collaborative path to innovation culture and success, clusters

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in this round table session...

1. clusters
2. innovation
3. clusters + innovation + creativity + experience
clusters
no 1 principle in any cluster work !!!

quote from andy warhol, pop artist
business is ultimately about people and connecting and relationships..... and adaptability to change!!! and creating value !!!
“...and that is exactly what clusters are!!!”

- **people** (companies, academia, government, ngo’s, financial institutions)
- **connections** (within piers, pier to pier)
- **trust** (the most difficult part, we are human!)
- **cooperation** (as a result of benefits and trust)
- **search for better** (without curiosity and need for better there is no progress!)
what are clusters?

sme’s are too small and usually powerless to do it alone (to become more competitive and internationalize), concentrations occur naturally and bear competitiveness potential, which can be significantly enhanced through collaboration...
definition of a cluster

A cluster is a sectoral and geographical concentration of enterprises and/or individual producers that produce a similar range of goods or services and face similar threats and opportunities.

A cluster encompasses enterprises (MSMEs, but also larger firms) as well as their support institutions from the public and private sectors as well as civil society...
terminology which is sometimes confusing

- cluster
- network
- export consortia  more conceptual
- value chain
- specialization
- organized industrial zone
- free zone
- technology development zones /technopark  more tangible
- logistics centre
clusters are born naturally...

- proximity to natural resources (mines, waterways, etc)
- availability of qualified human resources (universities etc)
- business development services in the region
- better infrastructure (ports, telecom, etc)
- buyers realizing the opportunity for procurement
- emerging trends (tourism, entertainment, technology)
the great white shark!!! a new business model?
natural born cluster with high specialization
great white shark cage diving, gansbaii-western cape, south africa
clusters are the backbone of an economy!!

they are the drivers of;

- innovation
- competitiveness
- regional development
- internationalization
- entrepreneurship
clusters play a critical role in:

- increasing the quality of labor market,
- decreasing the cost of production by means of joint purchasing of goods and services,
- penetrating to new markets and better utilization of existing markets by creating a cluster brand
- stronger joint benefits by means of lobbying and similar activities,
- better reach to specialized services,
- development of innovation potential and innovative eco system....
- to become an effective part of a global value chain
- specialization and focusing
- access to finance
cluster development

developing sme’s in the right direction will help a regional and national economy to grow and stay healthy in the long run.

• understanding the problems of the sme’s
• researching, diagnosing, analysing and offering road maps and solutions
• help, guide, coach and consult for implementation
• establish cluster management system
• monitor and evaluate the progress and the change
cluster development fundamental steps

• analyze the economic, social and ecological environment to lay down strategies for a sustainable and successful future for the businesses and people.
• prepare plans, set priorities and key performance indicators for success.
• help develop the human capacity by providing training and coaching for cluster members.
• implement plans together with the stakeholders.
• and help clusters to set up their management, have an action plan for success, implement the plan (usually 1-3 years) and measure success and failure, learn and disseminate...
innovation
80% of innovation is recombination of existing knowledge

OECD: regions and innovation policy

the general consensus...is that the driving force behind long-term economic growth is science, technology and innovation in its different forms and facets”

Schumpeter (1883-1950)
change and transformation is a continuous process

**change**
- life
- technology
- needs
- perception
- competition

**transformation**
- human resources
- use of technology
- business models
- products & services
- communication

innovation requires continuous upgrading (process, product, functional)
competition

• globalization played a dramatic role on economic development. opportunities and threats is a double sided knife for the businesses; penetrate or be penetrated
• under extreme competition, companies which can produce valuable, **innovative products or services** will stay alive and prosper, companies that produce standard low value products and services will loose, eventually...
from the perspective of competitiveness, it is much more important of how things are produced rather than what is produced

snowpolis-vuokatti, winter sports cluster finland

• specializes in wellness, sports and all-year winter (cross country ski tunnel)
• high tech environment and beautiful nature
• spin offs, talent transfer and mobility, start-ups
• horizontal and vertical integration
• 27 companies, dept. of sports tech. of the univ. of jyväskylä, dept. of sports measurements of the university of oulu, measurement and sensor lab., center for wireless communication (cwc) of the univ. of oulu, dept. of travel and tourism of kainuu vocational college.
it is not possible for a region to produce **everything** in a productive way. productivity is closely related with **specialization**.

– **kahramanmaraş**, city in the southeast of turkey, home to metal kitchenware cluster. 90 companies in the value chain.

– roots go back to centuries old copperware producers

– produces 54% of turkish metal kitchenware (200+ mil usd in 2013), exports to 60+ countries

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cluster development targeting

• increasing the exports
• penetrating untapped markets
• innovative products
clusters + innovation +
creativity + experience
cluster development in montenegro, bar and ulcinj olive oil cluster
although it is critical for a region to have resources, it is much more important how that region utilizes those resources.

Bar and Ulcinj, coastal region of Montenegro is home to more than 10,000 ancient olive trees

- scientific study to determine the ages of old trees
- map and certify (2 trees more than 2,000 years old)
- establish a quality scheme for the produce
- position Montenegrin olive oil sector
- align with agricultural and tourism strategies
- olive route, trekking and bicycle routes
- local cuisine
where is **value** created in a business?

value can be created/ added during the processes of:

- design
- supply
- production
- distribution (retail and/or wholesale)
- brand/marketing
the value network of a cluster (eg. processed food cluster)
competition and clusters

• economic activity in the world tends to get concentrated at regions where there is efficiency advantage.

• efficiency:
  – low cost
  – flexibility and availability in human and other resources
  – innovation (knowledge and cooperation)
clusters and innovation

• alone is isolated
• cooperative environment of the clusters help develop;
  – creative thinking,
  – new businesses,
  – close collaboration with universities and r&d institutions
  – open innovation
  – spin offs
  – mobility of talent
  – access to better technology and knowledge
alappuzha kerala-india coir cluster

• India has 80% market share (total market is approximately 500 mil. USD) of coir door mats and floor mats, 90% of the Indian production is in Kerala...

• 60 companies in the cluster development program

• Coir board is the management body
services through the project;

• entrepreneurship and management training and consultancy for start-ups and experienced companies

• know-how transfer, technology transfer, twining

• establishing linkages between micro-small enterprises and large ones

• providing business development services for msme’s
akureyri iceland tourism cluster
• dining
• golf (golf course at the most northern point)
• winter sports
• whale watch
• waterfalls
• hot water pools
• arctic festival
• 8 museums
• university
whale watch cluster husavik

• population 2,000
• in 1995, less than 2,000 tourists
• in 2005 80,000 tourists (38,000 husavik)
• 44 different whale species
• 2 restaurants and souvenir shops
• whale museum (in 2007'de 20,000 visitors) and whale research institute
• projectst with fishermen
for a cluster to become successful, it becomes increasingly vital that the ecosystem the cluster lives in is;

• able to attract creative people
• able to attract capital and investments
• capable to develop business with technology leaders
• exploit state incentives
• have better quality of life (living inexpensive and easy)
• able to establish r&d institutions
• invest in transportation infrastructure
• have supply chain efficiency
• have modern architecture and life space
monocle magazine “best cities to live 2014” survey

1. copenhagen 2. tokyo 3. melbourne 4. stockholm 5. helsinki
6. vienna 7. zürich 8. munich 9. kyoto 10. fukuoka...

- population, number of international flights
- crime
- education level
- health (hospitals and doctors per person)
- number of sunny days, temperature
- tolerance (race, religion, colour, sex)
- sunday shopping and eating
- cycling routes km
- unemployment rate, ease of start ups
- cultural life, number of book shops
- electric car charging points
- green space
- public transport
CAPE TOWN

Welcome
clusters...it’s all about;

- people (cluster actors)
- place (region and its characteristics)
- path (action plan, priorities)
- projects (collaboration between firms, academia, state institutions)
and 4 c’s as well !!!

cooperate, inside outside
create, new products, services, business models (innovation)
control, activities, growth, change
compete, with each other and with other regions
...and when we talk about cooperation, in fact what we mean is a very complicated network of people, relations, friendship, love, hate, egos, and a big cave of politics!!!

...and, managing this network is absolutely art!!!

that is why cluster management is much more difficult then managing most businesses!!!
“we are in people’s business selling coffee” starbucks motto
“we are in people’s business selling coffee” Starbucks motto

“we are in people’s business, help and support each other and cooperate!!!”

cluster people motto
ngiyabonga
salla kahle !!!
thank you all

wish you success every step off the way to innovation and cluster development

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