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Better cluster policies and tools for implementation

*Key messages and practical recommendations from the TACTICS project*

*For its covers, TACTICS series of publications gets inspiration from several works of art or uses digital pictures recalling the positivist and optimistic vision of pictorial movements flourished between the XIX and XX century. Each image can be given an interpretation according to the main message of the publication. The works were chosen because their subject and the use of the light and the colours can be easily associated with the idea of innovation, movement and progress embodied by the clusters.*

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*Key messages and practical recommendations from the TACTICS project*

## WHAT IS TACTICS?

TACTICS (Transnational Alliance of Clusters Towards Improved Cooperation Support) aims at supporting and further expanding the European Cluster Alliance, and contributes to the development of better cluster policies and practical tools for implementation in Europe. The project is one of the three INNO-Nets within the PRO INNO Europe initiative under the Commission's Competitiveness and Innovation Programme from DG Enterprise and Industry.

TACTICS, coordinated by OSEO, the French national organisation supporting SMEs and mid-caps development, brings together seven of Europe's leading national and regional innovation and cluster policy organizations – namely VINNOVA (SE), TMG Upper Austria (AT), Manchester Metropolitan University (UK), IWT Flanders' Innovation Agency (BE), Veneto Innovazione (IT), and PARP (PL). The partners, committed to improving policy cooperation and with a track record of experience with clusters, have been assisted by a Reflection Group of external cluster policy experts.

## TACTICS RESULTS

TACTICS gives a fresh outlook on trends in cluster policy and provides a toolbox to policy makers and practitioners on how to better use clusters for economic development, through a set of documents:

- **Key messages and practical recommendations from the TACTICS project** highlights three key messages for policy makers with recommendations on concrete actions and implementation. The document is based on cluster trends in Europe and conclusions from TACTICS' six task forces.
- **Cluster internationalisation**  
The handbook provides a practical guide, illustrated with tools and case studies, for policy makers and cluster managers to address the "Why?" for internationalisation and to progress through the ten steps of the Internationalisation Journey.
- **Cluster marketing and branding**  
The handbook examines different cases of cluster branding strategies with a view to draw useful recommendations for policy makers, bringing about concrete suggestions for the improvement of cluster policies.
- **Impact evaluation of cluster-based policies**  
The guide suggests concrete steps for setting up an evaluation process of cluster-based policies. The document, targeting policy makers and other cluster stakeholders, is a practical guide supported and explained by several cases.

Six task forces discussed actual or proposed policy actions, coming up with concrete policy recommendations on the following topics relevant to cluster policy: fostering international cluster cooperation, channelling RDI funding through excellent clusters, fostering user-driven innovation through clusters, supporting cluster marketing and branding, evaluating impact of cluster-based policies, using excellent clusters to address emerging industries (including innovative services).

TACTICS claims that cluster initiatives can

- improve the performance of the innovation support system
- leverage the renewal of European industry
- engage SMEs in research and innovation support programmes
- play an important role within smart specialization strategies
- gain competitive advantage by internationalising, boosting their visibility and attractiveness, and involving users in innovation processes.

- **Fostering User-Driven Innovation through clusters**

The guide provides practical advices for cluster organizations to support their member companies with the implementation of User-Driven Innovation and recommendations to policy makers to develop and implement appropriate policies.

- **Channelling RDI funding through clusters**

The paper proposes a focus on the capacity of clusters/cluster organisations to attract and manage RDI funding, including new activities, actors and the role within smart specialisation strategies. It also provides TACTICS' contribution to the State Aid rules consultation for clusters.

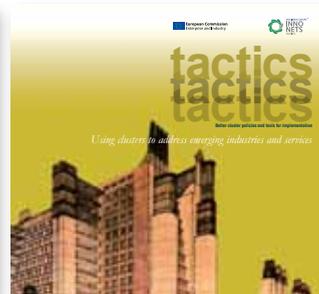
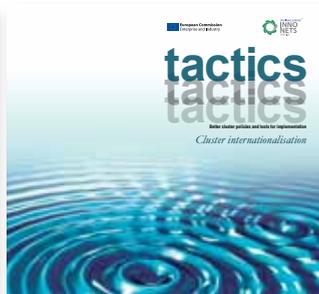
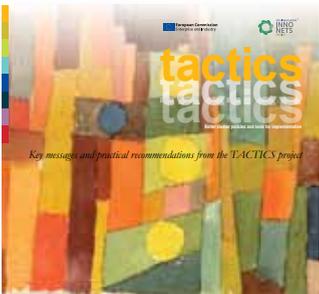
- **Using clusters to address emerging industries and services**

The paper tackles the issue of using clusters to catalyse emergence of new industries and renewal/upgrade of well-established ones. The document summarizes case examples and discussions held with participation of TACTICS partners and external experts.

- **Where the cluster winds are blowing in Europe**

The paper includes contributions from about 30 European regional and national policy making organisations, and highlights the trends in the use of clusters as a tool for innovation and economic growth, today and in the future.

You can download TACTICS publications at: [www.ECA-TACTICS.eu](http://www.ECA-TACTICS.eu)



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This work has been coordinated by VINNOVA, with contributions from TACTICS partners and Reflection Group members.

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EUROPEAN  
CLUSTER  
ALLIANCE

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consortium



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# Preface from the TACTICS coordinator

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TACTICS (Transnational Alliance of Clusters Towards Improved Cooperation Support) aims at supporting and further expanding the European Cluster Alliance – ECA, and contributes to the development of better cluster policies and practical tools for implementation in Europe. The seven TACTICS partners, leaning on their own experience related to cluster policies, have written these key messages and practical recommendations in the spirit of:

- identifying key issues and policy responses derived from six different themes relevant to cluster development
- providing an operational and original set of propositions
- linking their work to the ECPG's (European Cluster Policy Group) recommendations

Over all, TACTICS – with the support of 14 experts making up the Reflection Group – has developed this document through convivial and open discussions, common reflections (involving the broader ECA community) and a shared vision.

What the document is about, who it is addressed to, and how it is structured are explained hereunder.

Many thanks to all the contributors!

## What is it about?

This document is the fruit of questions concerning new or recent trends related to clusters' evolution, and regarding the role of clusters in their home environments (at regional or national level). It proposes a shared vision of the usefulness of clusters as innovation accelerators and knowledge transmitters in Europe (for SMEs especially).

TACTICS partners have summarized 3 key messages:

**Cluster initiatives are central to innovation and competitiveness**

**New interactions between cluster initiatives drive growth**

**Cluster initiatives that leverage and promote key assets gain a competitive edge**

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## 8 Who is it addressed to?

This document is mainly addressed to policy makers, but also to interested cluster managers, and has the ambition of highlighting proposed actions within the scope of cluster policies which address clusters' main issues. Based on numerous examples, it proposes actions to be taken and presents concrete implementation mechanisms.

### How is the document structured?

TACTICS partners wished to provide a clear and short document, primarily addressed to policy makers, but also understandable by those outside of the "cluster policy sphere". They wished not to make it static but rather upgradable. The complete document (as well as other TACTICS documents) will appear on the [www.eca-tactics.eu](http://www.eca-tactics.eu) website and all your comments are really welcome!

In addition, to continue policy discussion, policy learning and policy development – pushing forward new ideas on clusters and cluster policies after the end of the TACTICS project, the partners foresee the creation of a "cluster policy group" (website to be open in October [www.cluster-policygroup.eu](http://www.cluster-policygroup.eu)). The objective of this group will be to maintain an open dialogue between policy makers, address new topics relevant to cluster policy, discuss with the European Commission, and disseminate information. We will keep you informed, for sure.

In the meantime, we wish you an excellent reading!

# Introduction

In this report, the following definitions for clusters, cluster initiatives, cluster organisations, and cluster policies are used:

- ◆ **Clusters** are geographical proximate groups of interconnected companies and associated institutions in a particular field, linked by commonalities and externalities.
- ◆ **Cluster initiatives** are organised efforts to increase the growth and competitiveness of a cluster within a region, involving cluster firms, government and/or the research community.
- ◆ **Cluster organisations** are specialised institutions responsible for managing cluster initiatives. These institutions take on various legal forms.
- ◆ **Cluster policies** are programmes or other organised efforts taken by government to increase the growth and competitiveness of clusters in its constituency.

Cluster initiatives have been used as a policy tool in Europe for quite some time. The aim of cluster policies (programmes and other policy actions related to clusters) has not been “the creation of clusters” per se, but rather the strengthening of dynamic interaction between cluster constituents and of the conditions that enable innovation and competitiveness.<sup>1</sup> As we approach 2014 and the start of the new EU programming period, there is a need for new and revitalised policy mechanisms from Member States and the European Commission in order to meet the challenges ahead.

The TACTICS project has had the objective of contributing to the development of better cluster policies and practical tools for implementation in Europe. **This document presents the overall key messages and practical recommendations from the project, and aims at serving as a source of advice and practical tips from policy makers working with cluster development to other policy makers working with cluster – and competitiveness policies more broadly – at regional, national and EU levels.** The TACTICS project has built on the work of the European Cluster Policy Group by further developing the proposed actions and policy recommendations – focusing on HOW recommendations could be put into practice.

The TACTICS project has formulated three key messages and a number of proposed actions that outline **what is needed in the future to make the best use of clusters within the broader strategic and innovation support context of Europe 2020**, in particular for the benefit of SMEs. The key messages are based on two main building blocks: conclusions from TACTICS’ six task forces (see “What is TACTICS”), and a synthesis of cluster policy trends gathered from around 30 regional and national level policy makers across Europe.

In the next section, TACTICS’ three key messages are presented. For each, a number of policy actions are proposed, accompanied by examples of how these actions can be implemented “in practice”. We close with a number of things policy makers should consider as they move towards implementation – “on Monday” and in the future.

<sup>1</sup> Please see the TACTICS paper “Where the Cluster Winds are Blowing in Europe”



# **Key Messages, Proposed Actions and Practical Implementation Mechanisms**

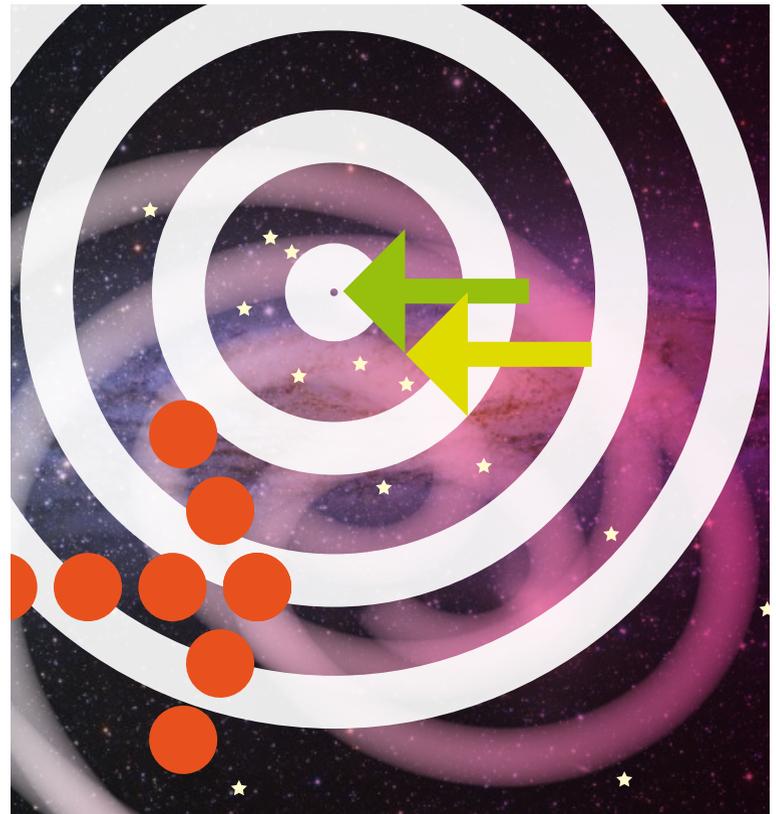


# 1. Cluster initiatives are central to innovation and competitiveness

Cluster initiatives promote interaction between industry, research, the public sector, and many other fields. They provide a bridge to the market by pinpointing ideas and driving relevant regional activities to strengthen them. They also enable more effective links between policy makers and economic players by communicating critical needs, initiating action around relevant projects, and integrating a variety of economic development tools. Clusters also serve as an efficient gateway to better engage SMEs (Small & Medium Enterprises), and as a result have become a central element in innovation and competitiveness strategies over the past decade.

Efforts have been made to avoid duplication and fragmentation of regional research and innovation support, and to enable increased synergies between policies and funding programmes. The recently established Smart Specialisation Platform will be instrumental in helping regions channel Structural Funds more efficiently in the future. The platform will help both regions and Member States develop, implement and review innovation strategies for smart specialisation. Clusters are a core element of these strategies and crucial to revitalising regional economies, engaging with RTD actors, and orienting companies towards foreign markets.

In the future, additional steps should be taken to create more synergies between different EU initiatives, as well as work with other institutions to facilitate the use of clusters as a central tool within innovation and growth strategies for the benefit of European regions.



### 14 ACTION 1.1 PAGE 15

#### **USE CLUSTER ORGANISATIONS TO ENGAGE SMEs AND ACHIEVE MORE EFFECTIVE IMPLEMENTATION OF INNOVATION AND COMPETITIVENESS POLICIES**

Cluster initiatives enable support to be given to both individual companies and groups of companies. This in turn can contribute to accelerated participation in EU programmes, particularly for SMEs. In addition, cluster organisations can help companies harmonise funding sources and provide a more integrated approach to innovation and commercialisation activities. They also provide a range of services and related activities (for instance skills development support) that are of common public interest. Revised State Aid rules should more clearly define the role of cluster organisations as innovation intermediaries and as eligible representatives of SME-groupings in EU programmes. Implementing agencies could then make better use of them in funding innovation and development projects.

*More detailed recommendations can be found in the TACTICS paper “Channeling RDI funding through clusters”.*

### ACTION 1.2 PAGE 16

#### **GIVE CLUSTER ORGANISATIONS A SIGNIFICANT ROLE WITHIN SMART SPECIALISATION STRATEGIES**

Clusters represent economic strength, and cluster organisations provide services that benefit businesses and drive commercialisation. The institutions responsible for regional and national innovation strategies can make use of cluster organisations as sources of information on structural change, trends, market opportunities and required improvements in the business community.

### ACTION 1.3 PAGE 17

#### **DEMONSTRATE THE ECONOMIC AND SOCIETAL BENEFITS OF CLUSTER INITIATIVES**

In times of constrained budgets, cluster initiatives need to be evaluated on an ongoing basis, to show that they are delivering return on investments. A common framework for benchmarking cluster organisation management has been developed within the European Cluster Excellence Initiative.

In terms of cluster policies, TACTICS has gathered information on economic performance indicators and frameworks for monitoring the longer-term impact of public investments in cluster-based policies. This information can be further developed and disseminated to policy makers, thus supporting requirements for monitoring and reviewing systems for regional/national innovation strategies.

*More details and additional recommendations can be found in the TACTICS guide to “Impact evaluation of cluster-based policies”.*

### CASE 1.1 - IN PRACTICE: INTER-MINISTERIAL FUNDS

*Do you wonder how cluster initiatives can be used to make more efficient RDI investments across ministries and other funding organisations? France has found a solution.*

#### Inter-ministerial collaboration and a common fund

France's inter-ministerial fund combines investments from different Ministries and partners to promote cluster policy implementation and fund collaborative RDI projects. The ministries currently involved are the Ministries of Economy, Defence, Public Works, Agriculture, Health, and Territory Planning, as well as agencies from the RDI field. One of the benefits of an inter-ministerial workgroup is that it is able to fund RDI projects from different viewpoints. It also helps to avoid duplication of similar RDI projects in the ministries, and facilitates common mid-term objectives. Inter-ministerial workgroups and inter-ministerial funds ensure aligned cluster policies between the different ministries, as well as cross-sector financial support.

#### Offering a variety of funding possibilities to RDI projects developed within clusters

In France, such an inter-ministerial working group, headed jointly by the Ministry of Territorial Development (DIACT) and the Ministry of Economy (DGCIS), is used to monitor the "Pôles de Compétitivité" programme. The Pôles de Compétitivité programme invites applications for cluster project funding in specific areas of business and research, and distributes funds based on a number of competitiveness factors (defined by the inter-ministerial working group).

The inter-ministerial working group has succeeded in bringing a number of other partners on board, including the French National

Research Agency and OSEO (an organization that offers assistance and financial support to SMEs). Both provide financing for RDI projects carried out by cluster members, in particular research institutes and SMEs. The fund has also recruited the Caisse des Dépôts Group, which promotes economic development. Local authorities have also been recruited to the project, as a potential source of financial support for cluster projects.

#### FACTS

Target Group:	Ministries and Agencies that are willing to cooperate and provide budget for the common fund; the recipients and beneficiaries are clusters initiatives and their members
Implementation Level:	National
Type and Duration:	Process of creating a working group and Financing a joint fund, with a mid-term (3-5 years) perspective
Funding Volume:	Depending on decision of working group
Sources of Finance:	National (and regional) funds

*See [www.eca-tactics.eu](http://www.eca-tactics.eu) for additional "in practice" examples*

## 16 CASE 1.2 - IN PRACTICE: INTEGRATING INNOVATION & CLUSTER STRATEGIES

### Cluster initiatives are valuable sources of information regarding economic growth

Clusters represent regional economic strengths, and cluster initiatives are places for open dialogue between stakeholders from R&D, innovation and business. That is why cluster initiatives are valuable sources of information about ongoing activities and sources of economic growth. Thus cluster initiatives can be used for implementing research and innovation strategies for smart specialisation, and for mobilising “people who will take up and realise such strategies on the ground” (*RIS 3 guide, EC, Regional policy, May 2012*).

### Top-down analysis and dialogue with cluster initiatives as a base for developing strategies

Upper Austria has made use of a mixed top-down, bottom-up planning for regional competence development. An analytical study conducted in 1992 identified the economic strengths of the region and shaped the overall economic development objectives of Upper Austria – stretching beyond legislative periods. An ongoing process comprised of stakeholder consultations, studies and analysis of regional requirements identify new potential growth areas.

For the current strategic programme “Innovative Upper Austria 2010 plus”, areas of specialisation were identified and grouped according to the prevailing strengths of the regional economic and research sectors, and new potential growth areas. An analysis of megatrends was also taken into account.

Continual interactions between policy makers and actors in the innovation sector also played a role in defining the current strategic

programme. The extensive assistance of some 250 experts from business and industry, the sciences and related bodies, and in close co-operation with the Upper Austrian Research and Technology Council helped prepare the integrated innovation and cluster strategy.

#### FACTS

Target Group:	All stakeholders related to cluster and innovation policies in a region (companies, research and education organisations, government and governmental agencies)
Implementation Level:	Regional
Type and Duration:	Dialogue-based process lasting at least a year, involving a mix of top-down analysis and bottom-up planning
Funding Volume:	Depending on involvement of external consultants/experts for analysis, studies and facilitation of process
Sources of Finance:	Structural funds and other regional funds

### CASE 1.3 - IN PRACTICE: THE 9-STEP METHODOLOGY

#### Tackling the evaluation issue

The evaluation of cluster-related policies and investments can encompass many aspects, for example: the performance of cluster management and organisations, results from particular cooperative RDI projects, or the overall impact of public investments in cluster-based policies and programmes. While much progress has been made in developing common frameworks for evaluating cluster organisations, there is relatively little common ground for evaluating the overall impact of public investments in cluster-based activities. The 9-step methodology, developed within the TACTICS project, responds to this gap. (See TACTICS guide to "Impact evaluation of cluster-based policies for details.)

#### A common approach to evaluating economic impact in 9 steps

Derived from a variety of approaches and lessons learned in regions/countries across Europe, the steps provide a common approach for policy makers to use in setting up an evaluation process of cluster-related policies. The 9 steps provide advice on issues to address before, during and after an evaluation, addressing the following questions:

- What policy measure is targeted?
- Why is the evaluation taking place?
- Who is being evaluated?
- When do we need to evaluate what?
- Who will the evaluation team comprise?
- How will the evaluation be structured?
- What are the conclusions?
- How does this impact what I'm doing? What changes should be implemented?
- When should the next evaluation take place?

#### Using evaluation results to revitalise policy actions and provide positive marketing

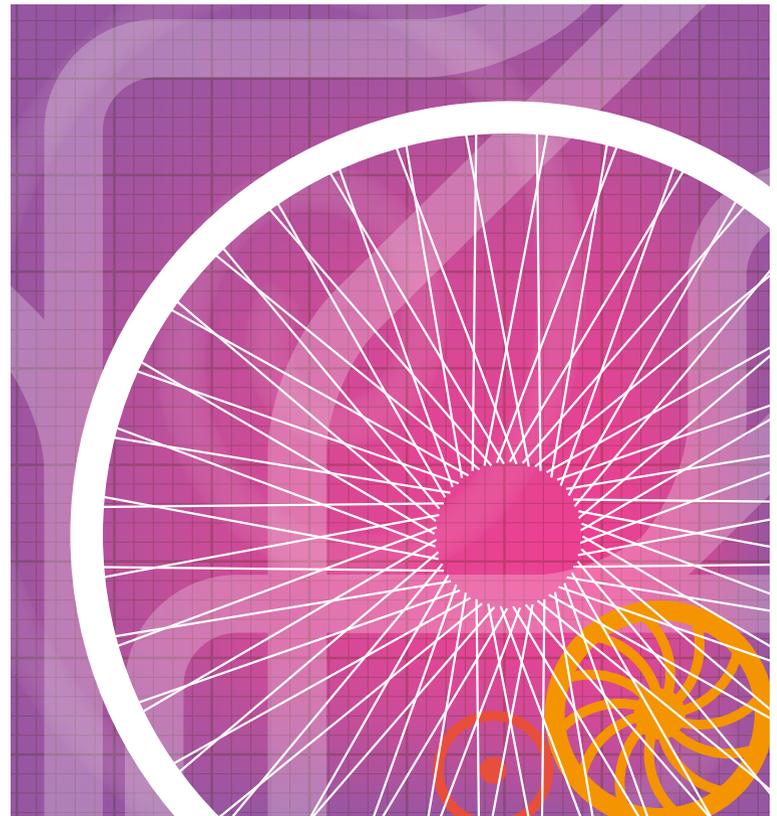
As part of the strategic programme "Innovative Upper Austria 2010", an indicator-based evaluation of the "Upper Austrian Plastics Location" was conducted. Through a systematic presentation of development from 2005-2010, regional policy makers were able to monitor and evaluate changes over time – highlighting the use of Upper Austrian governmental funding and the subsequent results and effects. The evaluation results not only helped to make improvements in policy actions, but also provided a tool for marketing and branding the region's activities.

#### FACTS

Target Group:	Cluster stakeholders responsible for/involved in measuring, designing & establishing cluster-based policies (strategic and financial support) and justifying effective use and impact of received support and related funding (government and governmental agencies, cluster organisations and initiatives; companies, research and education organisations; policy makers, funding bodies, business agencies)
Implementation Level:	Regional or National
Type and Duration:	Analysis under the responsibility of the funding organisation, typically lasting around 6 months (and an additional 3-6 months of early stage and follow-up activities)
Funding Volume:	Ranging from 10.000-100.000 EUR, depending on depth of analysis, types of indicators included, and involvement of external experts
Sources of Finance:	Structural funds and other regional funds, national funds

## 2. New interactions between cluster initiatives drive growth

- 18** Under the right conditions and with the right policy framework, cluster organisations can transcend geographic and sectoral borders, allowing local nodes to tap more easily into global pipelines of knowledge and resources. Clusters also enable SMEs to forge new business relationships and seize new opportunities in international markets. As innovation processes become increasingly open, many players are exploring new ways to access globally dispersed knowledge and to collaborate with specialised knowledge hubs – wherever they may be. This function is in higher demand, as more regions/countries seek ways to work together to tackle societal challenges such as climate change and an ageing population. A number of direct policy actions could unleash cluster interactions and spur new growth. Stimulating cluster networking and developing new ways to promote SME internationalisation are two main vehicles in this respect. In some countries, these activities aim to leverage innovation strengths in order to address global and societal challenges.



### **ACTION 2.1** PAGE 20

#### **STIMULATE CLUSTER NETWORKING AND NEW INTERACTIONS**

New industries tend to evolve out of existing clusters, particularly if activities are not limited to existing sectoral boundaries. Cluster organisations can cultivate cross-sectoral activities through inter-cluster connections, and thus stimulate continuous renewal and new economic activity. At EU level, new combinations of networking and partnerships between cluster initiatives should be stimulated, for example through match-making events or calls focused on issues and challenges that require multiple sectors and skills to get involved.

*See additional information and recommendations in the TACTICS paper “Using clusters to address emerging industries and services”.*

### **ACTION 2.2** PAGE 21

#### **DEVELOP MECHANISMS TO FACILITATE THE INTERNATIONALISATION OF SMEs THROUGH CLUSTERS**

Internationalisation of research and innovation is an important issue for both policymakers and cluster organisations. With their proximity to firms, cluster organisations can play a role involving SMEs which have more difficulties to develop international cooperation. They can also help them identify relevant partners to initiate trust-building processes and generate market impact. Funding agencies can support internationalisation strategies for cluster organisations, for example by being actively involved in strategic dialogue, providing contextual analysis and international benchmarking, and helping to establish new connections.

*See additional information and recommendations in TACTICS “Cluster internationalisation” handbook.*

## 20 CASE 2.1 - IN PRACTICE: LINKING RESEARCH AND INNOVATION INFRASTRUCTURES BETWEEN REGIONS AND COUNTRIES

*Do your key SMEs need RDI infrastructure your region doesn't have and can't afford? Use your cluster organisations to find out where such infrastructure exists and how to provide access to it.*

*Is expensive RDI infrastructure in your region under-utilised? Use your cluster organisations to find external users and thereby build international links to benefit your SMEs.*

### Specialised infrastructures in clusters

Many clusters in Europe include different types of RDI infrastructures that help SMEs to commercialise new products and services. These include pilot plants, demonstrators, test beds, and living labs. In many cases, cluster organisations have been instrumental in facilitating the creation of specific RDI infrastructure as part of the Regional Smart Specialisation Strategy process. These infrastructures support both existing regional strengths and emerging areas of growth.

### New links for efficiency, internationalisation, and renewal

There are considerable advantages in linking different types of RDI infrastructures, both cross-border and cross-sector. Cluster organisations can provide the means to create these links, which significantly improve access to RDI excellence for SMEs, and provide better utilisation of existing RDI infrastructures. These enhanced cross-border linkages will be part of the international phase of the Regional Smart Specialisation Strategy process.

France and the UK have already made progress in linking RDI infrastructure at large member-state level. Six new Institutes for Technological Research (IRTs) under France's Future Investments Programme will expand existing centres of excellence to bring together academia, research and industry, based on joint investment

from both public and private partners. Existing cluster initiatives are partners in the IRTs.

In the UK, the first Catapult initiative funded by the Technology Strategy Board has brought together RDI infrastructure to create the Advanced Manufacturing Centre. This includes the Centre for Process Innovation that was linked to chemical clusters in several English regions through the Northern Way initiative.

Further practical steps will need to take place in two stages. Stage one would connect cluster initiatives and create groups/networks/interest groups through an electronic network, e.g. the European Cluster Collaboration Platform (see <http://www.clustercollaboration.eu/>). In stage two, the networks could drive proposals on how to better utilise existing RDI infrastructures.

### FACTS

Target Group:	Networks managing/funding infrastructures; Clusters driving forward cross sectoral activities; SMEs: exploiting technologies, exploiting core competences to new markets
Implementation Level:	Macro regions focused on cross border and interregional activities
Duration:	Two-stage process conducted over 2-3 years.
Funding Volume:	Six Innovation Platforms €2bn (FR), seven Catapults over £200 million (€50m) over five years (UK)
Sources of Finance:	A combination of structural funds (and other EU funds), national and regional funds, and private companies

See [www.eca-tactics.eu](http://www.eca-tactics.eu) for additional "in practice" examples

**CASE 2.2 - IN PRACTICE: INNOVATION EXPRESS**

*“There is a real need to prepare common strategies before starting collaboration activities...professionalisation of the cluster governance is a necessity.”*

French cluster member on Innovation Express

**The internationalisation of innovation activities**

Transnational cooperation between different clusters presents strong benefits for participating companies but requires a solid foundation in order to work effectively. Innovation Express finances activities that can initiate, develop and enhance cooperation between cluster initiatives, and directly promote knowledge exchange and international collaboration between small and mid-sized companies.

A broad variety of innovation activities, including technological partnerships, training programs and mutual benchmarking are supported, as well as many different stages of international collaboration (from initial contact and networking through to the final set up of a long-term innovation project). Applications are evaluated based on their potential to create benefits for participating cluster initiatives and companies, along with criteria from regional/national funding organisations.

So far, Innovation Express projects have involved more than 1000 European companies – fostering new international contacts, knowledge exchange and strong partnerships in more than 20 countries both within and outside Europe.

**A shared concept with individual procedures**

A significant success factor has been that participants have been able to maintain their own rules and procedures on a regional or national level while still working closely with other funding agencies around

Europe. Innovation Express clearly demonstrates how a strong European-branded mechanism can support cooperation between funding agencies while maintaining synergies between existing regional and national funding schemes.

On the basis of Innovation Express pilot schemes, the BSR Stars programme – a flagship within the European Strategy for the Baltic Sea Region – is pursuing the further development of Innovation Express, including top-up financing to encourage international links between specialised research and innovation nodes in the BSR.

**FACTS**

Target Group:	cluster organisations and their SMEs (at least 5 per cluster initiative)
Implementation Level:	regional or national, with supranational coordination (with possible “top-up” financing from EU or other multilateral organisations)
Duration:	short-term (12-18 month) project financing
Funding Volume:	15.000-50.000 EUR per project
Sources of Finance:	regional and national funds, structural funds

*See [www.eca-tactics.eu](http://www.eca-tactics.eu) for additional “in practice” examples*

# 3. Cluster initiatives that leverage and promote key assets gain a competitive edge

**22** Regional and national development activities over the past decade have resulted in many cluster initiatives in Europe. The challenge now is to utilise them to strengthen competitiveness. The most valuable assets a cluster initiative has are those that represent cutting-edge experience – in the form of specialised people, tailored services and unique infrastructure (e.g. living labs, demonstrator facilities and test beds). In order to take advantage of these assets, open platforms are needed to attract and engage actors both within and outside the cluster initiatives. In addition, assets within the cluster initiatives should be developed and leveraged more proactively.

Cluster initiatives offer a favourable eco-system in which new industries flourish and grow stronger. They foster interaction and collaboration between different creative milieus and innovators, as well as promote entrepreneurship by providing a fertile business environment for emerging high-growth firms. In conjunction with this, cluster initiatives can be used as natural platforms for collaboration between companies, the public sector and end users, and as vehicles for implementing other measures (e.g. pre-commercial public procurement, demand-led innovation activities such as crowdsourcing, etc.).

In order to ensure continuous renewal in cluster initiatives, it is crucial to attract and engage players both within and outside the cluster to contribute to development. This requires good leadership to promote key assets, to connect different players and skills, and to drive development and commercialisation.



### **ACTION 3.1** **PAGE 24**

#### **INCREASE VISIBILITY AND ATTRACTIVENESS OF ASSETS**

In order for a cluster to develop, it is very important that it attracts resources and experience both internally and externally. Active efforts in marketing and branding are crucial for cluster initiatives. Regions should also work more diligently in profiling their cluster initiatives and assets for international investors.

*See additional information and recommendations in the TACTICS “Cluster marketing and branding” handbook.*

### **ACTION 3.2** **PAGE 25**

#### **INVOLVE USERS IN INNOVATION PROCESSES**

Policy actions should encourage cluster organisations to facilitate user involvement throughout innovation processes in order to discover new opportunities. This can encompass user development and testing, but also user involvement in ideation activities.

*See additional information and recommendations in the TACTICS guide “Fostering User-Driven Innovation through clusters”.*

### **ACTION 3.3** **PAGE 26**

#### **IMPROVE LEADERSHIP AND MANAGEMENT SKILLS WITHIN CLUSTER INITIATIVES**

A high level of leadership experience is vital to be able to connect different players with different skills. This can be addressed through the continual development of leadership/management skills within cluster initiatives and similar innovation platforms. Policy actions such as coaching, mentorship and knowledge sharing are crucial in this respect.

## 24 CASE 3.1 - IN PRACTICE: LABELLING THE BEST

### A win-win strategy for clusters and policy makers

Labelling strategies are used in a number of cluster programmes to generate visibility for the most competitive clusters – or the most innovative companies. Labels are also used as a powerful tool to market regional and national assets (specialised human resources, infrastructure, etc.) in order to increase visibility and attract new capital and other resources.

### Membership brings benefits – stamps of legitimacy and higher visibility

In Germany, labelling strategies have been used for regionally anchored “networks of competence” (“Kompetenznetze Deutschland”) and “cutting-edge clusters” (“Spitzencluster”). In both cases, belonging to the initiative means being part of an exclusive “club” with a label that stands for quality.

A dedicated brand, “Invented in Germany” has also been designed and marketed with the aim of strengthening the international image of clusters by linking them to Germany’s credibility in terms of technological achievements. In return, the selected clusters have adopted the brand’s logo in their communication materials. This not only promotes them at international level, but also gives greater visibility to the initiative from the general public locally.

Similar approaches have been applied in France, where 71 clusters have been granted the “Pôles de Compétitivité” label – seven of which are “world class clusters”, and in Sweden, where 11 clusters have been named VINNVÄXT winners. Such labels can be used to raise awareness at international level – sending out a clear message

about the critical mass and relevance of the cluster compared to all others at national level.

#### FACTS

Target Group:	cluster initiatives (directly) and clusters (indirectly)
Implementation Level:	regional or national
Duration:	labels are granted for limited periods of time (1-3 years) based on fulfilment of certain competitive criteria
Funding Volume:	funding is generally not provided; rather other support (e.g. workshops, training programmes, inclusion in marketing activities or match-making events) may be offered to labelled cluster initiatives
Sources of Finance:	regional and national funds, structural funds

See [www.eca-tactics.eu](http://www.eca-tactics.eu) for additional “in practice” examples

**CASE 3.2 - IN PRACTICE:**

**DEMAND-DRIVEN INNOVATION MOBILISATION**

*How can the public sector involve users in solving societal problems?*

**New approaches to solving societal problems**

It is not unusual for regional or national governments to be faced with complex societal problems that require collaboration from many different sectors, research areas and even geographies. In some localities, the public sector has adopted a new approach to addressing these problems, initiating a process to mobilise the relevant competencies to solve the problem.

The “mobilisation process” is organised and financed by the public sector to form a consortium of players that have the right level of competence and are willing to develop collaborative solutions. Cluster organisations participate in these processes, engaging their members as relevant opportunities arise. Following the mobilisation phase, normal competitive mechanisms are used.

**User involvement in Innovation Platforms**

The Flemish government encourages cluster creation and user-driven innovation in the early phases of the Public Procurement of Innovation by bringing businesses, research institutes and the government together in Innovation Platforms where they jointly explore solutions for specific societal challenges. The government appoints a dedicated cluster manager to organise interaction between all stakeholders. The cluster manager also provides insights into socio-economic needs and future public services, lists appropriate core competencies needed to develop solutions, and develops a detailed master plan from demand through supply. (see <http://www.innovatiefaanbesteden.be/>)

[innovatiefaanbesteden.be/](http://www.innovatiefaanbesteden.be/))

Similar approaches have been initiated in southern Sweden where a collaborative platform has formed the basis for various cluster initiatives across the country to develop solutions in the field of diabetes (Zirro Diabetes).

**FACTS**

Target Group:	cluster initiatives, as well as all other (individual) actors both within and outside of the funding organisation’s geography
Implementation Level:	regional or national
Duration:	Short-term financial and process support (up to 18 months) to mobilise new consortia
Funding Volume:	sometimes, only process facilitation is provided; in other cases, limited financing (20.000-50.000 EUR) is provided for mobilisation
Sources of Finance:	regional and national funds, structural funds

See [www.eca-tactics.eu](http://www.eca-tactics.eu) for additional “in practice” examples

## 26 CASE 3.3 - IN PRACTICE: SKILLS DEVELOPMENT FOR CLUSTER MANAGERS

### Mobilising innovation actors from the bottom-up

VINNOVA strongly believes that cluster initiatives develop from the bottom-up. This means that cluster managers have to be able to mobilise regional players and develop the initiative based on existing strengths. Naturally, this requires specific leadership skills.

### A cluster programme that prioritises cluster manager skills' development

An integral part of the VINNVÄXT-programme<sup>2</sup> is the support and training offered to cluster initiatives and regions in Sweden. The purpose of this support is to help cluster initiatives build success and international competitiveness within their particular field.

These process support activities were launched in 2002 – at the same time as the first call for applications to VINNVÄXT. Not only did VINNVÄXT-winners receive funding, a major part of the programme covered dialogue, training and coaching support to other cluster initiatives in Sweden. Support – delivered to groups or individually – was divided into several modules: for example, management training, commercialisation and branding. Individual support was tailored to the cluster initiative's phase of development, sector needs, regional context, etc. In addition, networking events, which were open to all cluster initiatives (not only to those receiving funding), were set up to foster exchange between cluster initiatives, regional stakeholders and policymakers in Sweden.

### Skills development and other process support spurred new cross-cluster collaboration

Many interesting results were achieved through these efforts. Process support enabled cluster managers to develop their cluster initiatives much more effectively. More importantly, key relationships were formed, which in some cases resulted in cross-cluster collaboration projects. The process support activities resulted in skilled cluster initiatives, and enabled VINNOVA and other national and regional policy makers to become more involved in growth initiatives in Sweden's different regions. Similar cluster management training is currently being carried out in several locations in Europe. Examples include Clusterland Upper Austria and through the European Cluster Excellence Initiative.

<sup>2</sup> See <http://www.vinnova.se/en/Our-activities/Individuals-and-Innovation-Milieus/VINNVAXT/> for more information

#### FACTS

Target Group:	cluster organisations
Implementation Level:	regional, national or EU
Duration:	Other support (e.g. workshops, training sessions, networking, etc.) over a longer-term period (3+ years)
Funding Level:	no funding
Sources of Finance:	regional and national funds, structural funds

See [www.eca-tactics.eu](http://www.eca-tactics.eu) for additional "in practice" examples

# What to think about on Monday... and in the Future

The aim of this document is to provide advice and practical tips *from* policy makers to policy makers throughout Europe. But how do we start initiating actions?

The TACTICS partners would like to propose a few things to think about on Monday...

## **Seek new, inspirational ideas and contacts**

When you read through the document and check-out the [www.eca-tactics.eu](http://www.eca-tactics.eu) website, look for new sources of inspiration. Highlight a few “in practice” activities that you think address the issues that you face in your organisation. Examine these examples and initiate contact with the people involved, discuss ideas with colleagues, and start taking small steps forward – experimenting with new activities on a continual basis. Let yourself be inspired and then share your new ideas with others.

## **Seek long-term commitment...think like an investor**

One of the primary objectives of cluster policies is to cultivate collaborative innovation processes. These processes take a long time to develop – particularly when collaborations span over different sectors or national boundaries. On the other hand, new knowledge sources and collaboration partners ensure the capacity to renew and trans-

form – thus securing a stronger competitive position. This requires long-term commitment and “investor-oriented” ways of working: i.e. a willingness to experiment with new approaches, smaller initial investments that increase over time, creating a pipeline of new ideas at different stages of growth, recognising the importance of leadership, and maintaining an interactive relationship with the cluster initiative.

## **Tailor financing and other support to actor groups’ needs**

Many financing mechanisms (particularly at EU level) are currently very “slow” and weighed down by administrative processes. There is a need for more flexible funding tailored to the needs of SMEs (in particular), as well as consistent approaches regarding the eligibility of cluster organisations to participate in different EU programmes.

## **Stay connected**

We are keen to maintain an interactive network of policy makers, even when the TACTICS project is concluded. Dynamic versions of TACTICS documents (including this report) will be available on the [www.eca-tactics.eu](http://www.eca-tactics.eu) website, and a cluster policy group will be set up to maintain an open dialogue between policy makers. We encourage you to stay connected with other policy makers so that we can all continue to learn from each other, and continue to develop better cluster policies and practical tools for the benefit of SMEs!



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