

Moon Shots for Cluster Development 2.0



Ifor Ffowcs-Williams,

CEO, Cluster Navigators Limited, Nelson, New Zealand

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I am fortunate in having the opportunity of visiting many clusters around the world, and I would like to briefly take you to some of these.

The 1st Rural Clusters conference was held in Akureiry, Iceland. To the west of this town is **Isafjord**, with a population of just 2,500. I was there to participate in the town's 'Growth Agreement', with a focus on its three traded clusters, the clusters that are pulling wealth into Isafjord: fishing, fishing equipment, and summer tourism.

The 2nd Rural Clusters conference was in Alice Springs, in the Australian Outback. **Broken Hill**, another remote town, just 1,600 km away across a corner of the desert, also has a mining services cluster. Within this cluster, a small group of engineering firms have formed a joint-venture company and together have been successful in tendering for new work across Australia.

In northern Ontario, Canada, where I was in June, **Chapleau** (population 2,500) is well on track in developing a bioforestry cluster.

In **Zanzibar**, a marine scientist has taken the lead with a seaweed clustering initiative that today provides an income for over 10,000 seaweed farmers.

Queenstown, New Zealand is able to call itself the 'Adventure Capital of the World'; some say it is the 'Adrenalin Capital of the World' with activities including bungee jumping, jet boating, skydiving, heli-skiing, and heli-biking.

And finally, I would like to introduce you to a **Sunne** surprise. In this small Swedish community of 13,000, its graphics cluster employs 650 people and has the competitiveness to service customers across Europe.

So what are some common elements in the success of these clusters? And importantly, what might be next on their agendas, and on the agendas of other remote communities.

I would like to get up much higher than a helicopter in addressing this question.

In a recent Harvard Business Review article, Gary Hamel started to define an agenda for reinventing management. Twenty-five moon shots were identified ... ambitious goals towards creating Management 2.0.

So what might be the Moon Shots for Cluster Development 2.0?

Your comments on this initial list would be welcomed, what's missing? E4@clusternavigators.com

1. Go Beyond

- Go beyond the traditional favorite of agriculture; in most developed economies it is only a small proportion of the local activity.
- Go beyond the sexy high techs that politicians all too frequently love – ICT, biotech, nano tech ...
- Go beyond the generic infrastructure – bandwidth, regional branding and identity, physical infrastructure.
- Go beyond ameliorating general weaknesses.
- Go beyond the all-confining local political boundaries.
- Instead, concentrate on the region's unique strengths, unique competencies and seek to extend these.
- And seek now combinations, as Catalonia is doing in developing its 'kids cluster', drawing together competencies in children's clothing, children's publications and toys.

2. And in going Beyond, have a Vision for Change

- Set a direction, a preferred future.
- Be passionate; inspire others.
- Spend time illustrating the vision, talk it up.
- Develop a shared sense of purpose.
- And for rural clusters remember that remoteness is only in the mind.

3. Fight the fear of Change; Fight Inertia

- Standing still is the riskiest strategy of all.
- Yet our politicians are good at reinventing, re-packaging and recycling policies under new names.
- Cluster facilitators are not being resourced to maintain the status quo; they are change agents and in the process of cluster development will bruise some of the clusters stakeholders, and will themselves be bruised.
- Per Ericsson, until recently the CEO of the VINNOVA, had an important phrase: *'We learn by fighting'*.
- **When fighting, break the rules.**
- Cluster development is not a sport with well-defined rules and referees; it is more an art.
- There is plenty of scope for lateral thinkers.

- Use data shocks gained through bench learning visits to related clusters to mobilize your cluster.

4. Open up the Clustering Initiative to Multiple Hierarchies

- Each hierarchy will need expertise in a critical area.
- Share the work of setting direction; a traditional 'old boy's network' consisting of the old guard does not win engagement.
- Depoliticized decision-making; carefully and diligently gather the facts.
- Create fluid, project based structures rather than committees in perpetuity; use project teams that self-destruct on task completion.
- Identify talent within the cluster; allow natural role leaders to emerge; they won't need formal authority to mobilize others.
- Don't debate new agendas that are backed by passion; test them.
- Move on from a Strategic Plan to a Strategic Agenda with severe stretch ambitions.
- Capture the 'wisdom of the crowd' within the cluster; nobody has a monopoly on new ideas; ensure that there is not an apartheid within the cluster.
- Move from the 'wisdom of the elite' to the 'wisdom of peers'.

5. Act like a Venture Capitalist

- Establish a broad portfolio of projects, balancing the downside of losers with the upside of winners.
- Accept that there will be failures.
- Learn from the positive deviants within the cluster.
- Generate lots of options, graduating from 'one best strategy' to reinventing strategy as an emerging process.
- As a venture capitalist does, shift the focus from addressing problems to addressing opportunities.
- And as a Silicon Valley venture capitalists put it: *'It is OK to be wrong most of the time if you are a really right some of the time'*.

6. Lever for Critical Mass

- And this is particularly important for small, rural clusters.
- At times within a cluster it is not easy to move beyond clumps of solo players, agglomerations of local firms that are geographically close but are not socially close.
- Leverage through linking the firms within a cluster, e.g. supplying chain linkages to large, exporting firms.
- Facilitate co-specialisation amongst the firms; link the firms through hard networks, strategic alliances;
- Innovation is not a solo activity, it does not happen in a vacuum; facilitate joint ventures between firms, focusing first on collaborative agendas in non-threatening areas ... the low hanging fruit.

- Lever through linking clusters within it's community, and beyond it.
- Lever through linking rural firms with neighbouring urban areas.
- Aim to increase trust and dialogue amongst the clusters stakeholders; with trust comes voluntary engagement.
- Establish lean project team (CATs: Cluster Action Teams) that bring together competitors and research institutions to address collaborative agendas.

7. Select very carefully the Cluster Facilitators

- Take time in selecting the facilitators; these are the key people will provide the neutral corner, will bring competitors together, pooling firms and R&D providers, who link often a dysfunctional clatter of national agencies to support the development agenda of the local cluster.
- The role of the facilitator is to facilitate, not manage in a traditional sense.
- A facilitator needs social rather than analytic skills, but the facilitator should be empowered to do the all important analytic work.
- Facilitators need to quickly move in to early action, avoiding paralysis by analysis, and need to be comfortable in learning by doing.
- **Overload the facilitators** so they empower others and don't end up as the project manager for every initiative.
- Support the facilitators with carefully chosen Boards that bring together the three corners of the triple helix for the cluster; this board is in the decision making authority; it is not an advisory group.

8. Ensure that the Clustering Initiative is in charge of its own Agenda

- The clustering initiative should not beholden to other agendas, especially the agendas of the national agencies or an 'old boys club' from within the cluster.
- Where ever possible have multiple sources of funding so no one benefactor is able to unduly influence the cluster's development agenda.
- Public funding to support the development agenda of a cluster should be in place for the long term; there are no quick fixes in upgrading competitiveness. Sweden is very appropriately resourcing its priority clusters with a 10 year public agency commitment.
- Public funding should be used to continually move the development agenda forward; it should not be in place to subsidise ongoing activities.

There is a very critical role in cluster development for a skilled facilitator.

A South African friend, picking up on my use of the terms 'clumps' and 'clutter' has identified four types of facilitators:

- 1 **Chumps** ... aspiring facilitators who mess up badly;
- 2 **Chomps** ... facilitators who bite off more than they can chew;
- 3 **Chimps** ... facilitators who chatter away all the time, swinging from one activity to another, achieving very little; and
- 4 **Champs** ... facilitators with passion and commitment who succeed in inspiring others to follow.

It is a pleasure to be at a conference full of **Champs**.

Go well with your Moon Shots!

