deal with it while still at university, even in Boston or San Francisco… Often students at technological or business schools in the last years of their studies think about starting up their own business, they don’t think that they will go to work for Microsoft.’ (S3)

In Italy such a situation doesn't exist, and for a young person wishing to establish a new company it is very difficult to find financing. In Italy, most of the financing is conducted through a sort of “horizontal” co-participation (built through networking): in a small world where everybody knows each other it is possible to ask a competitor to finance a new activity. This is of course a good way of financing for those who have already entered the system, but for newcomers it is very difficult.

‘… these are in fact forms of co-participation, groups of people where I know one person, you know another… one of these people has an idea and asks everybody else to contribute, and maybe everybody participates… In Italy there are mainly group investments, rather than people like angels who give you a cheque… Economic chains are made, consisting of people who know each other and respect each other. But nowadays, really, a young man who has a good idea, it’s very very difficult to find financing in this situation.’ (S3)

Therefore Milan and Italy in general are not attractive for a young person with very good ideas who wants to enter the business; on the contrary, they exclude him/her. It is easier for a person from Milan to go to the United States and open a company there, with private money there, rather than stay in Italy and look for a private investor. Conversely, Milan is a very good city for those who are well inserted in the system, because the strength of the networks translates into the strength of the business.

### 6.2.3 Quality of life in Milan

Just like the other operators, the interviewees in the software and related sectors have the opinion that Milan is a very ugly city, with a very poor quality of life, but a very high quality of work. The lack of cultural policies and cultural stimuli, the poor quality of the air, heavy traffic and complications of life in cities are the main plights they mention referring to their daily life in Milan.

‘Milan is disgusting... I’m attached to it because I built my social network in Milan, my work is here, my important project is connected with the Week of Design which takes place in Milan, so in order to work I have to live here and that’s that. Other people, who go for freelancing or have the possibility to choose where to look for work, for sure they will not stay in Milan. Why do they leave? Because Milan offers nothing, there’s a very poor choice of places to socialise, culturally speaking there isn’t much quality.’ (S5)

For those who are situated outside the city, in the metropolitan area, the quality of life is much better, and this is the only reason why they choose to locate their companies there. On the
business side, however, having the company in the metropolitan area and not in the city centre creates different problems, most notably it makes relations with customers more difficult.

‘We like Brianza, we like this area where we work. It’s not as frantic as work in Milan. But, I have to say that our friends who have similar companies in Milan have made giant steps forward, just because they are in Milan. Being in Milan gives you the added value of being near clients in Milan. And that’s a huge business.’ (S2)

Due to the importance of personal relations, having a company outside the city of Milan is an impeding factor for maintaining relations with customers or for finding new ones.

6.3 Personal networks in the internet sector

In the virtual sector of software and the Internet, personal networks appear to be very important for business. In particular, networks can be analysed in two types: horizontal and vertical networks. The former are made up of operators from the same sectors. The latter link operators and customers.

6.3.1 Horizontal networks

The maximum expansion of the horizontal networks was during the Internet boom. There was a period when networks among operators functioned as the main engines for the exchange and innovation of information. The expert of a system did not tend to protect their novelties because everything was a novelty and the market reacted very fast. There was a larger sense of community than today. The market was expanding and it was in continuous transformation. As the founder of the largest Italian web-portal claims:

“from about ‘94 to ‘98, especially in the USA, there was a sense of sharing: every time you met someone they told you everything they were doing. The speed of experience sharing was fundamental during these years. There wasn’t this sense that ‘I have to protect because they could be my competitor’, the sense was: ‘anyways, whatever we are doing now, in 6 months it will be surpassed’... so that experience sharing could only be useful because there was sharing. This functioned on a planetary level in an efficient manner for 3 or 4 years, until the big money arrived along with the consultants and the big business banks. Then, in 2000, even here we had a great development followed by the collapse” (S3)

On the other hand, now everybody fears competition. Innovation and novelty are the main capital to be protected and the number of competitors is increasing. With the market contraction due to the global crisis in 2001, a following contraction occurred in the network and the system tends now to protect innovations. Now, in our interviewees’ opinion, there has been a slight recovery of the market, and people within the system are slowly starting (much more prudently) to talk to each other again.

Nevertheless, other interviewees (those working in the smaller companies) fear competition with other operators and do not usually build any horizontal networks. The small companies
fear even the creation of clusters of software activities, especially because of the cost reduction that the concentration of companies can bring. We will come back to this issue later on. Other kinds of networks are built between large and small companies when the latter externalise part of their jobs to the former.

“if you arrive at a certain level they contact you even when they want to give something out... then they call you for small things” (S4)

“(I hope that a large operating group does not form in the sector) because there would be more competition. And that means at really low costs. Also because lately clients don’t care about the quality of the work done, the important thing is to spend little. But in the end the client sees the exterior of the site, they don’t see the internal part... and they want to spend little money. Then, afterwards, they’ll realise over the years that it doesn’t work well, and they’ll have to spend more money.” (S4)

Other kinds of networks that have developed among operators are those growing around the sector exhibitions. In these cases, which are mainly formal situations, operators can meet other international operators through, what they call, a “speed-date”. These are used both for recruitment, for the exchange of information with other operators, and also for contacting new customers.

“There’s this exhibition called “game connection”, which I just attended in San Francisco (but they’re going to have one in Lion as well), they have them 4 or 5 times a year, and it is a business-to-business situation organised specifically to allow people to meet. Its like speed-dating: half and hour for each one and they organise all of the appointments.” (S1)

Similar to this kind of exhibition, in Italy, at the beginning of the Internet boom, there was a semi-formal meeting for operators called “First Tuesday”, which happened on the first Tuesday of every month, when everybody working in the sector was exchanging information with everybody else.

“There was this thing called First Tuesday, that was a meeting which was held on the first Tuesday of every month between the operators of the sector, in the first meetings we were in 6 or 7, then I stopped going... but there were 400 or 500 people in Milan.” (S3)

Now these kinds of semi-formal meetings are slowly starting up again, with less people and much less frequently.

6.3.2  Vertical networks

We call vertical networks those which happen between operators and customers. Also, in this regard, informal relations and word of mouth are crucial, especially in Milan. The main means by which operators find new customers is through informal networks. What is said by this young web-designer is very evocative of the type of networks and relations that happen:

“Now: bars, squares don’t exist... its a bit of a magma, in the sense that you find yourself at a Diesel party or a design evening, you chat and you meet the art director, who says
“what do you do? Leave me your card so that I can contact you...”. Everything develops around this. If you are a bit outside of this network it is difficult to succeed in being representative... and all of this, I can tell you: we’ve never looked for a client. We’ve never done promotional work for ourselves in a direct manner, advertisements, never sent an e-mail to a company... everything works by word of mouth in this world, and then when you start to talk... ‘oh you know that guy’ there’s this whole relationship of networks, of familiarity that is nuts! You have to find a party during the week of a company that does open-bars and its invite-only. You walk in and there are almost only people who are a part of this world and they’re bragging about it” (S5)

This situation is completely different in the experience of a young web-design company in the metropolitan area of Milan (less than 20km far from the previous one!). Although they have a very small company they have a commercial manager who is in charge of looking for customers, and he works in a very traditional way.

“The accountant sends offers via e-mail, by phone, or quite often they move directly to meet the client”(S4)

Nonetheless, he claims that very often it is by word of mouth that they are able to gain new customers:

“the majority are by word of mouth. Publicity that our clients do for us. Friends of our clients’ suppliers come to propose work to us” (S5)

The kind of network that develops among operators benefits a lot from the action of one customer talking to another one, rather than the development of operator-customer relationships. Using the horizontal/vertical metaphor, it is a horizontal network among customers.

6.3.3 The geography of networks

It can therefore be said that the concentration of jobs in the city of Milan permits the meeting of web-designers and customers. What Milan offers more than other cities is not really the concentration itself, which happens all over large cities, but the opportunities for meeting people in semi formal situations, namely parties. Milan has developed a sort of “party-culture” which probably derives from the strength of the fashion industry and its way of promoting itself.

Abroad, the situation is much more institutionalised and networks are formal organisations managing conventions and fairs. On the one hand it facilitates entry into the network, on the other hand such networks are not as strong as ones in Milan and neither are they, for members, as powerful.
6.4 Labour force

The last factor which can influence the choice of a location for an activity in Milan is the structure of the labour force. The interviewees’ experiences are very different in this matter. Some are worried about the difficulties of finding the right people to employ (or to have as collaborator, in most cases), others do not have any problems in finding them.

A small company in the metropolitan region has difficulties in finding people working as programmers:

‘We’ve been looking for one or two people for six months, and we can’t find them. We receive no applications, and those we get, in 90% of the cases people are looking for something else: they are either badly informed, or don’t even read what we are looking for. And everybody wants to get higher jobs, while we need programmers, designers… People who have a passion for that kind of work.’ (S4)

The relation with universities seems to be controversial: some interviewees claim it is difficult to find prepared collaborators:

‘People come out of schools unprepared, so employing those that have just finished school implies a long period of training. We find it difficult to find good people in Milan and Rome. When, in the end, you find someone good, as soon as the market picks up it becomes difficult for us to keep them because they are worth a lot on the market. It’s happened that we doubled someone’s salary in order to keep them, and this is often very difficult’ (S3)

‘It’s always difficult to find people with specialised skills, because clearly they do not come from the sector, but we do not even aspire to that much. Programming, for example, is one of the most critical issues and we need languages which are not used much in terms of businesses. … And, plus, it’s really a difficult profession. And nowadays the computer games are one of the most complex computer applications because they enclose a whole series of set-ups, while other products may use only one… We use ten at the same time, and they all need to be very efficient, so we need higher skills’ (S1)

On the contrary, some other interviewees are happy with the skills of their graduates:

‘We are lucky because, being inside the university, I have all the students in the fifth year, so I pick them still inside the university, based on their abilities. The first phase is the work experience (stage) because the university obliges students to spend three months doing work experience. This is the time when they are put to the test, we work together; after which we offer them paid work, so we manage even to repay them for the work experience. And then we ask them if they want to stay’ (S5)

The reasons for these differences probably lie in the kind of job, in the networks the interviewees operate within and in the location of the companies. The reasons why S4, whose company is in the same sub-field as S5 (web-design), experiences difficulties in finding new collaborators are probably twofold: the company is located in the metropolitan area of Milan, and therefore fewer people want to work there, and its recruitment options are more limited;
namely, one of the associates of S5 teaches at the university, where he can draw on the best students.

The situation of S1 is completely different since it is a computer game company and it looks for very specialised people. Here the problem lies mainly in the universities, which are not equipped for educating people in such a field. Additionally, and in S1 they are aware of this, job offers in that sector are very limited, offering few possibilities for job seekers.

As far as the universities are concerned, it must be recognised that the Politecnico University understood the web’s potential since the beginning, and soon thereafter they started new university courses capable of preparing young people for the internet era. Moreover, many teachers are also professionals in the business industry, and this creates a link between education and jobs.

As for the labour force, the operators also lament the scarce mobility of young people, who prefer to wait to find a place near home, rather than travel and find a good job.

“There’s a certain aversion towards moving, a search for a permanent place... There is hardly any mobility in Italy. We are based in Trento, Milano, Turin, Bologna, Modena, Rome, Pescara... in four or five different places, but I don’t have any hope of bringing everyone to one or two bases; something that would happen in any other country. The Italians think that way, don’t they? I think it’s easier for Italians to move abroad than inside Italy’ (S3)

As the operator in S5 claims, many young people (the best ones) tend to go abroad, and Milan does not attract foreigners.
7 THE ROLE OF THE LOCAL GOVERNMENT: A CROSS-SECTOR OVERVIEW

Only a few years ago, Milan, like many European cities, entered a new phase where competition between cities developed with the creation of an economic system that encompasses the production of intangible and symbolic goods. Publishing, architecture, publicity, cinema, radio, cultural activities and so on (Scott 2000; Caves 2000). If Milan intends to remain competitive on the national and international markets it has to become a point of reference for creativity and knowledge within Italy and within Europe. In reality, whether it be from the point of view of the work force (in particular, the amount of people in charge in the creative industry is very high) or culturally, or as an international leader of certain fields, like, for example, the fashion, design, and financial industries, Milan holds an important position in comparison to other Italian or European centres. However, in contrast with these indications, both the field operators and the media speak of Milan as having an “identity crisis”, as “being on the edge of a nervous breakdown”¹, difficult to live in and incapable of attracting new businesses. These two images of the city could seem contradictory and hostile, but in reality they describe a city in a moment of transition. Urban development is requiring more and more synergy between the world of production and the territorial political world, and Milan seems to lack in this aspect.

7.1 Milan: A city that consumes itself

Faced with the primacy of Milan in the creative industry, both the operators and the workers in this field complain of a negative situation. There is, in fact, a sensation that the national and international images in the city are coming unstuck, and people who work in this field also describe the city as being affected by a “syndrome of stagnation”. On one side, Milan, on an international level, is perceived as being one of the world's centres for fashion and design, and with respect to the national system it is the undisputed capital of publicity and finance. On the other side, the people who work in the city describe it as a city with an uncertain future and very difficult to live in. For example, a Milanese art critic confirms:

“it is an irresponsible city. [...] A city that consumes itself, that doesn’t use its own resources but that instead dilapidates them, it makes no effort to entrench its own image as a point of reference.’ (N5)

The presence of strong local business combined with creative humus and the strong expertise offered by the area\(^2\) were for a long time sufficient elements to sustain a flourishing economic system, but this is no longer possible. In order to make a city competitive it is necessary for the economic and urban politics to weave together. That is, their needs to be a political system that combines ‘hard’ politics (aimed at facilitating the economy) with ‘soft’ politics that improve the quality of life of the workers/citizens/residents/inhabitants. In the last twenty years, while many other European and Italian cities have invested in long term, ocular local politics, Milan has continued to live (or, to put it better, survive) off of its past without investing in the future.

What is happening in Milan seems to be the effect of various causes in part correlated between themselves. In the first place, Milan has a governance system that is relatively immature with a local government that, for many decades, has been extremely closed in on itself and unwilling to build an alliance with the other levels of government (OECD 2006). To this, one can add the fact that the local government hasn't been very attentive to social, cultural, and environmental investments. On the other side of things, the economic system has produced a series of services and practical agencies such as the House of Commerce, sectional consortiums, union agencies sensitive to changes in the production and innovation systems that offer services to businesses and workers. Instead, the political system hasn't been able to respond to social, cultural, and economic transformation. From an environmental point of view, Milan has one of the highest pollution levels in Europe\(^3\) and it risks losing competitiveness with respect to other European and Italian cities in attracting a specialised work force or new productive enterprises (ibidem).

With regards to the terms tied to social cohesion and the difficult integration process of weaker parts, some research (Ranci and Torri, 2007; Bono and Checchi 2001) shows how in Milan, in the last few years, certain forms of economic and social inequality seem to have worsened. The city council, from this point of view, doesn't seem to adopt appropriate measures. For example, the integration of immigrants is left to individual capacity, rather than being facilitated and governed by an acting institution. In fact, even though Milan shows a positive tendency towards immigration with respect to integration in the work force (8.5% of companies in Milan are directed by non-Italian businessmen) and with respect to social life (about 21% of marriages in Lombardy are mixed marriages) (Cappetta, et al. 2005), there exists without a doubt a Milan that does not tolerate the “other”. A stream of episodes of forced and sometimes even violent evacuation of a few Rom encampments in Milan underlines the great incapacity by part of the public administration in dealing with new social problems.

\(^2\) It should not be forgotten that Milan is also one of the most important magnets for high qualification in Italy. The region of Lombardy is one of the major centres for excellence with respect to other offers of higher education in Italy in terms of quality, quantity, and variety. There are 12 universities located in the regional territory, seven of which are in the metropolitan area of Milan. Research states that 48,960 students graduated in the 2004-2005 academic year (House of Commerce of Milan, 2006)

\(^3\) According to the Sustainability Report (2007) the legal limit of daily concentration (50Mg/m\(^3\)) was exceeded for a number of days well past the the legal limit (35 days a year). For example, in 2001, 108 “polluted” days were detected where as in 2003 there were 143 days.
With respect to the creative industry, the local government seems incapable of constructing truly supportive policies. The institutions seems to be far away from the field operators who in turn complain of scarce attention paid to Milan based brands and of a strong attitude of laissez-faire with regards to city marketing.

7.2 The lack of a policy system

The focus of this section is mainly on the role of the city in the development of creative and knowledge intensive industry. The section will be partially based on the opinions of the interviewees selected in each sector (see the list in sections 4.1, 4.2 and 4.3) and in part based on 8 in-depth interviews carried out with local network actors. As it has been argued in previous reports, in terms of policy, the metropolitan area of Milan suffers two main problems: the lack of policies designed for the metropolitan area and twenty years of institutional paralysis.

As it was relatively late in developing compared to other Italian and European cities, at the end of the 90's, Milan made a small effort to draw a strategic plan for developing general guidelines for the future of the metropolitan area. 10 years down the road from it's implementation, it can be argued that the result is not totally positive.

Although Milan was able to produce a strategic plan, this is not the outcome of a shared process among local institutions. Milan's strategic plan was created by the Province of Milan. The commitment of Milan's city council and the Lombardy region in the strategic plan design was very limited for two main reasons. Firstly because the three main levels of public institutions lack a political culture in collaborating and developing common policy processes. Also, the Council and the Region have only partially acknowledged the added value of the planning tool. Indeed, it seems that there exists an inverse correlation between the importance paid to the metropolitan strategic plan and the role that local institutions have in the public scenario. In other words, although the role of the province of Milan could be potentially important for governing Milan's metropolitan area, in practice this institution has relatively less power compared to local municipalities and the Region. Indeed, due to the subsidiary process, the local municipalities – and in particular to the Council of Milan- the region of Lombardy has progressively grown in power.

In Italy, since the early 90's the decision making process has been greatly concentrated in the hands of the Mayor. Unfortunately, for nearly two decades (since the early 90's) Milan's city hall has been governed by Mayors who've been interested neither in the competition of the

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4 Indeed, a set of specific interviews were carried out with a selected group of local actors operating in transversal sectors related to the development of the creative and cultural world in Milan.


city nor in the relationship between Milan and it's metropolitan area. To summarise in one sentence how Milan has been managed, Mayor Albertini's (in office between 1997 al 2006) most famous quote comes to mind. He defined the role of the city mayor as “a managing director of an apartment building”. This quote clearly highlights the narrow perspective of the Mayor with regards to city planning and explains how the strategic plan for the metropolitan area was seen by Milan's municipalities as being an unprofitable tool.

In more general terms, the public body has taken a passive stance towards Milan's metropolitan area, leaving each sector to organise itself. To some extent, this passive attitude has had several negative effects. First of all, the bottom up strategy hasn't always been successful for making Milan as competitive as other European cities in attracting business and events. Secondly, the laissez-faire approach has lead the public institutions to loose control of cooperation between sectors and this in turn has created situations where corporative needs have taken over the public good.

Despite this difficult scenario, it cannot be denied that several attempts of keeping Milan in the national and international scenario exist. During the stagnation period, it can be argued that private actors (such as foundations, local organisations), network actors (local actors operating in economic sectors) and in part also the Province of Milan played a public role. As it is portrayed by one of the network actors, the cultural activists in Milan are small in number.

"... the thing that jumps into view in Milan is that there are very few (the network actors) people who appear... they're always the same! If there is cinematographic work to be done there are always the same 7 or 8 people, when speaking of theatre the same 5 or 6, and when speaking of music finally it is more various... maybe it is a world a bit apart, but they're always the same..." (N6)

The perception that the actor’s network is formed by a small group of people corresponds also to what has been found by researchers. During interviews with the cultural city promoters, the respondents referred to themselves as a small and inter-correlated group.

### 7.3 Policies across sectors

As mentioned above, one of the tasks of the province of Milan was the promotion of the publication of the strategic plan that had as one of it's central issues the importance of the role of the knowledge and creativity sectors in a post-industrial economy. According to one of the exponents of the Province of Milan, the idea of the creative industry as an engine for the economic development of Milan has been an important issue for the province since 1999.

"the creative endeavour as an engine for development is a theme that we began to face with much anticipation in comparison to the talk that developed in Milan and in the Italian context. We made it one of the central elements of our third program for the sustainment of the innovation of Milan's productive system and we programmed our visions and activities in favour of economic development in three year periods... its a project that we began in 1999, now we are working on the fourth edition of the new strategic program that will be from 2008-2011" (N3)
In other words, the province of Milan has been a pioneering institution in this debate. The timing aspect is quite important. As it was mentioned in the other part of the report, one of the main arguments that managers have underlined is that Public Institutions are slow in responding to the emerging issues (see for example the demands for new office space). Another important aspect of the strategic plan is the way in which the notions of the creativity and knowledge industries are interpreted. In particular, the Province of Milan sees creativity and knowledge as two components of the same economic system.

"The most interesting theme in the third strategic plan is the fact that we worked on a possibility of understanding technological innovation and all its sustaining activities of innovation, understanding innovation not only as a technology-push because there clearly exists a series of factors not strictly linked to it but that are fundamental for technological innovation." (N3)

The recognition of the interplay between these two dimensions in the economic development of the metropolitan area is one of the most important aspects. In order to develop the creative and knowledge intensive industry it is indeed necessary to build some sort of system. And the role of the public institution is to direct and coordinate the system.

As a Province policy maker highlights.

"Companies need institutional references, if for no other reason than the fact that they need physical spaces, there are systems of relations that aren't always capable of giving availability, so we perform precisely this very tiring operation of stimulation, help in the construction of events of relations, of networking." (N3)

The creative and knowledge intensive virtual community (http://www.impresecreative.it/), promoted by the Provincia of Milan in collaboration with the Chamber of Commerce of Milan, follows this direction. The project aims at informing and interconnecting the most important creative and knowledge intensive companies in Milan's metropolitan area. On the web site one can find information about the companies (description of the company, contacts etc), thematic blogs in which the participant can express their opinions on creativity, sections which provide information on events, and conferences on the particular themes. These are all tools of communication for helping the firms to collaborate with each other.

Within this political framework, what is the opinion of the managers in regards to the policies implemented? And is Milan's metropolitan area providing target policies for specific sub-sectors of the creative and knowledge intensive industries?

A very short answer could be that none of the managers interviewed have ever mentioned any target policies for their sectors. Therefore, if these do exist, the information is not very accessible for the firms and their employees. Secondly, the managers seem more interested in transversal policies than target policies and show a strong interest in an organic and coordinated system of policies.

In more general terms, not all the interviewees pinned down the lack of policies oriented to their specific sector. Some of them created a more transversal set of policies related to the social economic and environmental aspects.
In these cases, some managers argued that Milan provides a fizz atmosphere for their sector.

“there are opportunities for making exchanges, its full of meetings, of moments of follow up that are very important within a sector where there is a very technical approach: that is, every day there's a meeting about asset management, hedge funds, Basil 2, all the new norms on financial thematics etc... I don't imagine that in other cities there is a vitality of this kind” (B1)

In the case of sector updates, the comparative organisations, the Chamber of commerce and also the sector publishers (such as Sole24ore for business) provide a great variety of opportunities. The need for sector policies, however, depends from sector to sector. As it will be discussed further on, in the case of advertising and motion picture, the absence of a public actor has had and is still having a strong impact on their productivity.

7.4 **Strengths and obstacles for a competitive knowledge and a creative city**

As it has been underlined in the previous sections, the role of the local government is relatively weak. In this section the relationship between the local policies and the needs of the firms and the employees will be stressed. Under the label of economic transversal policies can be included those policies which serve to promote the economic life of the city and which are not related to specific sectors.

In particular, there are four main areas that the interviewees have detected for developing their business: infrastructure interventions, tax breaks, the simplification of bureaucracy, and the promotion of private and public incubators

7.4.1 **Infrastructure interventions**

According to the majority of the interviewees Milan is an easy city to work in. It is relatively small and there is a fairly good public transportation system. However, the stagnation during the last twenty years has had an impact on the infrastructure. In the last twenty years, the city has not invested in infrastructure. The metropolitan network has not been expanded (the 4th and 5th metro lines are currently under construction) and the connection with the metropolitan area is relatively poor compared to other European metropolitan areas. One of the major interventions is the new exhibition site (Rho-Pero), that was constructed in 2006. The new exhibition complex, located in the south metropolitan area of Milan, was built in two years, and it is one of the biggest exhibitions in Europe (700.000 mq)^6.

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^6 Frankfurt exhibition fair is 475.000 mq, Hannover is 500.000 mqm (OECD Territorial review – Milan, Italy)
7.4.2 Tax breaks

Taxation policies are seen as a possible way of attracting firms and workers. In Italy, the tax breaks are regulated at a national level. One of the interviewees underlined the fact the foreign investment attraction in Italy is very low, however Milan is on of the major national magnets.

"Milan however takes 50%, an extraordinary element but out of a total that is a joke. The theory that attraction comes about due to other factors, I am sure of it... factors of an exclusively economic character: someone comes and makes an investment for many reasons. (N3)"

This low amount of foreign investment has two explanations. On the one hand, Italy doesn't have a tradition of venture capital funds. On the other, foreign investors are not interested in investing in Italy because the economic system is quite difficult to understand. There are countries which have promoted more attractive policies. Apart from being able to attract foreign money, the interviewers alert that it is important to be able to keep firms and employees in Italy. The issue is that tax break policies should be designed using a long term strategy. For example, Ireland, which used to be an attraction for foreign investment, is now facing the problem of multinationals staying for only short periods.

If Milan and Italy in general is not on the best of terms with external investors, it is important to underline that it is now implementing strategies to make the country more accessible for new Italian companies. Although there are no tax facilities available, the Province of Milan in collaboration with the Chamber of Commerce of Milan and the chamber of Commerce of Monza have launched some initiatives to help the start up of new creative companies. (Bando per il sostegno alla creazione di nuove imprese creative e innovative)\(^7\). The companies involved should belong to one of these sectors: R&D, Energy saving, Publishing, Radio and TV and Cinema, Music, Design, Architecture, Advertising, Fashion design Arts, Computer games.

This policy foresees an investment capital of 35,000 Euro per company that should be allocated for financing 60% of eligible costs. According to a policy makers however, the tax break should be used as a possible strategy for newborn companies as well.

"Probably, I’m convinced that the public incentives for the companies should be of an automatic nature... I think that it is necessary to have a public intervention with very favourable loans for business projects, for company actions, especially with regards to young people. I believe that we don't have to tentatively give money to businesses because they make technological innovations and do research... I'll tell you: make an investment, pay less tax, this is my vision. The whole front line of new businesses, of young people... I think its difficult to say "make an investment, pay less taxes”, something is needed... naturally we are speaking about small projects,” (N3)"

\(^7\) The Project is financed with € 1,500,000.00, and it is at it's third edition
7.4.3 The simplification of bureaucracy

One of the major problems related to Italian bureaucracy is that very often it limits economic development. The difficult relationship between bureaucracy and business is reported by most of the managers. In most of the interviews it has been stressed how it is necessary to constantly find solutions to by-pass bureaucracy to speed up transformation. For example, in building a temporary contemporary art gallery - Triennale Bovisa - in an ex-industrial area that is in the process of regeneration, the timing was an important factor. The exhibition location is supposed to exist for a limited number of years (until 2010-2012), and therefore it was necessary to find a way of building a place in a very short time. Obviously, the bureaucracy in this case was time's main enemy. According to the director of the Exhibition you need to know the system in order to make things happen

“In the meantime you need to know the norms well in order to by-pass them... Because doing something provisionally means having a licence right away etc.” (N1)

A manager from the business sector is of the same opinion. The level of bureaucracy is quite a problem not only for local investors but is also an even greater obstacle for foreign investors. The lack of transparency and the need of awareness of informal information to speed up the procedure, limits the Italian market to local investors. A policy maker is aware of this risk and argues in this way:

“Because if we speak of big investments, when the time the investor is willing to plan to come to Italy is the time that it takes to do the project, he's willing to not make time a question, but he surely wants to make time a certainty. The time range can be doubled, but in that time the project must be completed. Here this certainty doesn't exist because there's always something... turn this way, turn that way... its not so much the time of a business, in Italy you can do it in 2 days, but if this business has to stay at the office its not a problem, but if its a business that has to build, then its an odyssey... the permits, the meetings, the deliberations, things that don't exist!” (N3)

7.4.4 Public and private incubators

How, therefore, is the creative and knowledge intensive sector supported by public policy? A new tendency is the promotion of economic incubators which help and support young small and medium companies to develop. There are two different typologies of incubators:

1) Incubators promoted by public institutions

The promoters are local authorities or public institutions or bodies (such as the chamber of fashion design). The previous pages described the important role of the Province of Milan in promoting inter-sector policies related to the knowledge and creative sector for fostering the creative economy. The virtual network can be considered as an incubator. Another example is more related to a more specific sector such as fashion design.
BOX 1: Fashion design incubator in Milan
Since 2007 the Chamber of Fashion Design in collaboration with the Region of Lombardy and sponsored by the Council of Milan has promoted a fashion design incubator. The aim of the incubator is to promote the entrepreneurship of young talents in the fashion design sector. Specifically, the fashion design incubator is offered every year to a selected number of young fashion designers:
- A location/office for the company start up
- The equipment for producing prototypes
- Communication and advertising for the Milan fashion week
- Network with the retail sector

2) Incubator promoted by private institutions

Ultimately, as far as the physical and urban development of the city is concerned, the strategic plans\(^8\), though they are promoted by the city, have been only partially developed in the guidelines, while the private developers were given an advantage by giving them, for example, the liberty to choose the kind of use destined for a major part of new real-estate projects. The lack of an institutional reference grid has pushed some private developers to become territorial marketing promoters themselves. The innovative cultural activities promoted by Euromilano in the Bovisa area are an example. They introduce a temporary requalification strategy through the creation of an artistic centre (the Triennale Bovisa project) and an incubator for an creative project (Associazione Baseb). Specific attention will be paid to the BaseB creative incubator.

BOX 2: BaseB creative Incubator
The Zona Bovisa is a non-profit cultural association born from an idea of Recapito Milanese. The association proposes itself as a strategic point of reference in the evolution for an area-zona Bovisa- that is becoming a new magnet for culture, research and technology, while it develops a strong network of collaborations between professionals, artists, and academic citizens. The intention is that of “creating networks” that allow exchanges to happen between the creative world, the academic world, the world of research, and the world of cultural associations. BaseB metriquadricreativi is a multifunctional space of 4300 square metres obtained through the renovation of a few unused anonymous buildings, offered by a private developer. One of the fundamental functions of BaseB is that of providing, at moderate prices, studios and laboratories for rent, with a size that varies from 15 to 30 square meters, equipped and cabled, to students and to young creative professionals. There are also two giant warehouses, suitable for hosting galleries of young artists, parties, manifestations and cultural events, that can be decorated and rented temporarily at relatively low costs, or they can be used as a location.

\(^8\) The municipality of Milan passed, in the last decade, three strategic plans:
(1999-2001) “A strategic plan for the development and support of innovation in the Province of Milan”
(2002-2004) “A strategic program for the development and support of innovation and growth in productive activities”
(2005-2007) “For the development and support of innovation and growth of productive activities in the province of Milan”
7.5 The need for target policies

However, it is important to underline the fact that the same rules don't count for all sectors. In the previous sections it has been underlined that there is a lack of target polices for specific sub-sectors of the creative and knowledge intensive industries and that the operators have stressed more the necessity of promoting more general economic policies than directly or indirectly targeted policies for the creative and knowledge intensive industry. However, an exceptional case is provided by the operators of the motion and picture sector who claim that there is a decline in the competitiveness of Milan in respect to other countries or Italian cities. One of the most common ways to support and facilitate local film production is for the local authorities to set up a Film Commission. The film Commission is a non-profit public body that supports film productions in a specific geographical area. In general, the film commission attracts national and international film production by offering services for facilitating film shooting. The film commission can help by cutting down production costs (e.g. hotel reductions for the production crew) or by providing easy procedures (ex. procedures for renting public space). The Italian film commission is supported mostly by local authorities (region or province). In Italy, the first experiences of the film commission began in the early 90's, and nowadays there are 15 film Commission in Italy – e.g. Genoa, Rome, and Turin. However, according to local sector operators Milan's film commission, in comparison to other Italian and European cities that have a film commission, is not operating as well as others. The potential of the film commission for attracting new productions is well described by one of the film managers regarding the positive work of the Turin film Commission

“the Turin Film Commission. It has worked very well. A film commission has as its main scope the attraction of a certain area of cinematographic productions that they shoot or work... the Turin F.C. was, from this point of view, very efficient in attracting a number of cinematographic and television productions that were previously unknown to Turin.”

(M2)

The relevance of the film commission is related to the indirect creative industry that they produce. In the case of Turin, the film commission worked in two directions: giving film sets and also providing local labour force.

“Those in Turin, its an interesting case, because first you attract the Roman production... and then they come, set up the circus... but if this lasts 5 years, then there begins to appear- like it is happening now- a specialised Turinese work force. At a certain point the inexperienced snobs, that when the Romans come and like when the Americans came to “cinecittà” to make their movies, made Italian cinema because through their attendance a world was created that was then used...” (M2)

The case in Milan is not as positive as the one described above. Although Milan generates a vast number of skilled labour force workers and has a traditionally strong advertising sector, the public actor hasn't invested in the film commission and the sector operators claim a lack of system policy and coordination.

“here the public is missing” (M2)

The lack of coordination of the local film commission has lead a group of network actors operating in the film and video panorama to propose an alternative. In the beginning of 2008,
a non-profit association entitled Agenzia per il Cinema a Milano was launched. It is an independent cultural association that aims at supporting the film production in Milan's metropolitan area.

“Its been a while since the local bodies haven't worked with the cinema but today with the new counsellors, in the province, in the region, and in the municipality of Milan, there's the aim of recreating the audio-visual sector in Lombardy. Unfortunately the Lombardy Film Commission doesn't work, it lacks synergy and unity of purpose... Agencies that have the possibility of having a large basin want to offer an activity -absent for many years in Milan- to coordinate all of the audio-visual components, and to not cover up the already existing realities. We want to be of help to the youth, acting as coordinators in their formation” (N8)

This co-presence of two different bodies working in the same direction shows a typical incapacity of the public bodies to facilitate the economic system.

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9 This part by a newspaper interview realised by Panorama.it to L. Cerri: Milano, set perfetto: arriva l’Agenzia per il cinema, www.panorama.it
Main Drivers for Settlement

The previous sections have tried to explore the main hard and soft factors that have attracted and are still attracting the firms and labour force of selected creative and knowledge intensive sectors to Milan's metropolitan area. This section will aim to give a more general analysis. Based on the research results the section will attempt to underline with which cities (nationally and internationally) Milan is competing and how this works. Starting from the assumption that in general, cities are increasingly competing against each other at national and international levels, it is indeed interesting to see if this competition is played across all the productive sectors and what obstacles Milan encounters.

First of all, it is important to underline that the city competition is played at different levels. If in the past Milan was running against Rome (and not always) at the national level, and some international cities (such as Paris, London and New York), nowadays the competitors have slightly changed (for example Turin and medium small size cities). Furthermore, it necessary to explore the attracting soft and hard factors as well as the expelling ones. Looking at the obstacles that firms and managers encounter in keeping their businesses running in Milan's metropolitan area might be helpful in improving the city's attractiveness.

Therefore, there are three dichotomised dimensions that will here be discussed: Hard/soft for expelling/attracting firms and labour force to (or from) other Italian cities or international cities.

As it has been underlined in the previous chapters, Milan is one of the major productive poles in Italy. For a long time Milan has produced and reproduced business. In a relatively small area, the city has developed one of the major concentrations of business interests. The favourable geographic position (it is the southern gateway) has been helped by a strong and long tradition of public and private investments in terms of education offers (especially universities) and infrastructures (national and international hub). Furthermore, Milan has become a strong brand in the national and international scenario for finance, biotechnology as well as fashion, advertising and design. Milan represents “the place to be”. Its appeal is more for the national audience than for the international one. It can be said that Milan is internationally attractive on a temporary basis. It is like a stage on which temporary performances (more similar to big events) take place. The city become an pole of attraction for foreigners during fashion weeks, design weeks and other great events, while it returns to its local routine for the rest of the year. However, Milan's attractiveness for national firms and the labour force is different. Milan still has quite a strong power for the Italians. Milan is one of the most international cities in Italy: its urban lifestyle, the strong formal and informal working network, the presence of a neighbourhood strongly connected in the creative and knowledge intensive industry.
However, in the last decades Milan seems to have entered a “stagnation period” and the city is no longer responding to social, economic and urban transformation with the same intensity: from the late 70s Milan has stopped investing on itself. The interviewees stress that the city is not so welcoming for working and living as it was in the past. In terms of hard factors, Milan lacks a policy system able to accommodate new and innovative firms, and the bureaucratic and taxation system especially slows down direct foreign investments. Also, in terms of quality of living and other soft factors, Milan seems to be losing positions compared to other international cities (such as Barcelona, Valencia as well as London and Paris) as well as in terms of the quality of the cultural life with respect to national medium cities (in terms of quality of life, pollution, housing costs and quality of service).
All cities need to become (more) creative. As the former engine of the city’s economic and social development, the manufacturing industry, has moved away, efforts to revamp urban economies have all been directed toward feeding the new creative industries. This could be the new urban growth generator. “The creative and knowledge-based industry”, in particular, has been the focus of much attention. The term is undoubtedly appealing to politicians, who use it to emphasise the cultural aspects of their cities and thus to enhance their image in international competition, and to scholars, especially in the social sciences, who are busy investigating the multifarious aspects of this new development. A stream in this literature (Florida 2002) tends to explain the strengths of particular local industries with reference to “hard” and “soft” factors rooted in the physical and social space.

Starting from these premises, the report attempts to explore the reasons why firms and employees of the creative and knowledge intensive industry are located in Milan. Specifically, we analysed the influence of traditional aspects, such as infrastructure, labour market, supporting policies, as well as the importance of factors like cultural atmosphere, social mix, networking and local cultures.

From the analysis of the empirical material, Milan appears to have specific features: hard and soft factors in Milan seem to differ from those in other European cities. We will also show the significance of other aspects, such as the local dimension of relational factors.

The second aspect we analysed were obstacles and advantages that firms and managers encounter in moving to or settling in Milan. In general terms, the research highlighted that the main impediment to Milan keeping its role as ‘the moral capital’ of Italy is the lack of a systematic and organic policy system guide the future development of the city/region. This last aspect is related to Milan’s competitiveness, in relation to other Italian and European cities, in attracting new firms or new qualified labour force. The research underlined that the city’s competitiveness is dynamic, and varies from sector to sector.

9.1 Soft and hard factors

When we look at the factors that permit the rise of a creative and knowledge-based economy, both soft and hard factors must be taken into account. In line with what the literature calls hard factors, the presence of business and industry in the city, owing to the city’s history, is one of the major points: there is the finance related sector because there is the finance sector, there is the finance sector because industry was developed in the city, and so on. Path dependency appears here as a very explicative element. However, the literature stresses that often path dependency elements are not enough to explain the presence, and especially the success and long duration, of a number of sectors within a context. Many other elements must
be analysed in order to understand the mechanisms allowing (or causing) a sector to be rooted and efficient in a given context.

For this reason we looked on the one hand at the labour force existing in the city, at infrastructure and policy measures, and so on. These factors are usually referred to as hard ones. On the other hand, a number of other factors, called soft factors, were taken into account. While these are less tangible and not easily measurable, they are as important as the hard ones: the city’s cultural offer, the presence of amenities, and the quality of life (both recreational and personal life, as well as working life) in general.

Through a transversal reading of the above analysed industries and of the importance of traditional hard factors, it emerges that they are not much mentioned by interviewees, and that probably in the case of Milan they are not as relevant as the literature stresses. As mentioned above, the only hard factor which is really explicative is the path dependency, connected with the presence of a very good labour force specialised in technical jobs. Having said that, it seems that other relevant hard factors, namely the presence of good universities (Politecnico and Bocconi University above all), a real-estate market capable of fulfilling the industries’ needs, the presence of good connecting infrastructure (airports, highways, public transport) are all consequences of the past and present industrial and business importance of Milan.

What seems more interesting in terms of analysis are the so-called soft factors. In the city of Milan, the “traditional” soft factors seem to be completely absent, and if not, they hinder the development of industry or the attraction of skilled professionals.

The city’s cultural offer is scarce and not of a very high quality, and often the interviewees lamented the inadequacy of museums, exhibition centres and art festivals in the city, especially if compared with foreign capitals where they are used to travelling: Paris, London, New York, and even Barcelona or Dresden were frequently quoted as cities where the cultural offer is much more interesting than in Milan. Turin and Bologna are two Italian cities which were similarly quoted as good examples, in contrast to Milan’s poor cultural policy. The quality of life in general in Milan was said to be rather bad, with air pollution at high peaks, traffic congestion throughout the day, and, in general, many negative aspects.

However, the picture emerging from the above analysis is that of a very active city, with a high level of knowledge and creative industries: Is it all only a consequence of Milan’s glorious past? Actually, the answer lies in the specific culture of the Milanese workers, which, on the one hand relies on a long-standing artisanal tradition and, on the other, is based on a dense network of relations.

The Milanese artisan culture is reflected in the way professionals conceive their job: it is a very important part of their life and opening new activities in the town is a personal challenge. Having his/her own activity or company is a dream of many a Milanese professional, who are attracted by the risk of the business as well as by potentially high profits. This kind of culture is also present in the metropolitan area of Milan and in the meta-districts in the Milanese region: the myriads of small and medium size industrial activities which crowd the metropolitan area of Milan and the surrounding area represent exactly that kind of culture.
The second important soft factor which characterises the Milanese working culture is the presence of dense networks of relations: they have a Milanese base, in the sense that they are situated within the city, but not always in particular neighbourhoods (with a small exception of the finance sector). The networks are sustained in the city through a “party culture” which allows people working in the same sectors, or in related sector, to gather and reinforce the network itself. There are two very important geographical aspects of the city of Milan related to this issue. From the physical point of view, the city of Milan is rather small, concentrated and dense, and therefore, despite heavy traffic, it is easy to get around the city. From a symbolic point of view, the city of Milan is even smaller: there is a strong tendency to locate one’s activity in the very centre of the city, in order to show one’s economic and symbolic power. These geographies of the city of Milan represent a strong facilitating element for the development of networks, which are reinforced by face to face communication and co-presence.

9.2 Strengths and weaknesses

What is the role of these soft and hard factors in the knowledge intensive and creative industry in Milan? What are the strongest points and what are the weakest ones? How can the industry profit from these peculiarities? And, conversely, how do they act as constraints for the development of new activities?

Firstly we will consider networks. As we saw above, they are a key element for the knowledge based and creative industry in Milan: they function very well for finding financing and new customers, or for searching for new collaborators, and so on. Moreover, within networks trust and collaboration are built up. Due to the fact that most workers in Milan are also Milanese (in the sense that they were born in the city), and Milan being such a small city, people have usually known each other for many years, some even since school days.

For these reasons networks are very closely knit and built on dense relations. Therefore, those who are outside, namely young people and foreigners, find it difficult to enter the networks. The former have difficulties in finding someone who believes in them, who can finance them and help them start a new activity. Very frequently young people starting new companies are “someone’s sons or daughters”, and in order to gain visibility young people must pay one’s due for a long time and after that they can have their own activities. More often young people with brilliant ideas tend to go abroad, where networks are much more institutionalised and they can more easily find ways of, for instance, being financed.

The risks of such a situation are that if networks are too tight, they become an obstacle for innovation, since they are closed to external influences. If relations are structured in ways that impede the flow of information and ideas, networks generate a vicious circle which is difficult to break. As Scott puts it, “cut-throat competition, low levels of trust, or a failure to recognise the mutual interdependence of all upon all can lead to dysfunctional outcomes, but relevant agencies, such as industry associations or some sorts of private–public partnership, can sometimes provide frameworks for remedial action” (Scott, 2006: 6). What seems to be important is the support of interrelated forms and subjects which have deep roots in local
culture or in social capabilities. A mix of strong and weak ties amongst different kinds of actors at different levels can be more productive than a few strong focused actions.

In this context, what has emerged from the consideration of public administration policies is that they often fail to sustain the knowledge-based and creative sectors because they are too attached to traditional ways of operating and too constrained by bureaucratic procedures. There is a lack of policies directed towards reinforcing networks at different levels or towards assisting the emergence of young people. Policies have no role in facilitating processes, or in providing affordable structures.

9.3 Competitiveness of Milan

Milan has always been called the ‘moral capital’ of Italy. It has always been considered one of the most important national industrial poles, as well as the most international and one of the most innovative and progressive Italian cities. However, the interviewees claim that over the last two decades Milan has declined and that it has lost its supremacy in Italy and its competitive edge at the European level.

The question is how it is still competing? In answering this question it is important to understand who the other contenders are. For a better understanding of Milan’s international competitiveness, we should therefore take a relativistic approach. In the business and finance sector for example, the managers’ reference points are London and New York. In the software sector, the competition is played with the US market. Finally, in the motion picture sector the competitors are other European cities as well as the USA, as one of the motion picture managers underlined.

In reality, international competition seems to be quite static. Italian managers still take as reference points the “traditional metropolises”, and they are only partially interested in emerging markets such as China, India and Russia.

Furthermore, the research has pointed out that the competition between cities is played on the level of attracting qualified labour force. Milan does not have any appeal for international managers, but it is one of the favoured working destinations for Italian managers who have had an international carrier. For this reason Milan benefits from international competition. Although, according to the interviewees, it is not an international city, it is managed by people with international experiences. It is not a coincidence that almost all the interviewees had working experiences abroad (France, the UK, the US, etc), and still take active part in international networks. The research has underlined how Milan reaps positive benefits from the managers’ international life. According to the interviewees, the reason for choosing Milan is that “it is the most international” city in Italy. As for cultural promoters, the presence of such an internationally oriented public has a strong influence on the cultural offer. The stakeholders define the Milanese population as well educated and that demand a high quality of culture (and does not always get it).

Conversely, Milan is loosing its prime position and its competitive edge on the national scene. The interesting discovery is that recently Milan’s national competitors have changed slightly. First of all, the competition with Rome has changed. The increasing interplay between the
political and economic power is attracting some firms to Rome. Secondly, new typologies of competitors are on the horizon.

On the one hand, there are cities, such as Turin, which have invested heavily in re-launching the city, and which are implementing long term policies to attract firms, events etc. (See for example the Film Commission best practice.) On the other hand, there are medium size cities, such as Verona, Piacenza etc., which offer a better quality of life. Due to flexible working hours and new technologies, some managers are putting the quality of their living conditions ahead of their residential priorities. Increasingly, Milan is becoming an office city and keeps losing its residential soul. This mono-cultural focus has dried up the city, turning it into a place of work rather than a city for inhabitants (workers, city users, residents etc.).

9.4 The future of Milan

In this framework the future of Milan does not look positive. Milan is at the moment paying off twenty years of institutional stagnation, and even if interviewees noted some new and positive energies, public institutions have to fight against a long period of institutional disaffiliation and low trust prevalent among firms, managers and cultural operators.

Managers do not rely on the institutions for making Milan more competitive. The slowness of procedures and the high level of bureaucracy have created a timing mismatch between the firms’ needs and the public administration’s response. For a long time, cultural operators have felt abandoned by the public institutions and in some instances they even feel that the public institutions fight against their positive initiatives.

However, very recently Milan is (hopefully) showing signs of a second Renaissance period. There are traces of a new attitude on the part of the public bodies towards the creative and knowledge intensive industry. The report already mentioned the relevant role played by the Province of Milan in designing a strategic plan to guide line the future of the city. More recently - in March 2008 - Milan was selected as the host for the 2015 Expo. This achievement shows that for the first time after a long period, the three institutional levels worked together to achieve a common goal. Milan is called upon again to show its strengths.

What are some of the difficulties that it might encounter? Firstly, it is of crucial importance to build a governance system in which the economic, political and social actors will join forces to work on the city’s transformation. Secondly, as the interviewees pointed out, the city’s development should not go towards building a construction strategy, but it should also take into consideration developing social and economic dimensions. In order to attract new economic energies (firms and employees), the city should go beyond the idea of implementing only hard policies (infrastructure, tax benefits etc) and it should start to think in a soft policy prospective as well.
10 REFERENCES


