



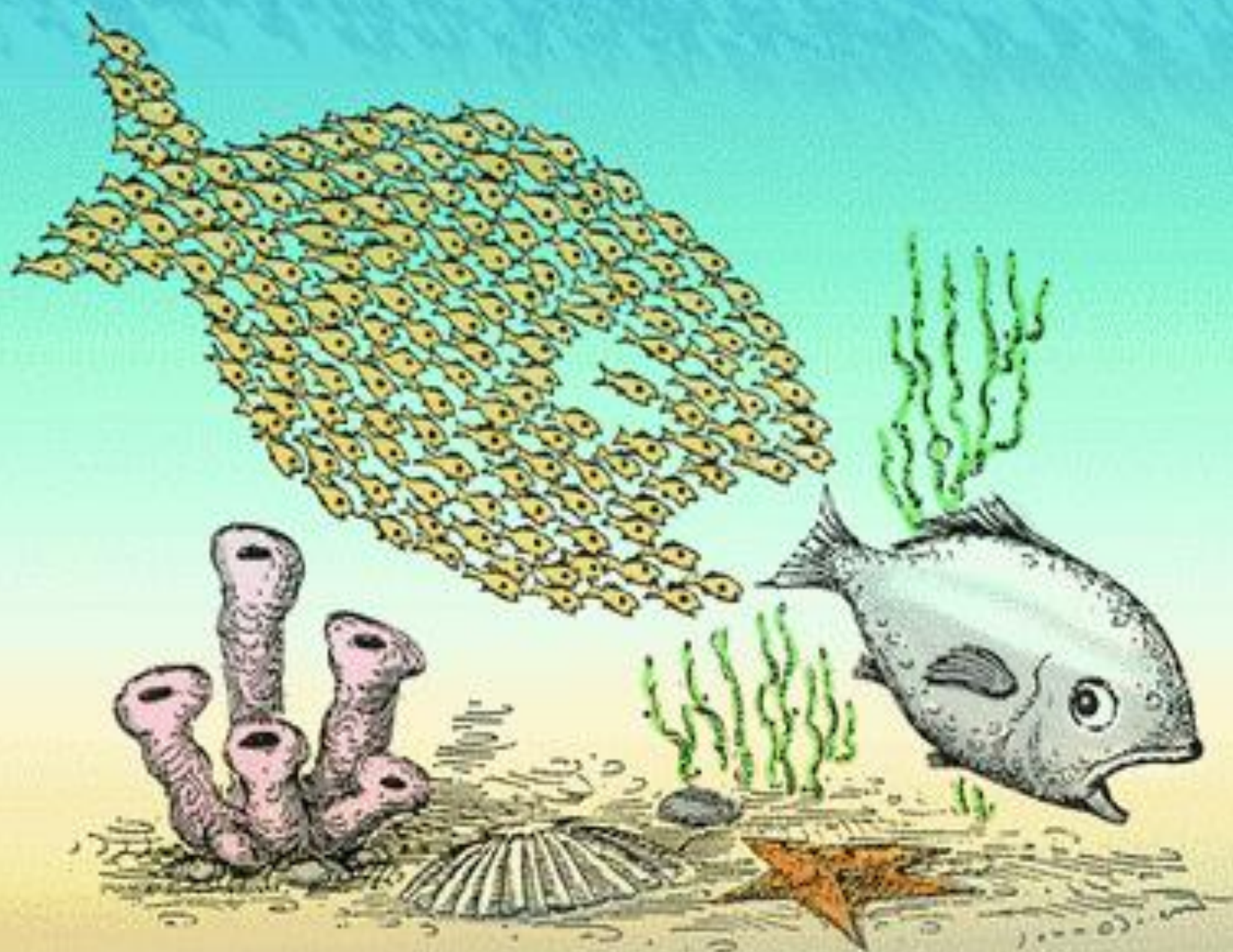
BALTIC_SEA

CLUSTER_DEVELOPMENT_CENTRE

Why clusters and cluster development?

by Lars Albæk

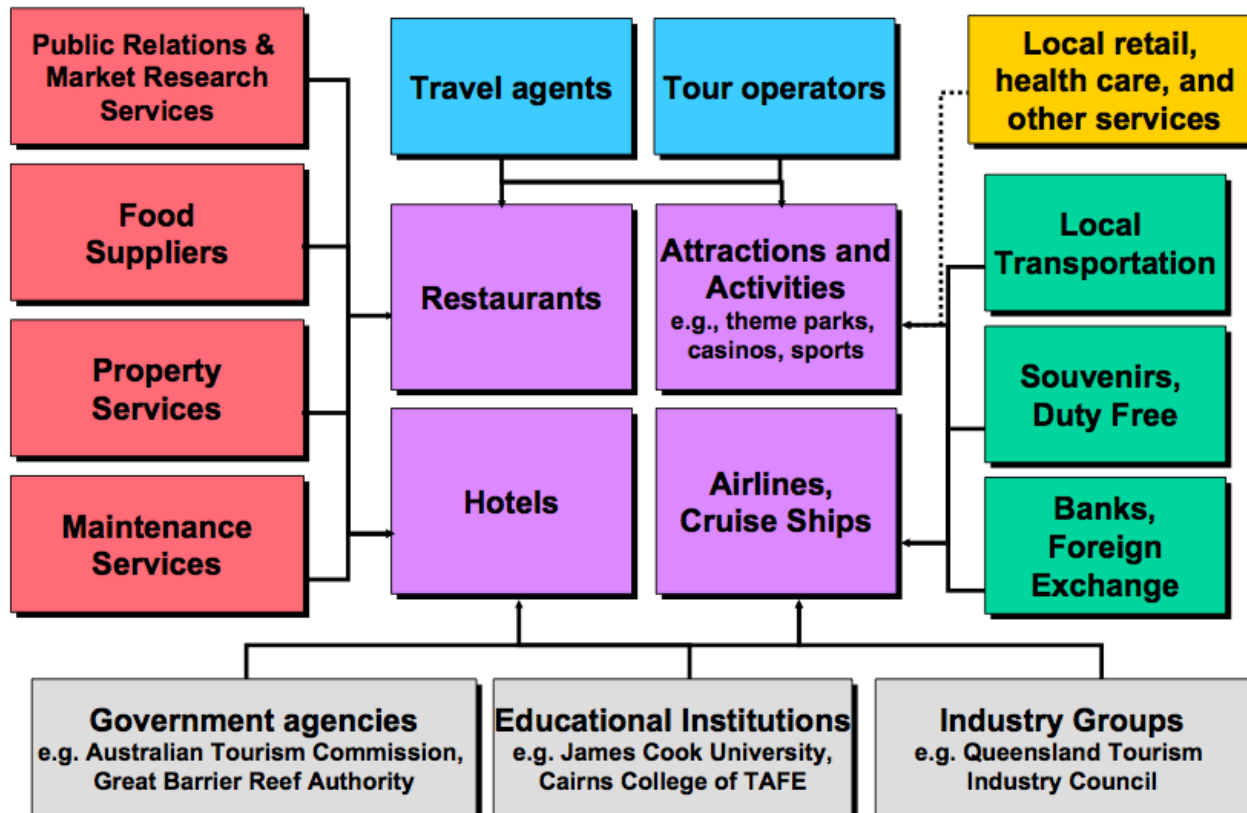
Baltic Sea Cluster Development Centre

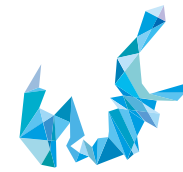




The complexity of cluster development ! 1/3

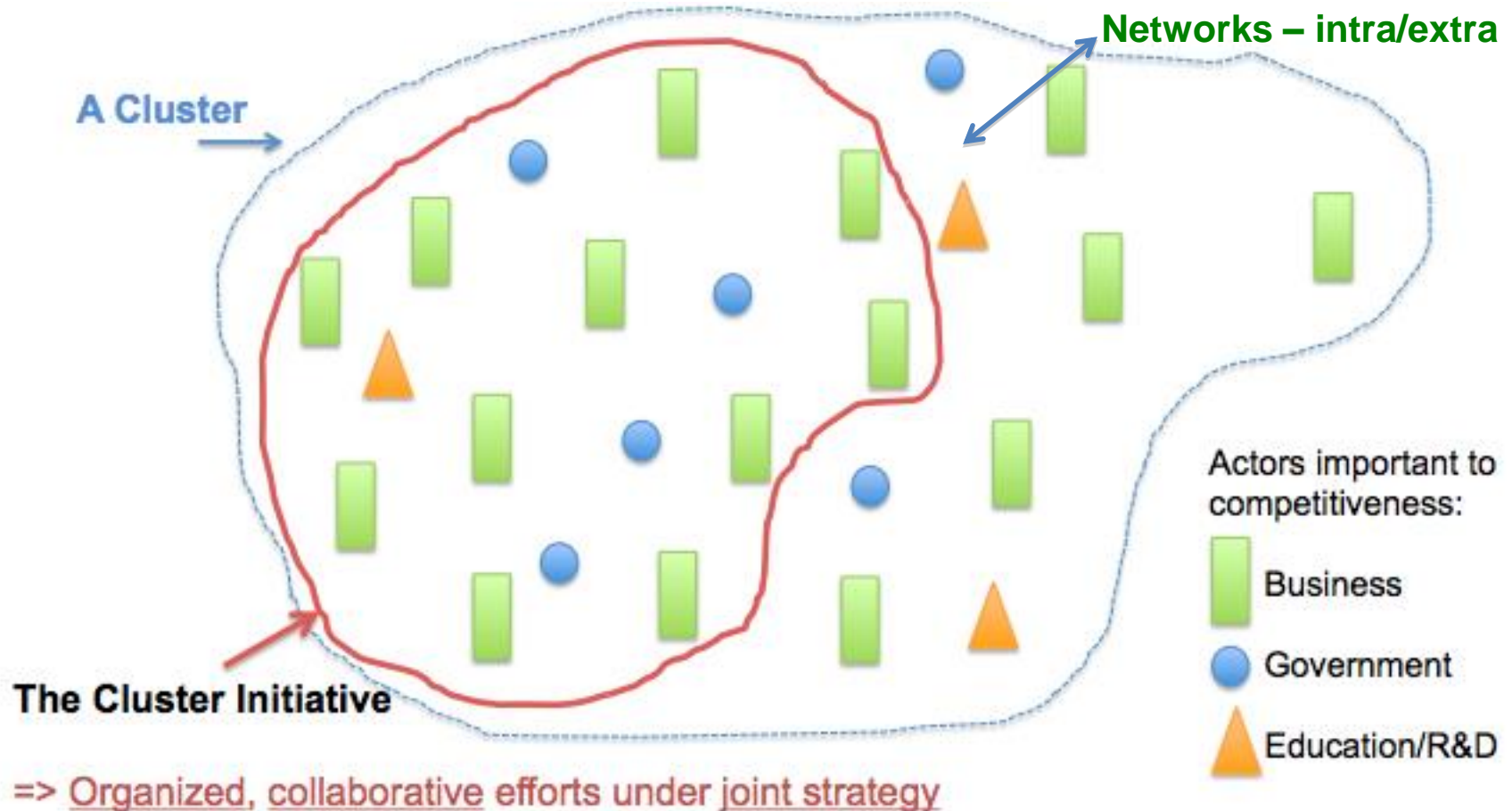
Enhancing Cluster Development Tourism Cluster in Cairns, Australia





The complexity of cluster development !

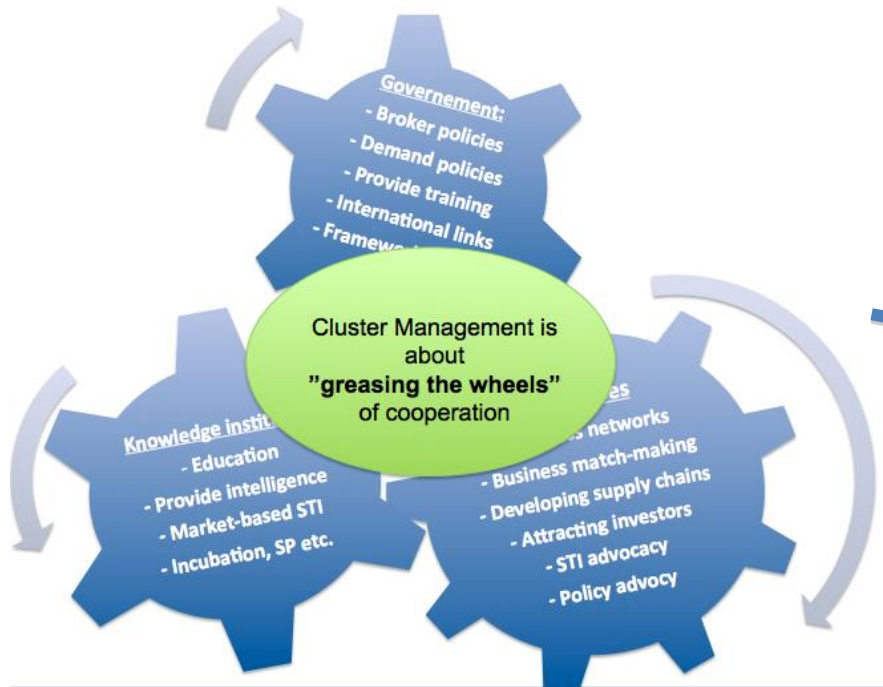
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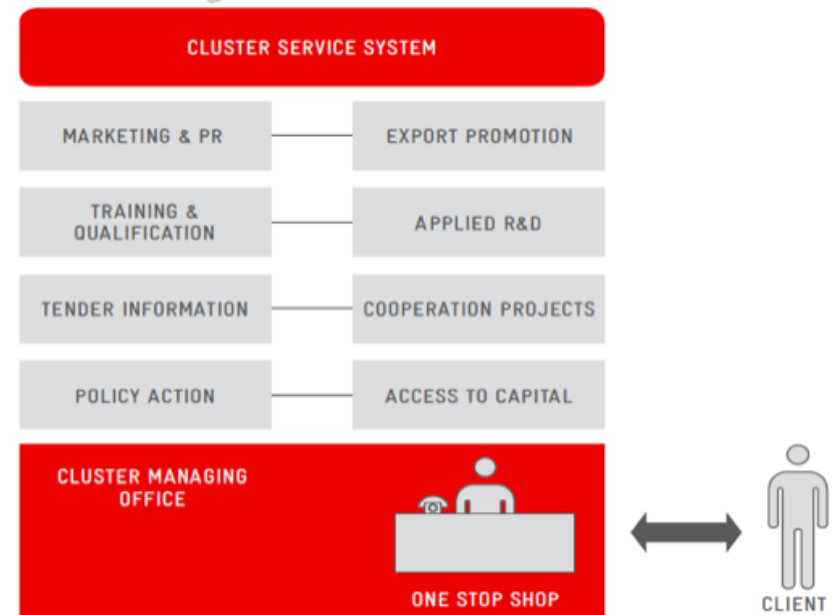


The complexity of cluster development !

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... and translating this complexity into business development services?!





Common characteristics of strong clustering initiatives - 1:

- **Driving change:** Acting as a catalyst, connector, bridge builder. Deliberately disturbing the status quo. Facilitating co-opetition amongst the cluster's firms. Support organizations moving from supply to demand-driven.
- **Business results:** Substantially impacting on businesses through a project portfolio. Avoiding lowest common denominator projects. End point: internationally competitive firms.
- **Project pipeline:** Projects as the clustering initiative's engine room, addressing bottlenecks and opportunities. Substantive needs-driven projects underway, drawing together different stakeholders; a range of payoffs, resourcing requirements and delivery dates; some high risk ... and may fail. Cluster-wide projects; others focusing on the cluster's hot spots; some private collaboration. Internationalization on the agenda.
- **Cluster governance:** Senior triple helix commitment: business + academia + public agencies, with business in the lead. Visible engagement on the Board ... and beyond the Board.



Common characteristics of strong clustering initiatives - 2:

- **Cluster governance:** Senior triple helix commitment: business + academia + public agencies, with business in the lead. Visible engagement on the Board ... and beyond the Board.
- **Cluster management:** Extensive connections with key firms and support organizations, building trust, increasing chance interactions, accelerating tacit information flows. Through performance, earning the respect & confidence of the cluster's stakeholders. Establishing a sense of belonging and common identity. Addressing coordination failures. Adequately (not generously) resourced, pushing the cluster organisation to lever resources through partnerships. Not the Project Manager for every initiative. Some services with an annual membership fee, e.g. networking functions, access to information, participation in project teams. Others a user-pays basis, e.g. access to training, visiting buyers; trade fairs & trade missions; visibility on cluster website. Not competing with industry associations; not replacing commercial services.



Common characteristics of strong clustering initiatives - 3:

- **Open, participative process:** Essential in building a commitment to change ... a voluntary network cannot be managed from above, no small group can chart its path. Priorities transparently identified. Funders participate in developing the forward agenda, but not determining it. Moving from 'one best strategy' developed through top-down analyses, to multiple exploratory activities.
- **Engaging at the edges:** Responding to the pioneers at the cluster's edge ... those pushing out boundaries; exploring new solutions, new technologies, new markets, new products/services; new combinations. New agendas backed by passion are tested, not debated. A chaordic development process ... chaos opening up new perspectives & agendas, followed by order for delivery.
- **Fighting inertia:** Fighting the fear of change. A commitment to action. Avoiding an old boy's club inertia. As a change agent, the cluster organisation will bruise some of the cluster's stakeholders, and it will be bruised.



Common characteristics of strong clustering initiatives - 4:

- **Neutral catalyst:** Not favouring a few. Neutrality carefully maintained. Narrow interest groups unable to capture the initiative. Senior stakeholders unable to automatically win public funding. Open to the entry of new stakeholders.
- **High profile:** Giving voice, identity and credibility to firms, large and small. Loudly blowing the cluster's trumpet within the region (with businesses, banks, school leavers ...) and beyond (with customers, investors, national agencies, related clusters ...)
- **Sustainable, long-term resourcing:** In place for three years, preferably for five + years. Diversity of funding sources. Public seed money playing a lead role on initiation, so management team focuses on generating benefits. Later, membership fees and industry contributions to projects increasingly important. No risk of volunteer burnout. Teamwork and resilience in place to lever a crisis into behaviour change breakers, e.g. a downturn in demand, technology exposure, anchor firm exit, political changes.



Common characteristics of strong clustering initiatives - 5:

- **Quick & nimble:** Intercepting opportunities quickly. Flexible, small units; fluid, project-based structures that terminate on task completion.
- **Acting as a venture capitalist:** A broad project portfolio, accepting that there will be failures. Not satisfied with the status quo ... alert to new markets, emerging technologies, to new members. Learning-by-doing, with a tight feedback loop. Focus on opportunities, not problems.
- **A coalition of the willing:** Seeking and empowering the cluster's talent ... those who don't need formal authority to mobilise others or lead task forces. Like-minded individuals converging with passion on projects.



Common characteristics of strong clustering initiatives - 6:

- **Building the regional innovation system:** A number of clustering initiatives under parallel development. Bottom-up identification of cross-cluster, systemic issues. Engagement in the spaces between regional clusters. Where 2-3 local clusters meet could herald an emerging cluster.
- Adapted from the '*Cluster Development Handbook*', Chapter 2.0
- Available from: www.clusternavigators.com
- Go well, Ifor Ffowcs-Williams E4@clusternavigators.com



Catalysing collaborative actions requires a change agent, **a facilitator**

Herding cats ...
much easier
than clustering

