Intellectual Capital for Communities
in the Knowledge Economy
Nations, Regions, Cities and Emerging Communities
Cities and Clusters: New creative arenas for developments

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Cluster Initiative Leader
Cities and clusters: New creative arenas for developments

Cities and Clusters: 2 Major interdependent Frameworks for local and regional development

“There is no question that cities are the engines of economic growth and centres of dynamic social and cultural activities and development…” John Naisbitt - Author and Futurist, USA

The European Council, in March 2008, has recognised the important role of clusters in stimulating innovation and improving competitiveness, and urged to improve coordinated efforts to sustain them, …”

Developing an unique local or regional development model to ensure the success of innovation commercialization in an innovative and attractive city
Cities and clusters: New creative arenas for developments

Major challenges for leaders

External challenges
- Economic growth
  - Sustainable development
- Infrastructures
- Integration / Partnerships
- Safety and security
- Financial pressure
- Attractivity
- Connectivity
- Ageing
- Branding

Internal challenges
- Leadership
- Defining vision and strategy
-Winning next big bets
- Recruiting the talents
- Improving performance, efficiency and quality
- Performance measurement
- Transparency
- E- government
- Decentralisation
- Governance
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A strong theoretical framework to support regional economic development

Definitions

Different dimensions of a cluster have been described by different authors *

• Spatially (predominantly regionally) concentrated economic activities in related economic areas, usually interconnected with the local scientific system (research institutions, universities, etc.);

• Vertical production chains: narrowly defined industries with the neighbouring activities of production process forming the core of the cluster. This also includes various groups around core enterprises;

• Highly aggregated groups of industries

• “Superclusters” as the clusters crossing regional borders, and “Megaclusters” as supranational clusters crossing country borders.


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Value Creation - Penta helix – New creative meeting places/arenas for sector talents!

Figure 4: Values and attitudes underpinning successful relationships
Mobilizing resources for

<table>
<thead>
<tr>
<th>Leadership</th>
<th>Financial capital</th>
<th>Welfare capital</th>
<th>Tourist and visitor capital</th>
<th>Trade and industry capital</th>
<th>Culture and experience capital</th>
<th>Democracy and citizen capital</th>
<th>Social capital</th>
<th>Infrastructure capital</th>
<th>Human- and intellectual capital</th>
<th>Environmental and natural resources capital</th>
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<tbody>
<tr>
<td>Public sector – central, regional and local</td>
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<td>Private sector</td>
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<td>Not for profit sector</td>
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<td>Entrepreneurial citizens</td>
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**Sectors and resources working together**

- New business sectors created
- New clusters
- Developed innovation system
- New heroes
A City of the Future

Sustainable Local Economy

- Environmental capital
- Culture and leisure capital
- Participation and political capital
- Intellectual capital
- Infrastructure capital
- ICT capital

Vision

- Leadership
- City Brand
- Social intelligence
- Prioritisation
- Performance & Risk
- Partnerships

Enablers

- Strategic Ambition
- Management Capacity

Capital policy and management

- Delivery and Achievement

Performance & Results KPIs
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A robust methodology to assess the development and the performance of Cluster

Strategy & Objectives

1 Scientific & Industrial
   1.1. Scientific base
   1.2. Industrial base
   1.3. Commercialisation
   1.4. Productivity

2 Human Capital
   2.1. Skill base
   2.2. Academic institutions
   2.3. Supplementary education

3 Financial
   3.1. Availability of funds
   3.2. Innovation
   3.3. Employment
   3.4. Productivity

4 Eco-System
   4.1. Branding
   4.2. Infrastructure (ICT, Transportation, Energy)
   4.3. Sustainability and Liveability (social, cultural, environmental)

5 Cluster Management & Governance
   5.1. Cluster organisation
   5.2. Cluster monitoring
   5.3. Taxation

6 Government support
   6.1. Policies
   6.2. Regulation
   6.3. Taxation

7 Entrepreneurship
   7.1. Innovation
   7.2. Entrepreneurship support
   7.3. Entrepreneurship culture

Local and Cultural Aspects
What did not work well: some examples

Launching a cluster initiative has never been considered as a complete failure for a region. The effort to design collective vision and objectives, to better identify regional strengths and weaknesses and to concentrate resources has always been considered as an economic, scientific and social booster.

<table>
<thead>
<tr>
<th>What did not work well?</th>
<th>Why</th>
</tr>
</thead>
</table>
| Growing company base          | - Government imported a foreign vision with world class scientists without strong footholds in the region  
                                - Limited knowledge transfer between local institutions and foreign partners  
                                - Some key tax and regulatory hurdles blocked knowledge economy development  
                                - Strategy focused too much on fundamental public research  
                                - Limited Effective networking and entrepreneurial approach             |
| Attract Key talent            | - High costs of livings and package not attractive  
                                - Research and Infrastructures not at the standards  
                                - No world class scientific projects                                      |
| Availability of finance       | - Redistribution of existing budgets – no new money  
                                - New Public Finance available at the start only  
                                - Financial chain was not in place to support new ventures.  
                                - Cluster Value proposition was not enough attractive for private funds.   |
| Governance                    | - Key founding members of clusters were more interested to share new public money than creating value  
                                - Governance is too much controlled by public bodies  
                                - No leadership  
                                - Independent international experts opinions are not taking into consideration for strategy definition |
What did not work well: some examples

<table>
<thead>
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<th>What did not work well?</th>
<th>Why</th>
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<tbody>
<tr>
<td>Credibility building and impact</td>
<td>- Scientific focus and related budget diluted on too many topics</td>
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<td>- Need to satisfy to many local stakeholders</td>
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<td>- No critical mass</td>
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<td>Implementation delays and overbudget</td>
<td>- Lack of coordination between different public bodies</td>
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<td>- Business plan was too optimistic and did not address the project risks</td>
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<td>- Operational plan not enough detailed</td>
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<td>- Project management team too limited</td>
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<td>- Administrative delays for specific authorisations (real estate, budget...)</td>
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<tr>
<td>Return on Investment not clearly defined by authorities</td>
<td>- Scientific and Economic objectives not precisely defined in the strategic plan</td>
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<td></td>
<td>- No methodology and resources to measure achievements and scientific, economic and social impact</td>
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</tbody>
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New Value Proposition and Business model required

Objective 1
Boost innovation dynamics and Technology Transfer for development

Objective 2
Develop attractive, efficient and supportive infrastructures

Target Clients
- Local companies
- Citizens
- Corporate R&D
- Start Ups
- SMEs
- International corporates
- VCs
- Universities

Stakeholders
- Cities
- Regions
- Ministry of Economic Development
- Ministry of Finance
- Ministry of Education
- Universities

Needs

Expectations