



## Red Lights & Green Lights on Cluster Development

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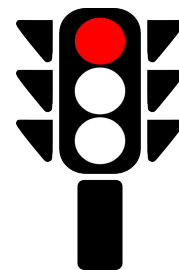
*On the final day of the TCI Monterrey conference, during the plenary discussion on 'Clusters in the World' chaired by Karin Gjerl w H idal from Innovation Norway, I shared some of my experiences on what works and what doesn't work with regards to the practicalities of cluster development. A number of participants asked for a copy of the notes I was talking to. These notes, with some elaboration, follow.*

Forty-two countries were present at Monterrey, demonstrating today's global interest in cluster based economic development. My own experience over two decades of cluster development work covers many of the 42 countries and a number of others that were not present, including Iceland, South Africa, Ethiopia, Tanzania, Rwanda, Saudi Arabia, Pakistan, India, Bangladesh, Cambodia, Peru, Grenada, Bahamas, Trinidad, Papua New Guinea, Vanuatu, Tonga and Samoa.

These summary comments draw on this cumulative experience.

### Red lights on cluster development

1. Clustering initiatives that are artificially confined:
  - Confined by geography, often to a political region;
  - Confined by short-term support, with results expected within a few months;
  - Confined by limiting the clustering intervention to supporting SMEs;
  - Confined by limiting the approach to precinct development (the quick fix aspect ... developing the social & the knowledge infrastructures are much more essential, more complex and longer term);
  - Confined by funders predetermining the cluster's strategies;



- Confined by funders who view analysis/reports as action items and a prime deliverable;
- Confined by cluster development being introduced as just another economic development project, rather than centre stage.

Underperformance is auto-designed into confined clustering initiatives.

2. Engagement just on fashion/me-to/wanna-be clusters:
  - The all-too-common nano, eco, creative, ICT ...
  - Not focussing on what may be the prime wealth creating clusters, clusters that may be 'unsexy';
  - Some driver clusters being dismissed as 'low tech and old economy';
  - Not appreciating that sustainable diversification can evolve from unsexy clusters.
3. Paralysis-by-analysis:
  - Seeking to comprehensively understand everything about a cluster prior to engagement on it's development;
  - Outsiders parachuting in to determine the cluster's forward agenda;
  - Viewing cluster analysis as raw material for MBAs;
  - Forgetting that clusters are firstly a social system.

## Green lights on cluster development

1. Clustering initiatives that are learning-by-doing:
  - Comfortable in quickly engaging on immediate issues, opportunities;
  - The co-development of bottom-up strategies by those who will be involved in implementation;
  - Viewing analysis as an on-going activity, not a one-off prior to engagement;
  - Identifying over time the hot-spots within broadly defined clusters.
2. Clustering initiatives that aggressively lever their (limited) resources by enlisting cooperation:
  - Integrating different policy agendas around the cluster's needs, addressing coordination failures;
  - Integrating a *clutter* of support organisations;
  - Attracting co-funding across public agencies, donors.
3. Clustering initiatives that have broad agendas:
  - Appreciating that there is no one silver bullet for their cluster;



- Agendas that include business development (internationalisation ... ) and capability development (training, R&D ...);
  - Agendas that include mix-and-mingle events that reduce isolation and provide multiple opportunities for informal discussions/side conversations;
  - Agendas with cluster-wide initiatives alongside more commercial, private collaborations;
  - Agendas that over time change the cluster's culture: public agency and academic alignment; needs-driven R&D; co-development, co-specialisation and co-opetition.
4. Cluster Managers that are animators, catalysts, connectors:
- As Werner Pamminer from Austria's Clusterland said during the conference: *"Our Cluster Managers know who knows what."*
  - Cluster managers that are able to remove isolation, able to address agglomeration *clumps* and support organisation *clutter*;
  - Able to engage on a broad spectrum of collaborative agendas, but not be the Project Manager for everything;
5. Cluster Boards that are business driven:
- Governance that is business dominated (yet triple helix); much more than an advisory function; with no substitutes at Board meetings;
  - Decision making that moves at the speed of business;
  - Active business leadership that minimises the danger well described by Chihuahua, Mexico ... incoming politicians with new agendas who cast cluster development to one side;
  - Businesses willing to co-fund the clustering initiative.
6. National cluster programmes with flexibility and offering strong process support:
- Flexibility in terms of the cluster's boundaries;
  - Flexibility in terms of \$ support and 5+ year commitments;
  - On-going process support including cluster management training.

As Alberto Pezzi from Catalonia reminded us during the conference, cluster development is in part about moving from the naturally occurring *'wild cluster'* to the *'domesticated cluster'*. But hopefully not all the wildness is tamed out. Some chaos at the cluster's edges is healthy!

Comments on this brief summary are welcomed.  
Agree? What's missing from your experience?

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