CLUSTER
BOOSTER ACADEMY

Cluster Booster Academy

Training Day 1

December 01, 2022

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Agenda Virtual Training (Day 1)

09.30 – 10.00	**Welcome and introduction to the workshop**
10.00 – 10.10	**Overview:** Steps to develop a cluster strategy
10.10 – 10.30	**Step 1:** Trends – identification and management of present movement
10.30 – 10.40	Virtual coffee chat in break-out groups
10.40 – 11.10	**Step 2**: Cluster and member needs (incl. survey results of study)
11.10 – 11.45	***Self-reflection & break-out room step 1 & 2:*** *Trends and resulting needs*
11.45 – 12.15	**Step 3:** Vision, mission, objectives of a cluster
12.15 – 12.45	***Self-reflection step 3:*** *Vision, mission, objectives of your cluster*
12.45 – 13.30	Lunch break
13.30 – 14.00	**Step 4:** Competency assessment for cluster and cluster management
14.00 – 14.40	***Self-reflection step 4:*** *SWOT analysis and solving of needs*
14.40 – 15.10	**Step 5:** Development and improvement of service portfolio
15.10 – 15.40	***Self-reflection Step 5:*** *Categorization of services into the portfolio analysis matrix*
15.40 – 16.25	***Break-out room step 5:*** *Service offerings among participants*
16.25 – 16.30	**Step 6:** Communication strategies for clusters
16.30 – 17.45	***Keynote:*** *Speech on communication strategies + Q&A*
17.45 – 18.00	**Wrap-up and Q&A**

Beginning/ Ending

Break

Italics Interactive session

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Agenda Virtual Training (Day 2)

10.00 – 10.15	**Short recap day 1 and welcome day 2**
10.15 – 10.30	**Business Model:** Business model canvas introduction and explanation
10.30 – 11.00	***Self-reflection business model of my cluster:*** *defining business model canvas for own cluster*
11.00 – 11.30	**Inspiration: financing** (financing situation in clusters, financing risks and desired development)
11.30 – 12.30	***Keynote:*** *Speech on cluster business models*
12.30 – 13.30	Lunch break
13.30 – 14.10	***Self-reflection recap business model of my cluster:*** *desired business model in 5 years*
14.10 – 17.10	***Break-out session developing an action plan to advance and improve your current business model*** – *Establishing ideas for business model advancements and improvements* – *Pitching and further developing the ideas* – *Forming an action plan to validate the idea*
17.10 – 17.30	**Final Q&A, feedback and closing of the training**

Beginning/ Ending

Break

Italics Interactive session

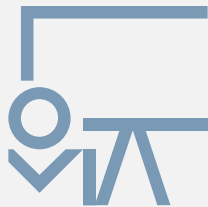An initiative of the European Union

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Please introduce yourself and state your expectations for today's training

About yourself

Name

Affiliation

Why are cluster strategy and business model advancements and improvements important to you?

Your expectations and objectives

What are your learning objectives for this course?

Is there anything else, which could help to make this course a success to you?

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Your key learnings of this training...

Cluster Strategy Review

Learn how to **analyze trends** and **define** the most **important** ones for your cluster

Determine the **needs** within your cluster and among the members

Explore the **existing** and **desired competencies** within your cluster

**Find inspiration** for **new services** and service **portfolio** optimization

Gain insights on how to **communicate** with members and towards the public from a cluster management perspective

Business model advancements and improvements

Develop an individual **action plan** to **advance and improve** your cluster's **business model**

Learn from *peer experiences* & *through interactive sessions*
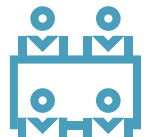
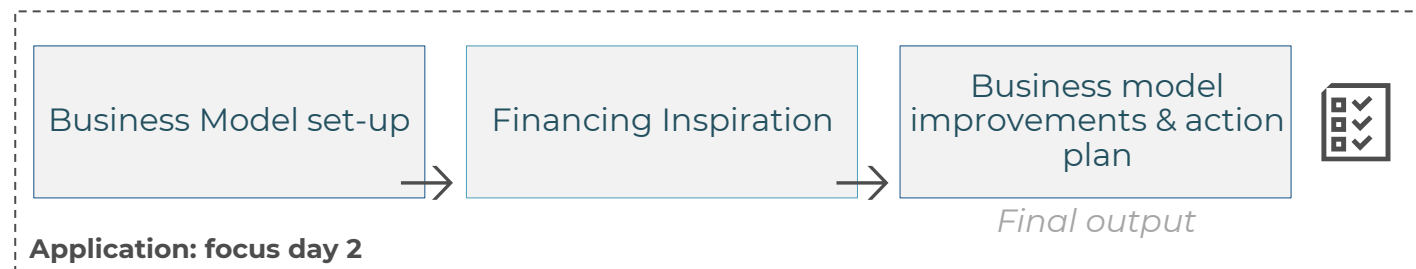# The training consists of a theory section followed by an interactive application part

Through **insights gathered** from **cluster strategy review**, *business model* advancements and expansions can be identified

▉ Externalities
▉ Internalities

Training Theory

Cluster Strategy Review

1 Trends

2 Member and cluster needs

3 Vision, mission, objectives

4 Competency assessment

5 Service Portfolio

6 Comm-unication

Theory focus: day 1

Training – Theory Application

Business Model set-up	Financing Inspiration	Business model improvements & action plan

Final output
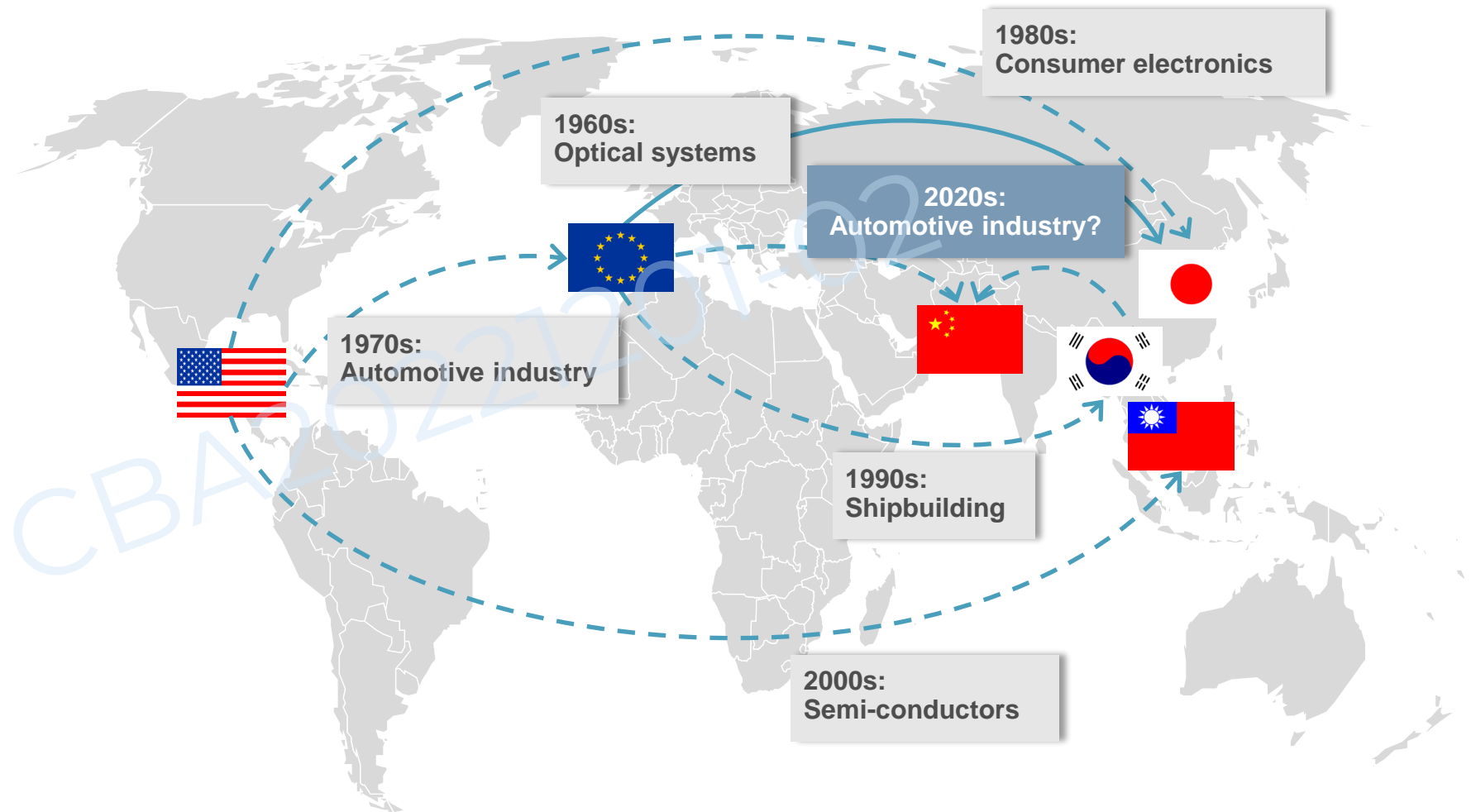
Application: focus day 2

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Step 1: Trends

Not fully under-standing global trends has put even national industries at risk

1. Understanding global trends

1980s: Consumer electronics

1960s: Optical systems

2020s: Automotive industry?

1970s: Automotive industry

1990s: Shipbuilding

2000s: Semi-conductors

Source: IMP³ROVE

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Identifying trends and challenges consists of strategic foresight towards developments …

Innovation initiation has altered over time

The complexity requires clusters to act via strategic foresight

Increasing attention towards **green** and **circular economic activities**

Growing **innovation complexity** goes **beyond** most companies' **technological capacity**

Increasing challenges to **stay** globally competitive for **member companies**

Increasingly **converging technologies**

Rising number of innovations is **created** through **combination** of different **technologies**/**industries**

Changing roles for **intellectual property** and **data protection**

Moving of processes towards **digital formats** and creation of **digital networks** across borders

Clusters are the partner for bridging competences and members capacity gaps

Strategic foresight tasks for clusters include being:

– **Equipped** with **state-of-the-art knowledge** on a regular base
– **Aware** about industry **needs**
– **Familiar** with **trend** and **development scenarios** for cluster-related technologies, value chains and needs

Knowledge generated from strategic foresight needs to be integrated into services

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Source: GIZ Cluster Development Guide 2021, IMP³ROVE

... and execution of an active change and innovation management

Strategic change and innovation management describes the **ability** and **will** to **derive** the **future from** the **future** and not from the past

When organizing an active change and innovation management, cluster managers should consider:

– Existence of **differences among members** such as **size;** especially with regard to **operationalization**, **structure** and **standardization** of innovation management

On **different levels**, **clusters** can **enforce** and **position themselves** as **active drivers** of **change and innovation management**

Level	Cluster-related positioning
Innovation strategy	Road mapping, portfolio analysis, international determination of position, cluster strategy, framework of SME strategy
Internal conditions (innovation culture)	Advanced training options, connection of industry and research, working groups, innovation labs, open innovation arenas
Operative innovation management	Strengthen contacts with cooperation partners, innovation matchmaking, technology transfer
External conditions	Joint purchasing platforms, recruitment of qualified personnel, contact with public authorities and multipliers
Transfer of results	Common brands or processes, innovation packages

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Source: GIZ Cluster Development Guide 2021, IMP³ROVE

Tool utilization: It is crucial to address relevant macro-environ-mental factors in a structured way

Understanding external influences (PESTEL analysis incl. examples)

Political	– Tax policy, labor law, environmental law, trade restrictions, tariffs, political stability – Goods and services which the government wants (merit goods) and those that the government does not want to be provided (demerit goods) – Influence on the health, education, and infrastructure of a nation
Economic	– Economic growth, interest rates, exchange rates, inflation rate
Social/ cultural	– Cultural aspects, health consciousness, population growth rate, age distribution, career attitudes and emphasis on safety
Technological	– Ecological and environmental aspects, such as R&D activity, automation, technology incentives and the rate of technological change
Environmental	– Weather, climate, and climate change
Legal	– Discrimination law, consumer law, antitrust law, employment law, health and safety law

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Source: IMP³ROVE

Talking about trends (examples)

Online retail

Price, followed by promotion and delivery at low/ no cost are the top choices for consumers to choose online FMCG retailers (source: Kantar)

Animal wellbeing

>50% of German consumers are looking at the animal welfare label when buying groceries (source: BMEL)

Automotive industry

Self-driving vehicles will disrupt the business of at least one-third of industries in the developed world (source: Gartner)

Food industry

~15% of grocery products in Denmark are labeled as organic, making it the top market in Europe (source: Statista)

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Source: BMEL (2021), Gartner (2022), Kantar (2022), Statista (2022)

Present movements on challenges and trends in sustainability, digitalization and resilience

Sustainability

51% of consumers say environmental sustainability is more important to them today than last year –
49% say they've **paid a premium for sustainable products**
(source: IBM)

Total **global capacity and production of renewable energy doubled** throughout the last 8 years, especially **hydropower gains importance** (accounts for 16% of total global energy use)
(source: IRENA)

Digitalization

The execution of a holistic digital transformation is a **top-priority for 56% of global companies** with investments in digital transformation expected to **quadruple to 6.8 Trillion $ by 2023**
(source: Statista, Flexera)

Artificial Intelligence is one of future's mega-trends as **61% of employees say AI helps to improve work productivity**
And **54% of organizations report an improved decision process** as a result of AI implementation
(source: SnapLogic, Addepto)

Resilience

The Covid-Crisis drastically **changed the labour environment** putting jobs at risk and shifting skills needed with as many as **25% more workers forced to switch occupations** than before the pandemic (source: Bloomberg)

Recent international conflicts in addition to the highest inflation in 30 years led **to energy price rises of more than 100% compared to 2021** and are thereby affecting almost all international economies (source: Statista)

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Sources: Addepto (2022), Bloomberg (2021), Flexera (2021), IBM (2022), IRENA (2022), SnapLogic (2021), Statista (2022)

Coffee Break

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Step 2: Member and cluster needs

Identifying key cluster members and attributing attention to their demands assists in a "need relevance analysis"

Identifying key members and their corresponding needs

Not every member has the same relevance to the cluster.

Hence, it is important to:

1 **Identify key members**

2 **Identify needs of key members**

3 **Attribute a higher relevance to key members' needs in a following analysis**

Rank members according to importance and identify needs

Name of member	Importance to cluster	Top needs	(Potential) measures to keep member engaged
Member A	High	– Joint procurement via cluster – Filling knowledge gaps on product innovation – …	– Inform member on all purposeful joint procurement actions – Launch trainings on product innovation – …
Member B	Medium	– …	– …
Member C	Low	– …	– …
…	…	…	…

Identifying importance of members

Identifying member **importance depends on** the assessment of the corresponding **cluster managers** as the **cluster's individual environment ought to be considered**. Exemplary components to consider and weight accordingly are:

– Amount of membership fees, company/ organization size, member level of activity

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Source: IMP³ROVE

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Being capable of grouping member needs and deriving service-optimizing actions supports in gaining commitment

Relevance of understanding cluster members' needs

Cluster understands needs of key members and can prioritize them in their work
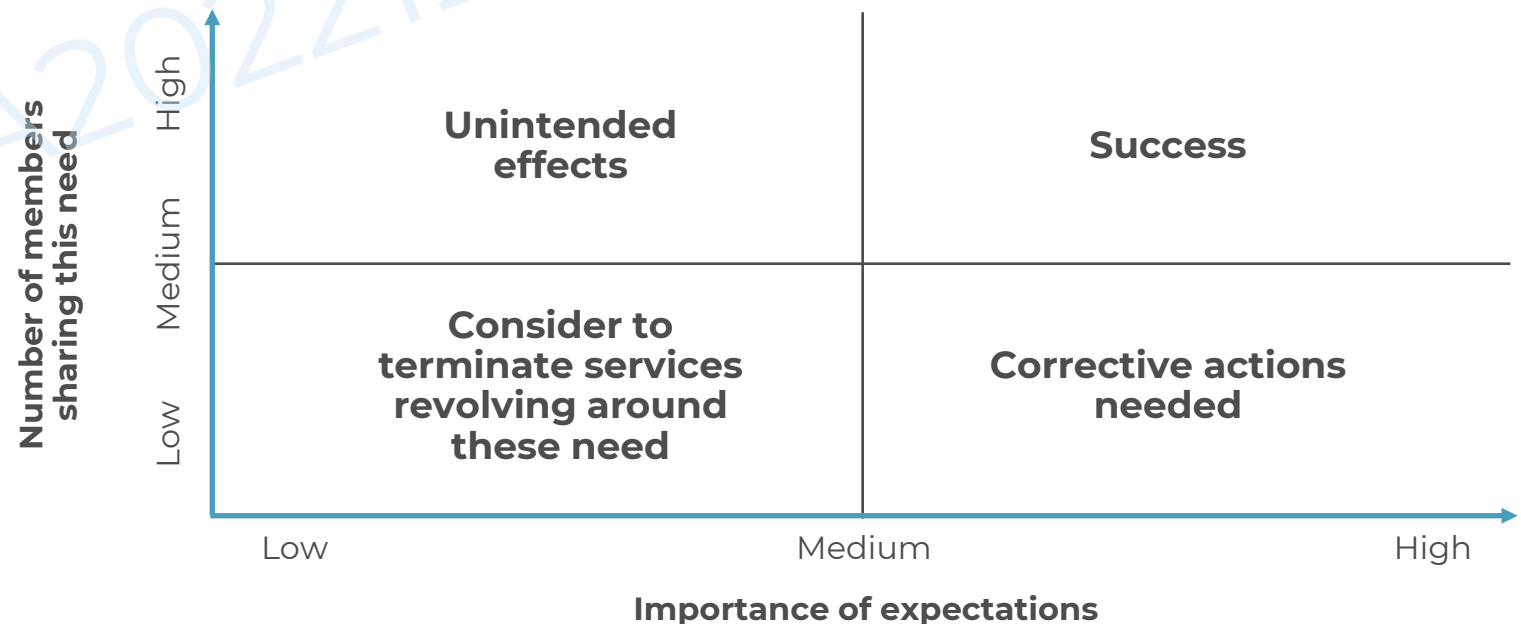
leading to

Remaining commitment of members over time and throughout cluster development processes

Prioritizing the members' needs

Not every **need** has the **same importance to cluster members,** and these may **vary** among members

– **Ranking format** can **assist** in **identifying most relevant** and **shared needs**

	Number of members sharing this need	Low	Medium	High

Matrix:
- **High** / Low–Medium importance: **Unintended effects**
- **High** / High importance: **Success**
- **Low–Medium** / Low–Medium importance: **Consider to terminate services revolving around these need**
- **Low–Medium** / High importance: **Corrective actions needed**

X-axis (Low – Medium – High): **Importance of expectations**

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We conducted a survey on the most relevant needs among clusters

The survey covered topics on the following:

Cluster Management Skills

European growth model priorities (identified by EU commission):

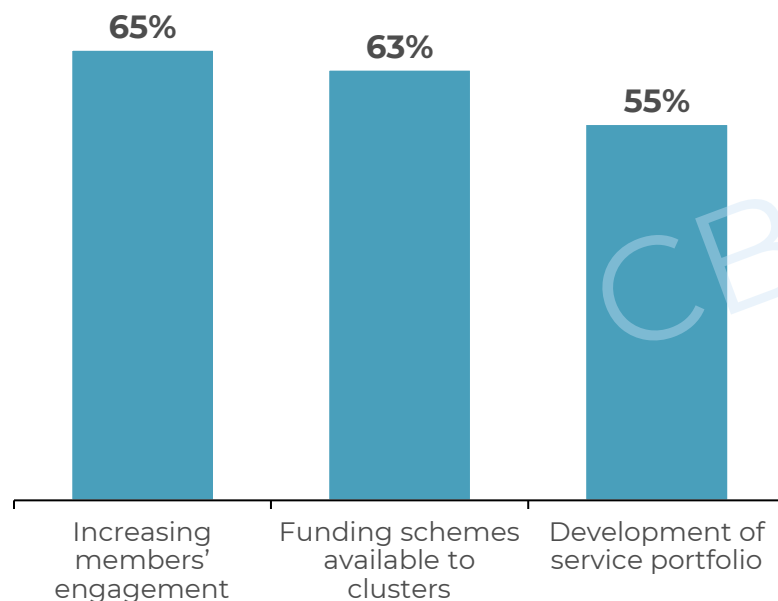**Digitalization-, Sustainability-, & Resilience Related Skills**

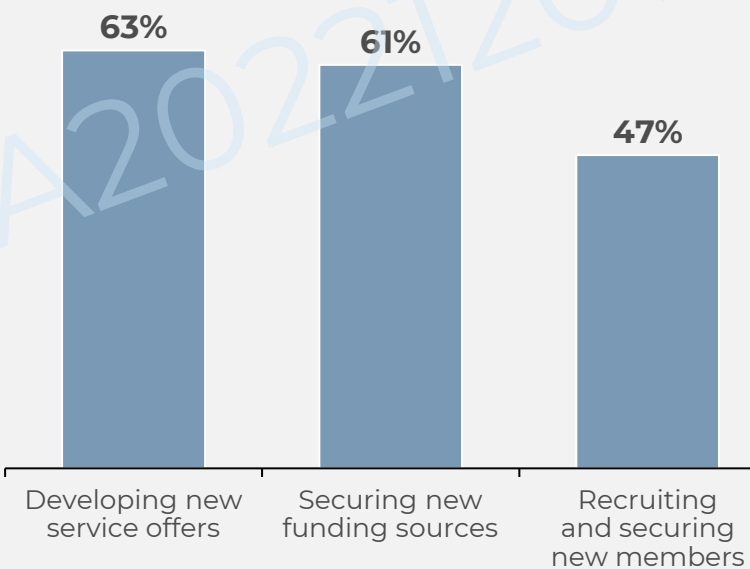An initiative of the European Union

Source: IMP³ROVE

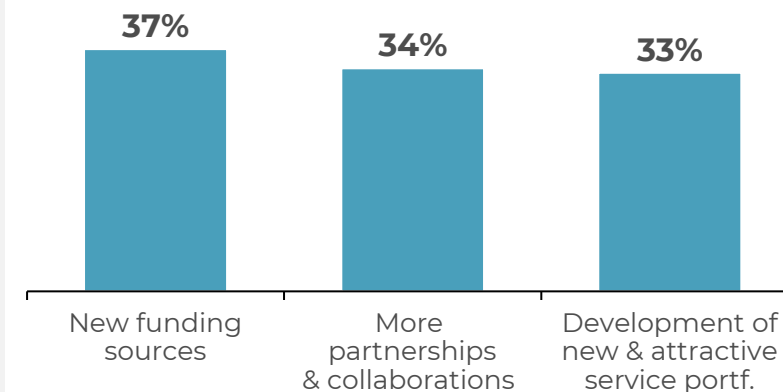# The survey on mgmt. skills shows that the most relevant topics center on member engagement, services and funding

Key mgmt. skills clusters would like to expand

65%	63%	55%
Increasing members' engagement	Funding schemes available to clusters	Development of service portfolio

Key challenges faced in 2022

63%	61%	47%
Developing new service offers	Securing new funding sources	Recruiting and securing new members

Top strategic priorities clusters want to achieve

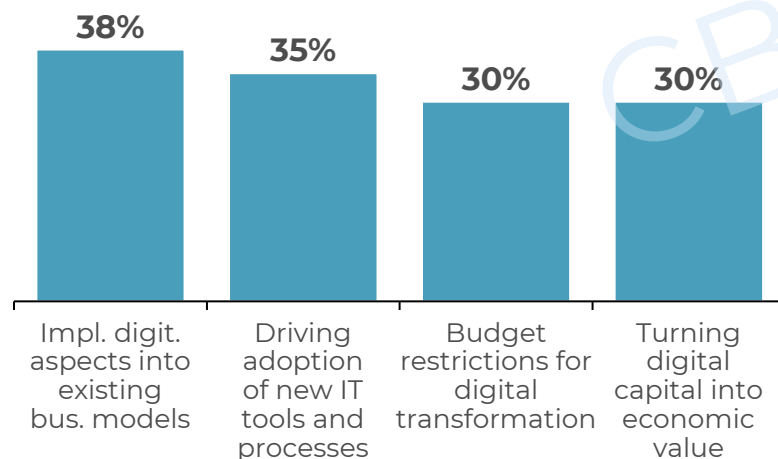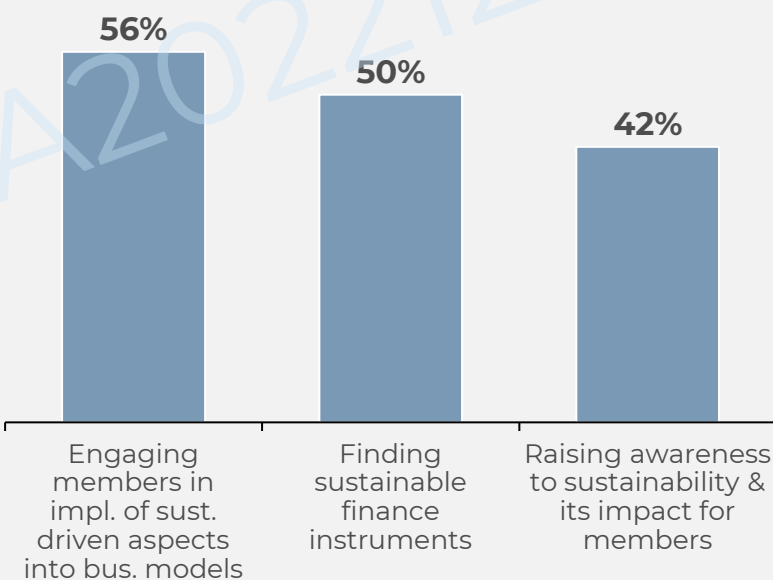|		
37%	34%	33%
New funding sources	More partnerships & collaborations	Development of new & attractive service portf.

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Source: IMP³ROVE

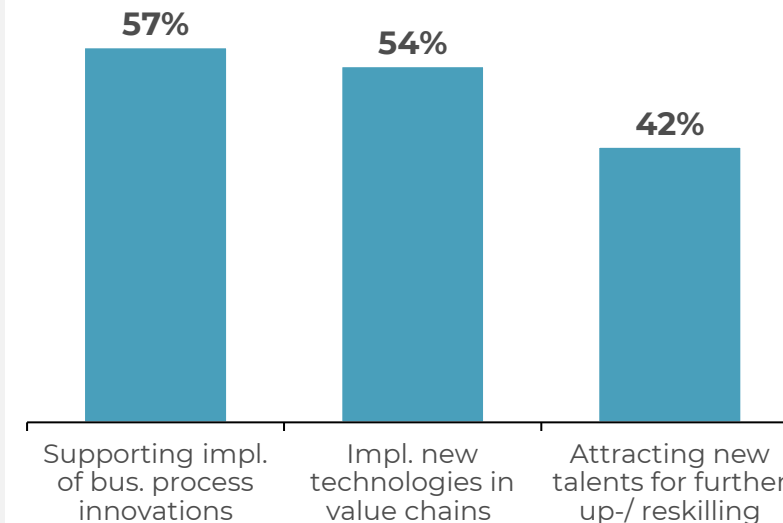# The survey on the European growth model priorities shows a variety of challenges within the three focused fields

Main challenges digitalization

Main challenges green transformation

Main challenges strengthening resilience

Main challenges digitalization
- Impl. digit. aspects into existing bus. models — 38%
- Driving adoption of new IT tools and processes — 35%
- Budget restrictions for digital transformation — 30%
- Turning digital capital into economic value — 30%

Main challenges green transformation
- Engaging members in impl. of sust. driven aspects into bus. models — 56%
- Finding sustainable finance instruments — 50%
- Raising awareness to sustainability & its impact for members — 42%

Main challenges strengthening resilience
- Supporting impl. of bus. process innovations — 57%
- Impl. new technologies in value chains — 54%
- Attracting new talents for further up-/ reskilling — 42%

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Source: IMP³ROVE

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Self-reflection & break-out room (40 minutes)

Which current trends are striking for your cluster and members?
(10 minutes individual reflection)

What kind of needs could result from those trends?
(20 minutes break-out room)

Categorize needs into need matrix
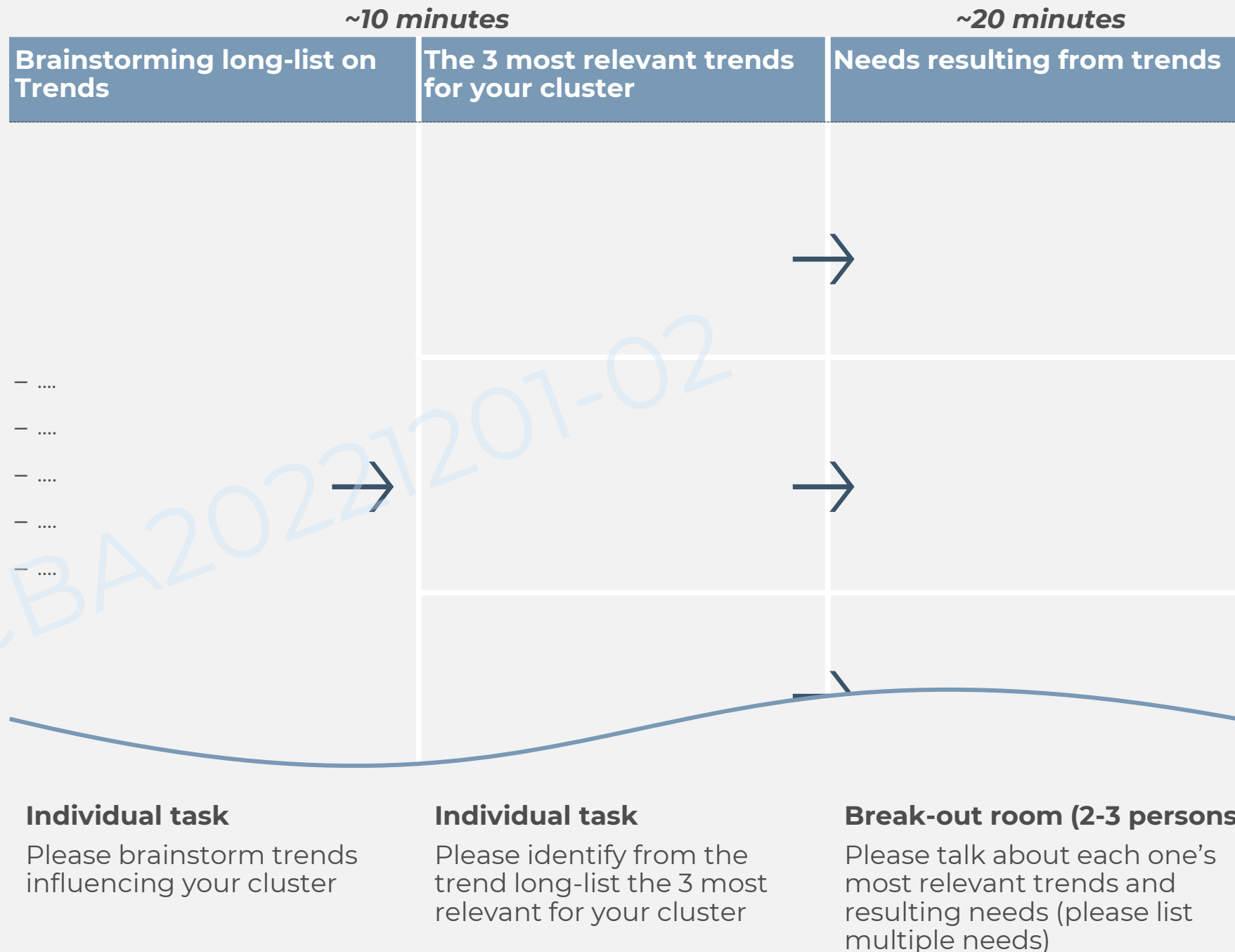(5 minutes individual reflection)

Self-reflection and break-out session: working template

Break-out room discussion with other cluster managers is supposed to provide you with potential out of the box thinking.

Best-practice for break-out room:

– Each one briefly introduces their cluster (max. 1 min.)

– Starting cluster manager illuminates the top three trends identified for the cluster and debates with the other participants on the needs that could result from these trends (split remaining time evenly)

	~10 minutes		~20 minutes
	Brainstorming long-list on Trends	**The 3 most relevant trends for your cluster**	**Needs resulting from trends**
	– ….		
	– ….		
	– ….		
	– ….		
	– ….		
	Individual task	**Individual task**	**Break-out room (2-3 persons)**
	Please brainstorm trends influencing your cluster	Please identify from the trend long-list the 3 most relevant for your cluster	Please talk about each one's most relevant trends and resulting needs (please list multiple needs)

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Source: IMP³ROVE

Self-reflection and break-out session: working template (5 minutes)

Prioritizing needs

Please **reflect** on the **identified trends** and **specifically** the **needs**…

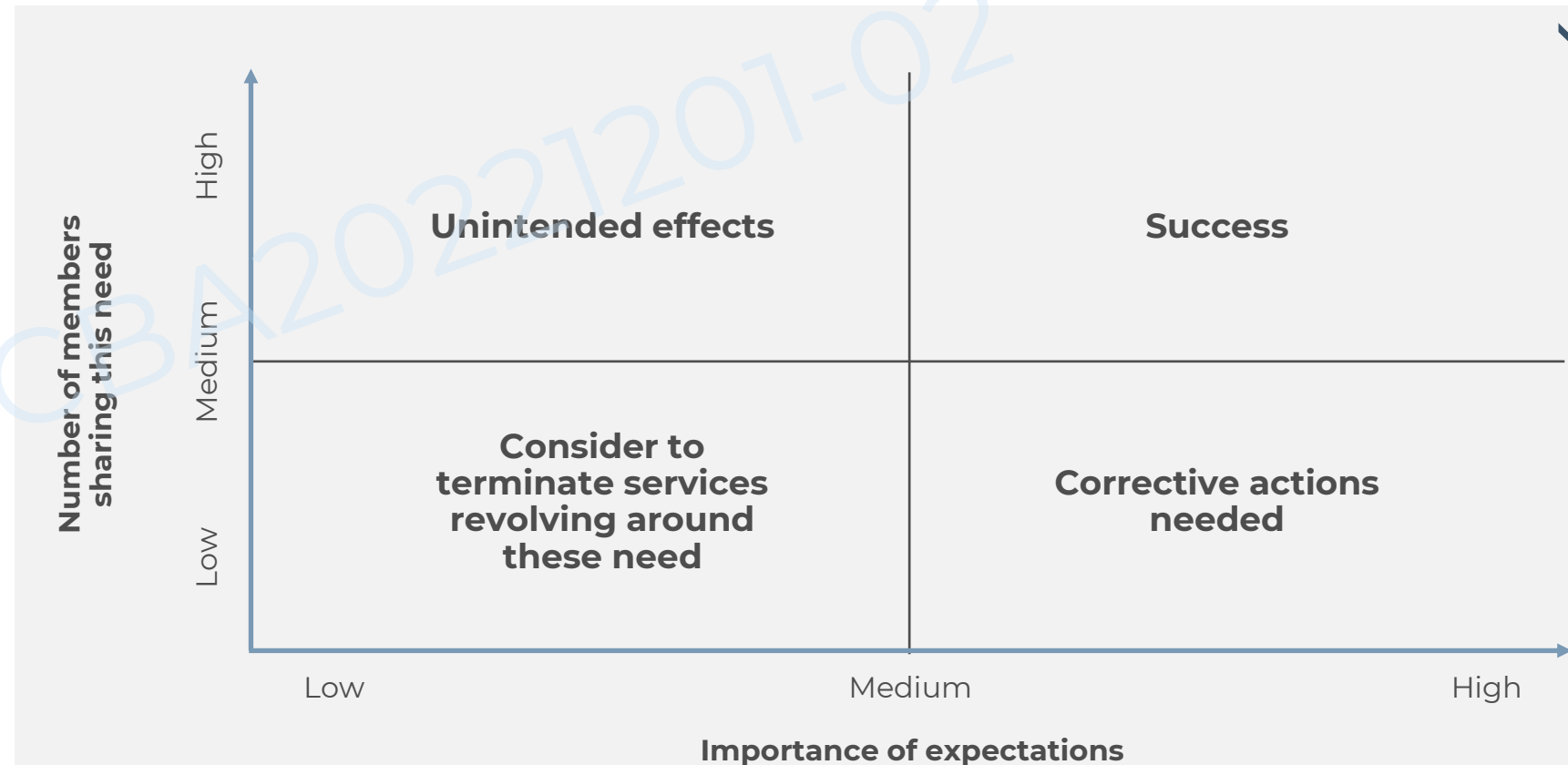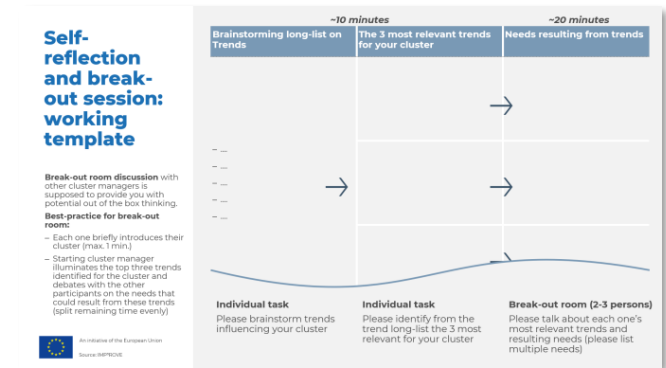… subsequently, **categorize** the three **identified needs into** the **matrix** below

Please exchange the word placeholder by your identified and need and categorize it into the matrix

● Placeholder

● Placeholder

● Placeholder

Matrix axes:
- Vertical axis: **Number of members sharing this need** (Low, Medium, High)
- Horizontal axis: **Importance of expectations** (Low, Medium, High)

Quadrants:
- Top-left: **Unintended effects**
- Top-right: **Success**
- Bottom-left: **Consider to terminate services revolving around these need**
- Bottom-right: **Corrective actions needed**

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Step 3: Vision, mission, objectives

To be capable of developing a cluster strategy, the vision, mission and objectives must be set

Vision & Mission

+

Objective Setting
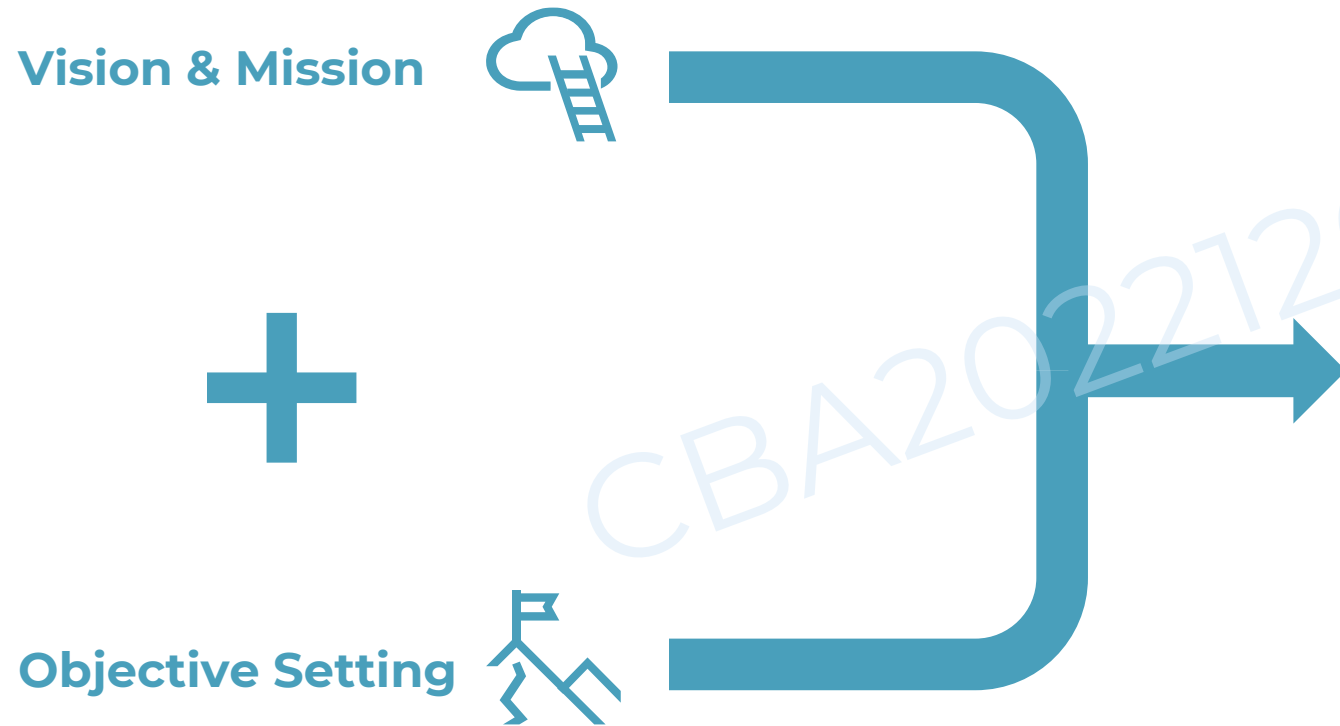
The development of cluster strategies requires:

— **Definition** & **understanding** where the cluster **wants to go (vision)** and what the it desires to **stand for (mission)**

— Defined **objectives** which are **precise, measurable** and **leave room** for future **transformations** and **evolvements** within the cluster

Source: IMP³ROVE

Vision and mission are general principles that define what the cluster stands for and where it wants to go

	Vision	Mission
Definition	"The dream"	"The what and why"
Description	Defines the optimal desired future state of what a cluster wants to achieve over time	Defines the cluster's business, its objectives and its approach to reach those objectives
Timing	Developed first	Developed only when the vision is available

Purpose

Internal
- **Guide management's thinking** on strategic issues
- Help **define performance** standards
- Guide **employee decision making**
- Help establish a **framework for ethical behavior**

External
- Create **closer linkages and better communication** with members
- Promote **external support**

Success Factors

- **Understood and shared by all** employees and potentially members
- Broad enough to **encompass a variety of perspectives**
- **Easy to communicate** to a broad audience
- **Inspiring** and uplifting
- **Concise and inclusive** for clear understanding
- May be **"action-oriented"** or **"outcome-oriented"**

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Source: IMP³ROVE

Depending on strengths and desires, all types of organizations define visions and missions for themselves

Visions

Missions
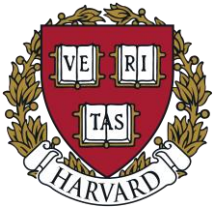
"… to educate the citizens and citizen-leaders for our society. We do this through our commitment to the transformative power of a liberal arts and sciences education."

"… to set the standard for residential liberal arts and sciences education. We have committed to creating and sustaining the conditions that enable all Harvard College students to experience an unparalleled educational journey that is intellectually, socially, and personally transformative."

".. to accelerate the world's transition to sustainable energy."

"… to create the most compelling car company of the 21st century by driving the world's transition to electric vehicles."

"… to position the ACE as a benchmark for Basque businesses in the energy sector, leveraging its ability to revitalize partnerships and promote the visibility of the sector both locally and internationally."

"… to improve competitiveness in the Basque energy sector, particularly in SMEs, by means of inter-company cooperation and public-private partnerships. With this in mind, the Cluster brings added value to its members in the fields of technology, internationalization, talent, innovation and sustainability."

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Source: IMP³ROVE

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It is essential for cluster managers to comprehend how objectives are set and what follows from them

Management by Objectives

Clear objectives are essential for:

– Universal understanding of upcoming tasks and work

– Preparing and executing measures

Trusting and ***transparent collaboration*** *within clusters* ***builds on*** *a clear* ***objective setting*** *process*

Cluster managers ought to consider the following when setting objectives:

1 **Objective setting** is an **integer part** prior to **strategy** development

Objectives should be:

2
– **Formulated** and noted down **precisely**

– **Not** too **broad** (ensuring cluster specialization opportunities)

– **Measurable** and **analyzable**

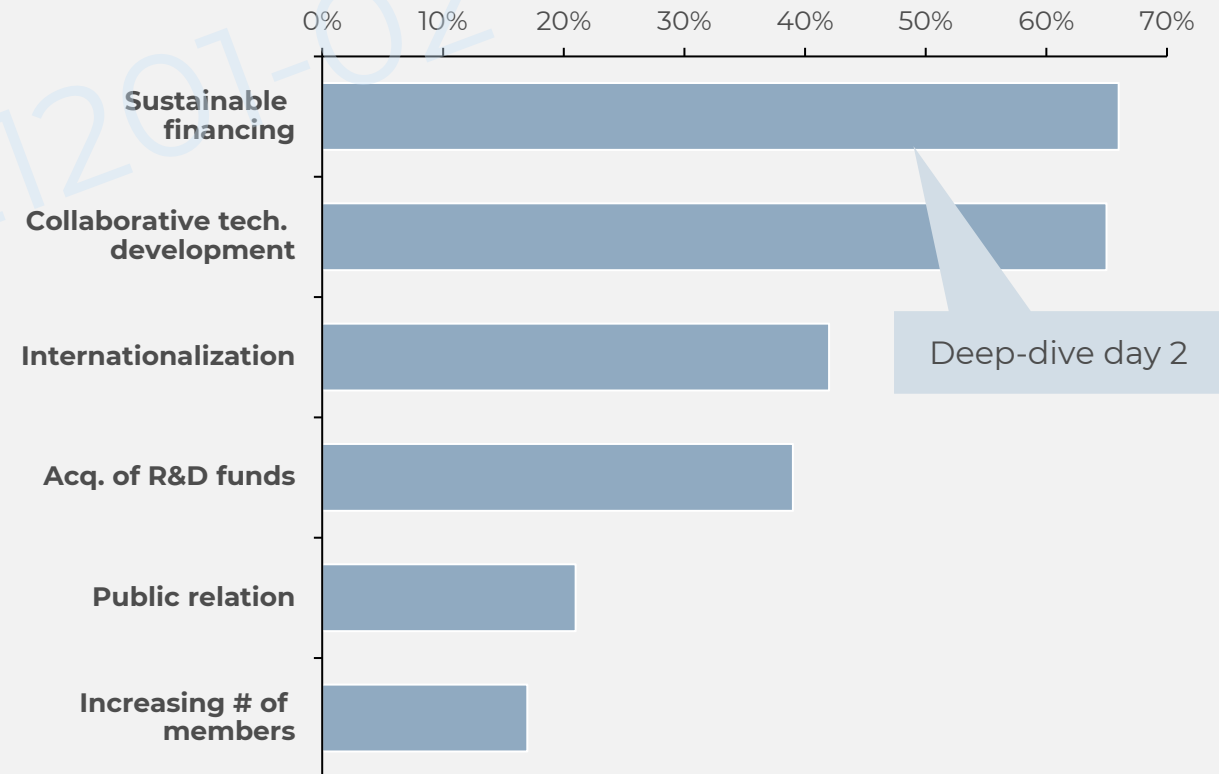**3** **Open** room for cluster **transformation** and **evolvement**

Source: GIZ Cluster Development Guide 2021,

Once a cluster has defined a role for itself, specific objectives can be scoped

Typical objectives cluster services (exemplary)

Promoting alliances

Collective marketing

Export promotion and new market development

Joint procurement/ sourcing

Training/ skill development

Leveraging member synergy potentials/ economies of scale

Lobbying

Promoting innovation

...

Typical objectives internal cluster organization (survey)

	0%	10%	20%	30%	40%	50%	60%	70%
Sustainable financing								
Collaborative tech. development								
Internationalization						Deep-dive day 2		
Acq. of R&D funds								
Public relation								
Increasing # of members								

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Source: GIZ Cluster Development Guide 2021, Institute for Innovation and Technology Berlin 2009, IMP³ROVE

Self-reflection & group discussion (30 minutes)

What could be the mission, vision and objectives of my cluster?

20 minutes individual work

10 minutes sharing of results in main room

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Source: IMP³ROVE

Self-reflection and break-out session: working template

Please reflect 1 minute on your trend analysis

....

Subsequently move on and think about your clusters vision, mission and objectives

Vision

Please define the optimal desired state of what your cluster wants to achieve in the next decade....

Mission

Please define the way you want to do business and the process to reach your vision/ targets....

Objectives

Please name the most important service and internal objectives for your cluster....

Step 4: Competency assessment

Developing or being aware of core competences yields several advantages for clusters

Relevance of core competences

Core competences are…

1 … Giving clusters the opportunity to **better allocate resources**

2 … Helping in **developing a specific image/ brand** and **presence** among members or within the "cluster universe" (something the cluster is known for)

3 … Leading to **commitment** among cluster members – key skills members can rely on

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Source: IMP³ROVE

By using a SWOT-matrix, clusters can conduct a status-quo analysis of their competences

SWOT analysis

An analysis of a cluster's **strengths, weaknesses, opportunities and threats (SWOT)** enables managers to **determine** an **accurate status-quo** and **derive competency action fields**

What are your cluster's **Strengths?**	What are your cluster's **Weaknesses?**
What are **Opportunities** for your cluster?	What are **Threats** for your cluster?

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Source: IMP³ROVE

Case – SWOT analysis: Automotive supplier cluster

SWOT analysis example

Strengths

– Strong regarding number and diversity of members (mix between family businesses, large players, startups)

– Members' known for cutting edge technology

– Good ties and collaborations between companies and R&D facilities (universities or other research institutes)

– Joint business activities between members (e.g., frequently joint procurement actions via cluster management)

– Strong ties to cluster management and commitment to organization (all members are somehow active)

Weaknesses

– Strong dependence on OEMs, high fraction of cluster members depend on foreign OEMs

– Clear focus of members lies on automotive; only very few serve other related industries (e.g., aviation industry)

– Competition among several members hinders cluster development; further competition expected due to horizontal expansion plans by multiple members

– New members within cluster occasionally face issues integrating themselves (missing support by other members and time issue among cluster managers)

Opportunities

– Cluster members' business focus frequently lies in assistance systems; positive impact expected by e-mobility shift

– Technological capabilities within members yields high potential to adapt products to other related industries

– Supply chain issues can be used to establish a new procurement network independent from China

Threats

– China's zero covid strategy causes supply chain issues and numerous members cannot serve demand (risk of being substituted)

– Increasing tensions between China and Taiwan may cause further supply issues in the future (multiple members' technology is dependent on microchips from Taiwan)

– Global competition heats up; specifically Korean automotive supplier are catching up technology-wise

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Source: IMP³ROVE

Clusters should develop competences in multiple fields to act as an effective partner for all its members

Fields of competences to develop:

Technical knowledge (e.g., sector/ industry/ market knowledge, tech. expertise)

Methodological skills (e.g., project mgmt. tools, communication/ PR/ moderation, intercultural competence)

Strategic management skills (e.g., consultancy know-how, strategy development, modeling, leadership)

Process management & controlling skills (e.g., financial modelling, quality mgmt. tools)

Knowledge on cluster-related policies and funding programs (e.g., regional policies, subsidies, promotion programs)

Language skills (e.g., business English)

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Source: GIZ Cluster Development Guide 2021, IMP³ROVE

Core competences are defined as areas of high capability which are important for keeping the competitiveness

Competence Matrix

Very high

Improve competence level

Core competence:
Exploit competence level and maintain

Importance for competitiveness

Do nothing

Minimize investment or raise importance

Very low

Very low

Competence level
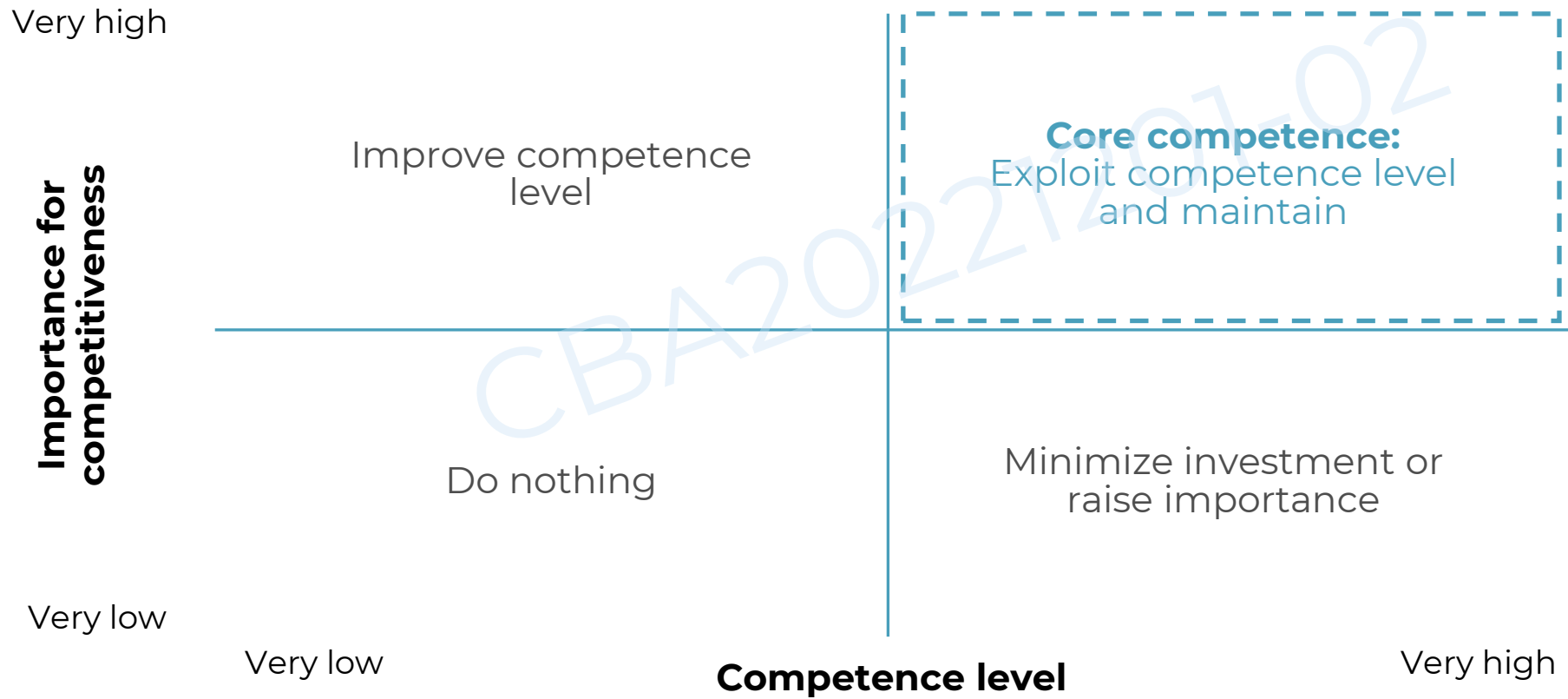
Very high

By utilizing the "Competence Matrix", **skills** within a cluster **can be mapped into four levels**

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Source: IMP³ROVE

Case – Competence Matrix: Glass production cluster

Exemplary

Competence Matrix

competences to assess (simplified)

Very high

Improve competence level

Core competence: maintain competence level and exploit

Importance for competitiveness

Do nothing

Minimize investment *or* raise importance

Very low

Very low

Competence level

Very high

- Technology knowledge
- Brand reputation
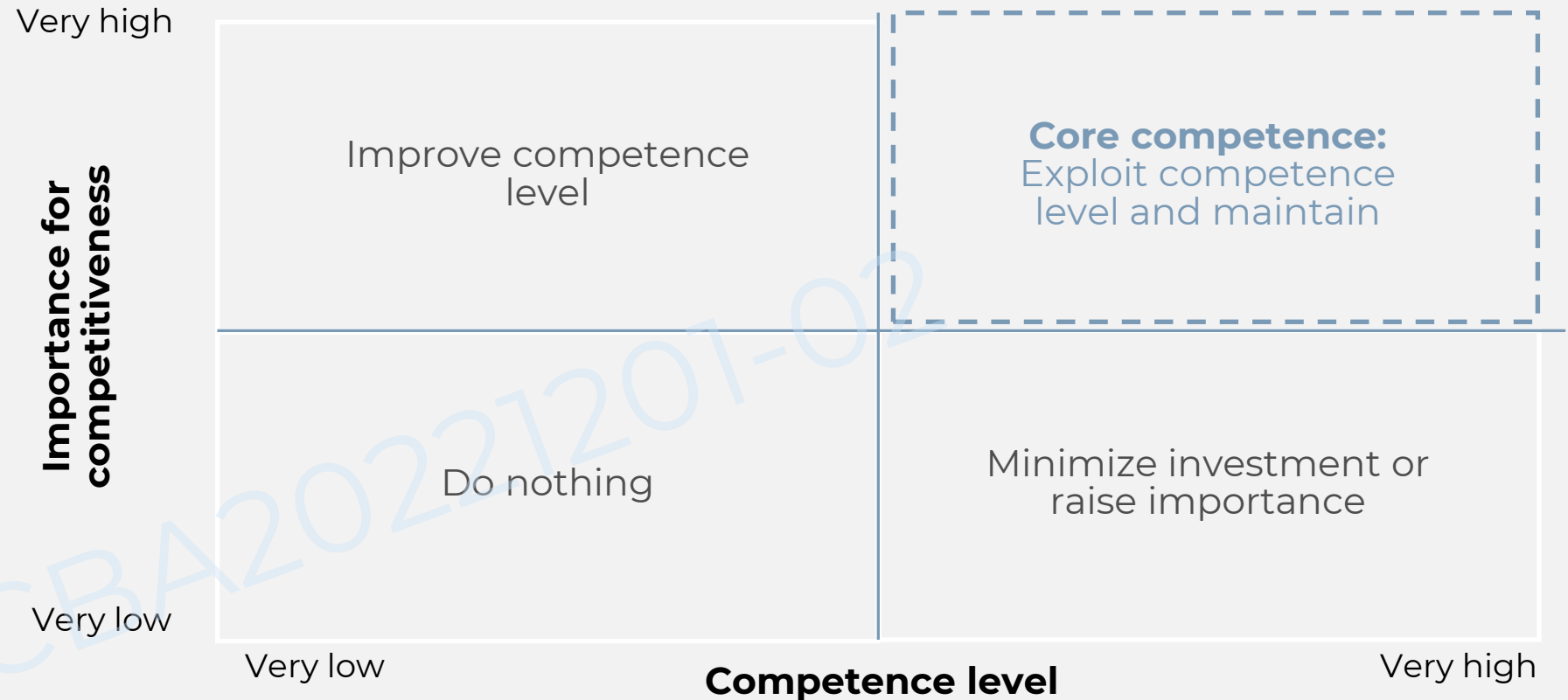- Flexible supplier structure
- Market flexibility
- Market knowledge

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Source: IMP³ROVE

Preview preparation physical training: competence matrix

Competence Matrix

Very high

Importance for competitiveness

Improve competence level

Core competence: Exploit competence level and maintain

Do nothing

Minimize investment or raise importance

Very low

Very low → **Competence level** → **Very high**

Preview: Work in between online and physical training

Please keep the competence matrix in mind as determining the position of your competences will be an integer part of the preparation for the physical training in 2023.

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Self-reflection (20 minutes)

Part 1/ 2

Please conduct a SWOT analysis on your cluster
(20 minutes)

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Source: IMP³ROVE

Self-reflection: working template

Part 1/ 2

Please use this template to list your cluster's strengths, weaknesses, opportunities and threats

SWOT analysis

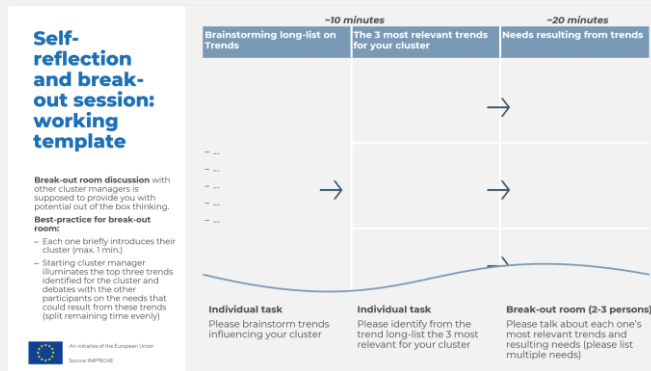| Strengths?	Weaknesses?
Opportunities?	Threats?

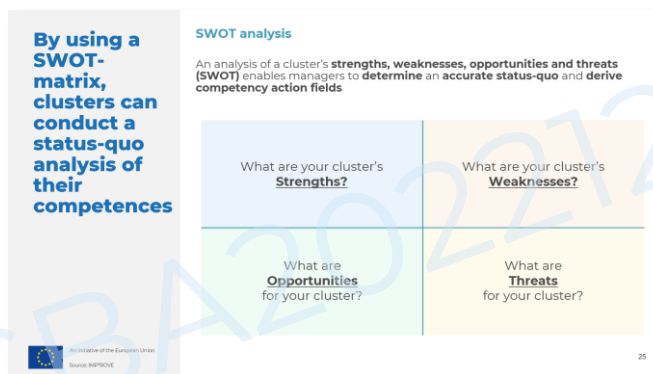An initiative of the European Union

Source: IMP³ROVE

Self-reflection (20 minutes)

Part 2/ 2

Focus field: utilizing your strengths

Do you remember your trends and needs analysis?

The SWOT analysis helps in identifying competences

Please reflect on the following:

How can your strengths assist in solving the members' needs?

What competencies would you like to develop to solve the needs?

Self-reflection: working template

Part 2/ 2

t trends cluster	Needs resulting from trends	Strengths (you have) that help you in solving that need	Strengths (you want to develop) to help overcome threats, weaknesses	Strengths (you want to develop) based on opportunities
–	–	–	–	
–	–	–		
–	–	–		

Content from step 2

Content to work on in this session

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Source: IMP³ROVE

Step 5: Service portfolio

Clusters can follow a structural five-step approach to map and assess the portfolio and update it according to member needs

Service portfolio update process

1 **Status-quo analysis**

– Listing services
– Identifying need-based fields among members

2 **Systematic inventory**

– Mapping of existing services (structural field allocation)
– Identifying of portfolio gaps based on members' needs

3 **Profitability**

– Evaluating profitability of existing services
– Comparing effort of services and expected recognition of cluster members (self-assessment)

4 **Member feedback**

– Setting up workshops with members
  – Capturing satisfaction with offered services and prioritizing member expectations
– Comparing self-assessment (step 3) with member feedback

5 **Update services in portfolio**

– Terminating or changing existing services (if necessary)
– Initiating new services (if necessary)
– Closing gaps according to profitability (step 3) and member feedback (step 4)
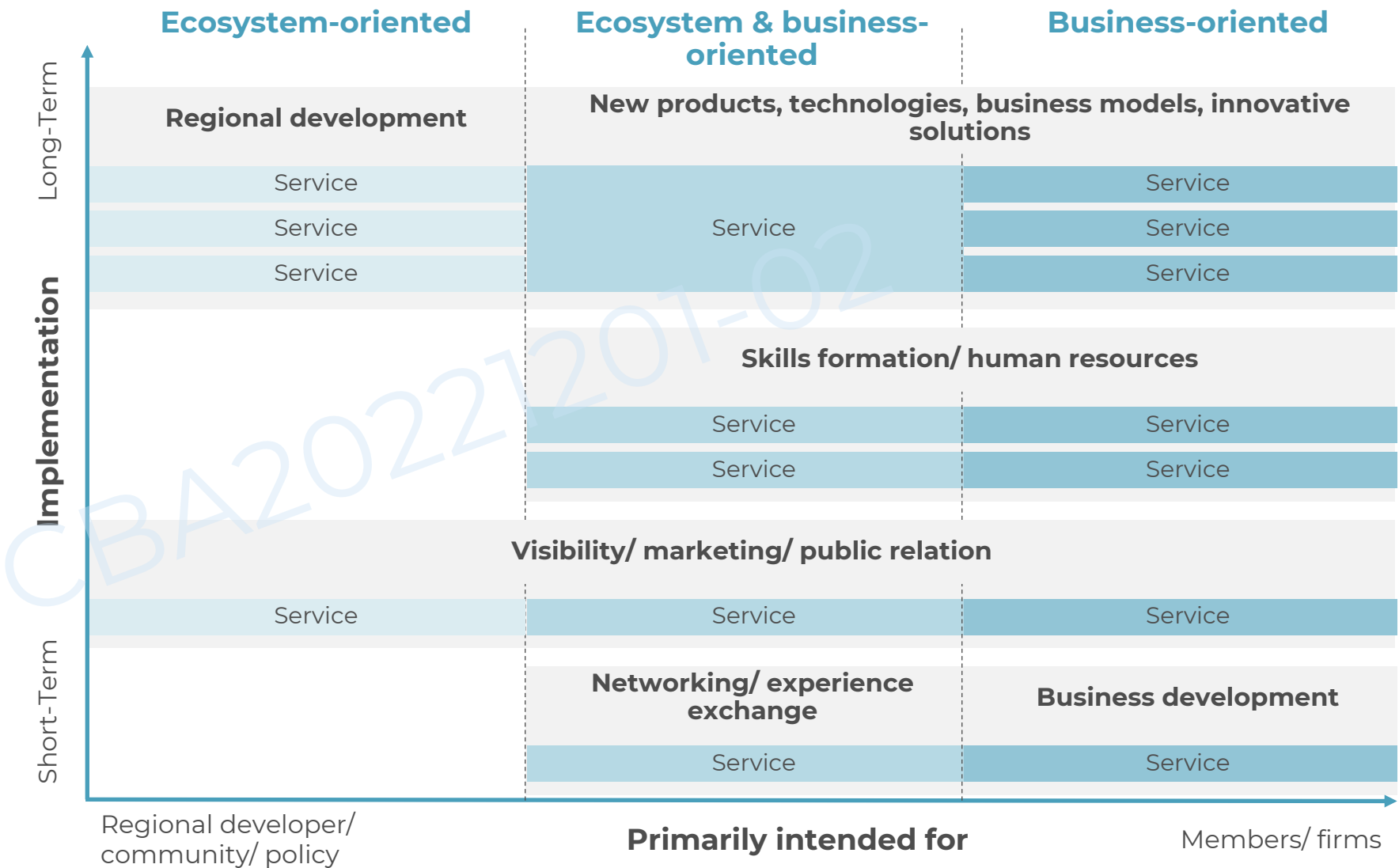
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Source: GIZ Cluster Development Guide 2021, IMP³ROVE

Existing services can be mapped and categorized via a dashboard, giving the cluster a systematic overview

Status-quo service mapping (exemplary)

	Ecosystem-oriented	Ecosystem & business-oriented	Business-oriented
Long-Term	**Regional development**	**New products, technologies, business models, innovative solutions**	
	Service		Service
	Service	Service	Service
	Service		Service
Implementation		**Skills formation/ human resources**	
		Service	Service
		Service	Service
		Visibility/ marketing/ public relation	
	Service	Service	Service
Short-Term		**Networking/ experience exchange**	**Business development**
		Service	Service

Regional developer/ community/ policy   **Primarily intended for**   Members/ firms

Source: GIZ Cluster Development Guide 2021, IMP³ROVE

Case example: A profitability analysis assists in making the right service portfolio adaption choices

Profitability portfolio analysis – example of an energy cluster in Germany in 2018

	Services
1	Company visits
2	Project mgmt.
3	Regional marketing
4	Tailor-made matching
5	Talent-pool
6	Trade fairs
7	On the spot
8	Innovation support measures
9	Product/ innovation development
10	User-supplier matching
11	Company visits
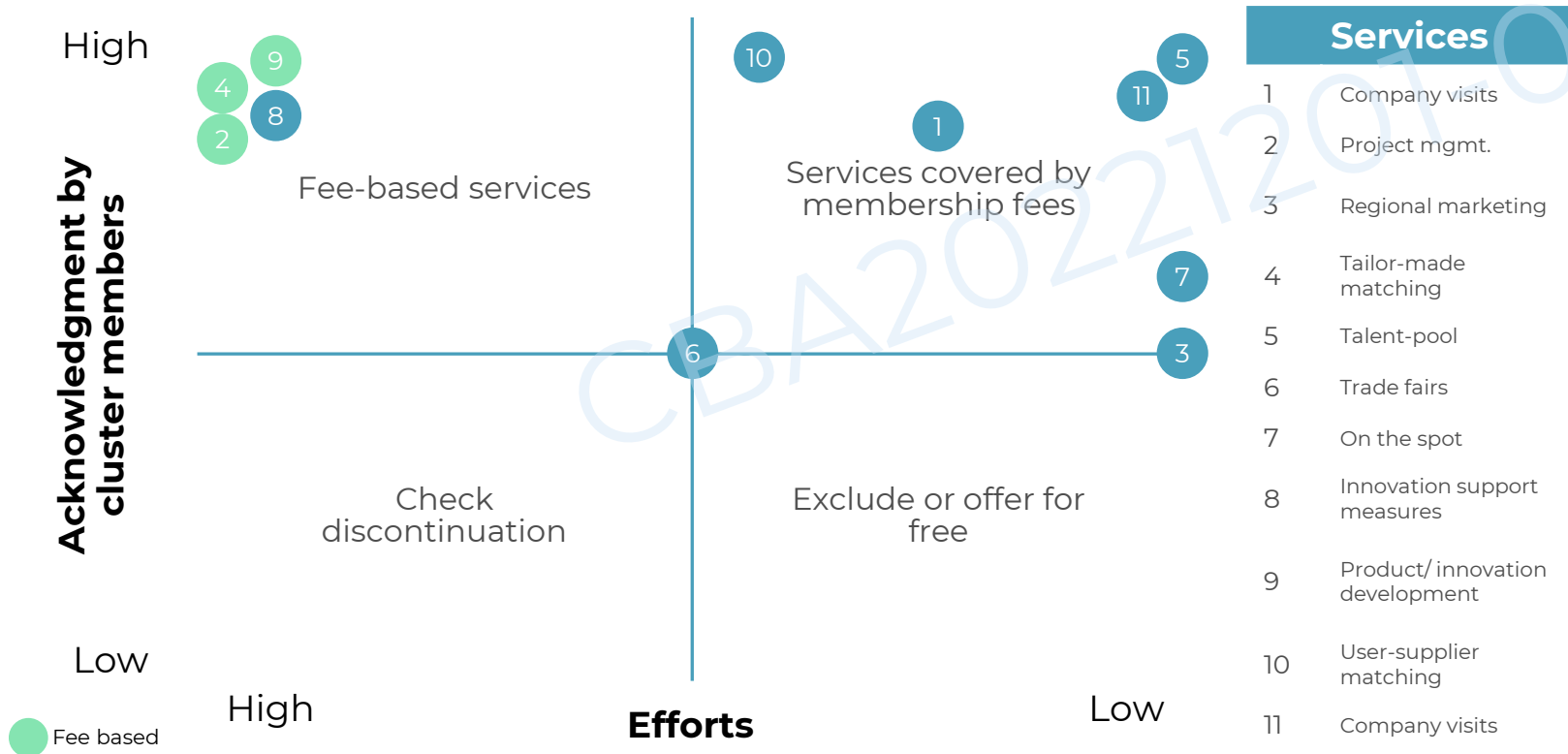
Background – results of analysis

Cluster managers **mapped** and **reviewed services** into **profitability matrix**:

Several **services** causing **high efforts** were included in **membership fees** → **Three services were turned into fee-based services**

Procedure

Expectation on service **effort** and **current satisfaction** level are **compared** in self- and member-assessment

– Enables **final validation** on service **priority** and **adaption** of **portfolio** on member needs

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Source: GIZ Cluster Development Guide 2021, IMP³ROVE

Best practice example: Developing new services (structured target setting) – Cluster Menara, Morocco

Needs-based vision

Set-up an **Innovation Technological Development Center for** the **agri-food** and **cosmetics sector** for the Menara cluster (80 members)

Objective

– **Creating** a **non-profit innovation center** delivering high-quality and non-technical services relevant to businesses and being moderate regarding costs

– **Offering** paid as well as subsidized **innovation services** enhancing financial and operational sustainability of members

– **Supporting product development**, strengthening **creation of new jobs** within members and companies associated with value chain

Desired outcomes

– (SMEs) **Creating innovative and competitive products** through technology transfer and access

– **Establishing links** between **cluster** members and **research/ academic community**

– **Preserving** existing **occupations** inside members and **shaping new jobs** driven through product development/ technological access

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Source: GIZ Cluster Development Guide 2021, IMP³ROVE

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Break-out room and presentation (50 minutes)

**Break-out room:
Please discuss your most unique services with peers?**
(30 minutes)

**Main room:

Please present the most interesting/ unique services gathered within the group discussion in the main room**
(20 minutes)

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Homework: Template

Please use this template for your homework – in the prioritization section, please state the services that you identify as the most unique ones

Long-list of services	Prioritize: The most unique services in your portfolio	Why are you proud of these services?
	– ….	→
– ….		
– ….		
– ….	– ….	→
– ….		
– ….		
	– ….	→

Break-out room: Template

Please use the content you have worked on as your homework

Please present the most unique services in your portfolio to break-out group

In the next step, please (as a group) use the template below to record the results and note down the most interesting services overall. Be ready to present these in the main-room later.

Homework: Template

Please use this template for your homework – in the prioritization section, please state the services that you identify as the most unique ones

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Source: IMP³ROVE

Long-list of unique services	Prioritize: The 3 most unique services gathered throughout your debate
— ….	— ….
— ….	
— ….	— ….
— ….	

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Source: IMP³ROVE

Self-reflection: service portfolio analysis (30 minutes)

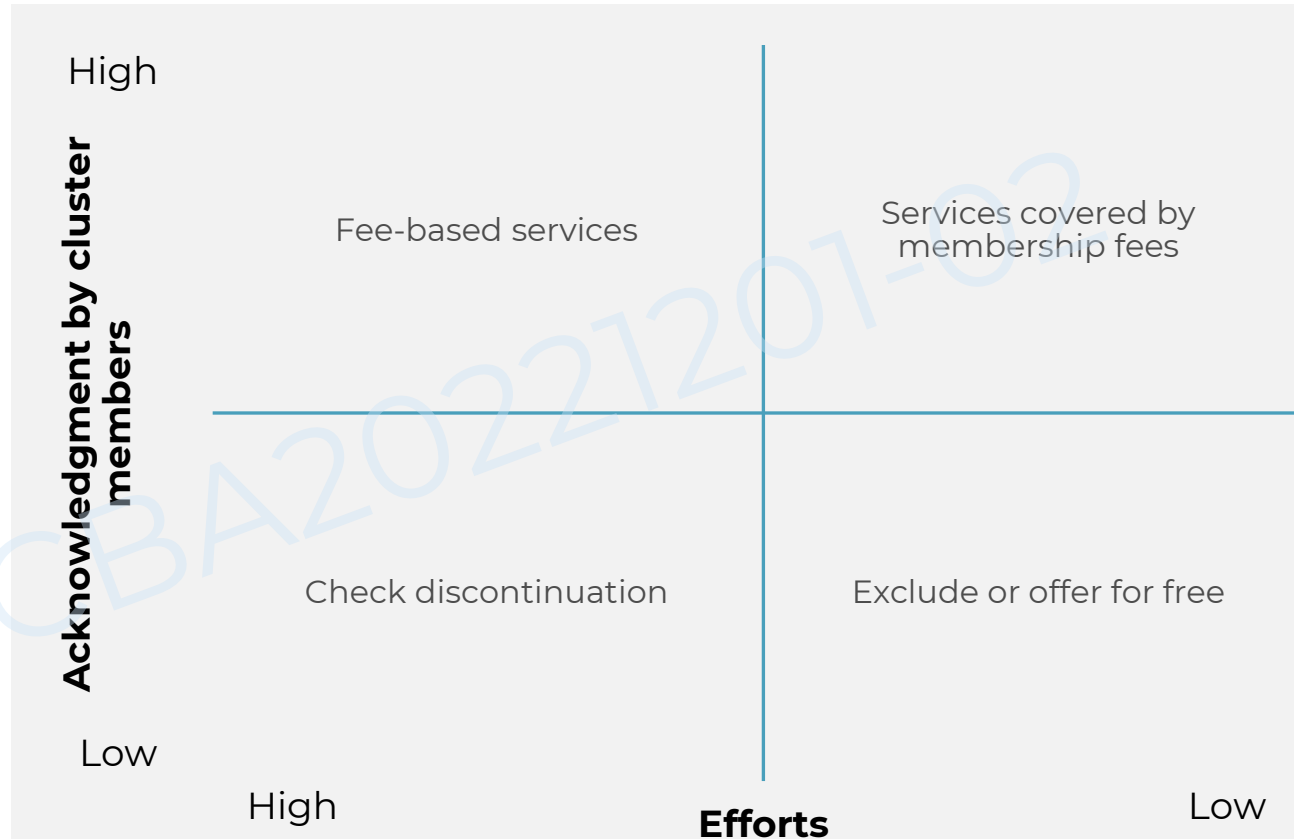**Please reflect on your service portfolio and categorize each service into the portfolio analysis matrix**

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Self-reflection: diagram template

Service Portfolio Analysis

A substantial part of the cluster strategy is the portfolio development. Mapping your service portfolio may help you in generate monetization ideas.

High

Acknowledgment by cluster members

Fee-based services

Services covered by membership fees

Check discontinuation

Exclude or offer for free

Low

High

Efforts

Low

Please **take** a **list** of **existing services** within your portfolio

Consider for each service the **effort** and **acknowledgement** by members

Categorize the **services** into the matrix

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Step 6: Communication strategy

The importance of communicating a brand: a cluster brand can yield several benefits for multiple stakeholders

Good branding creates long-term visibility

Developing a **brand** consists of **combining values and attributes** (e.g., USP, what to stand for, etc.)

– To **foster member commitment** and **consistency**, branding should be **in line with members**

Once brand is **developed**, **communication objectives** for target groups must be set to **guide choice of tools and timing**

Exemplary goals of branding:

– Strengthening **commitment** of members and **attracting new** ones

– Anchoring and establishing cluster **strategy**

– Increasing **visibility** beyond regional borders

– Fostering cross-cluster and border **collaboration**

Best practice example: Prosecco Cluster Italy

Background:

The Italian cluster of prosecco in Veneto, Italy is a self-contained ecosystem. The **local wine production** caused the **evolvement of many connected activities**.

Heterogenous actors are involved in the system and in 2003, the **area was recognized as the first sparkling wine district of Italy.**

Cluster positioning:

The **key focus of brand strategy** is the **region**. Brand value **focuses** on:

– **Quality of product** due to long tradition and certified labelling
– **Association** of the sparkling wine **with luxury, pleasure and well-being**
– **Regional link to heritage** (noble castles, landscapes and century long tradition in prosecco production)

Key message:

– **Relating** to **location** is for (some) clusters **reasonable to strengthen brand of members** (further win situation for local government)

– **Region-based branding** can **translate** into **strong commitment** of numerous stakeholders (e.g., members, public administration, inhabitants)

Final Q&A

Feedback

For further information please do not hesitate to contact:

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Cluster Booster Academy

Training Day 2

December 02, 2022

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Agenda Virtual Training (Day 2)

10.00 – 10.15	**Short recap day 1 and welcome day 2**
10.15 – 10.30	**Business Model:** Business model canvas introduction and explanation
10.30 – 11.00	***Self-reflection business model of my cluster:** defining business model canvas for own cluster*
11.00 – 11.30	**Inspiration: financing** (financing situation in clusters, financing risks and desired development)
11.30 – 12.30	***Keynote:** Speech on cluster business models*
12.30 – 13.30	Lunch break
13.30 – 14.10	***Self-reflection recap business model of my cluster:** desired business model in 5 years*
14.10 – 17.10	***Break-out session developing an action plan to advance and improve your current business model*** *– Establishing ideas for business model advancements and improvements* *– Pitching and further developing the ideas* *– Forming an action plan to validate the idea*
17.10 – 17.30	**Final Q&A, feedback and closing of the training**

■ Beginning/ Ending

■ Break

Italics Interactive session

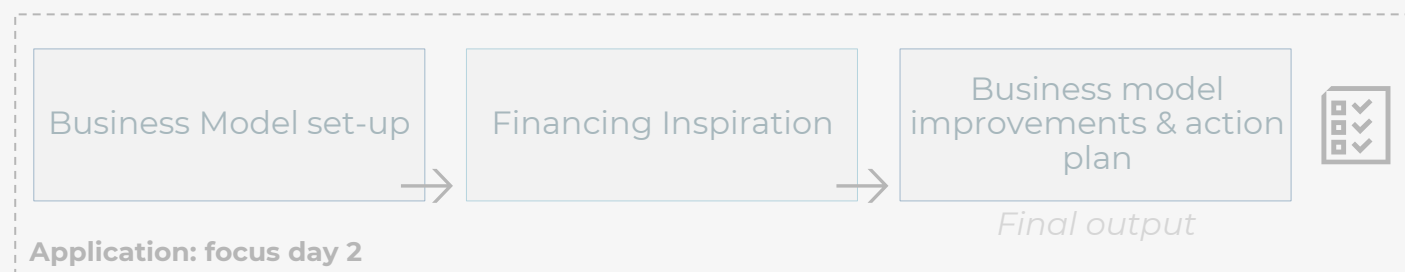An initiative of the European Union

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The training consists of a theory section followed by an interactive application part

Through **insights gathered** from **cluster strategy review**, *business model* advancements and expansions can be identified

■ Input factors

■ Output factors, facilitated as response to input factors

Training Theory

Theory focus: day 1

- 1 Trends
- 2 Member and cluster needs
- 3 Vision, mission, objectives
- 4 Competency assessment
- 5 Service Portfolio
- 6 Comm-unication

Cluster Strategy Review

Business Model set-up → Financing Inspiration → Business model improvements & action plan

Final output

Application: focus day 2

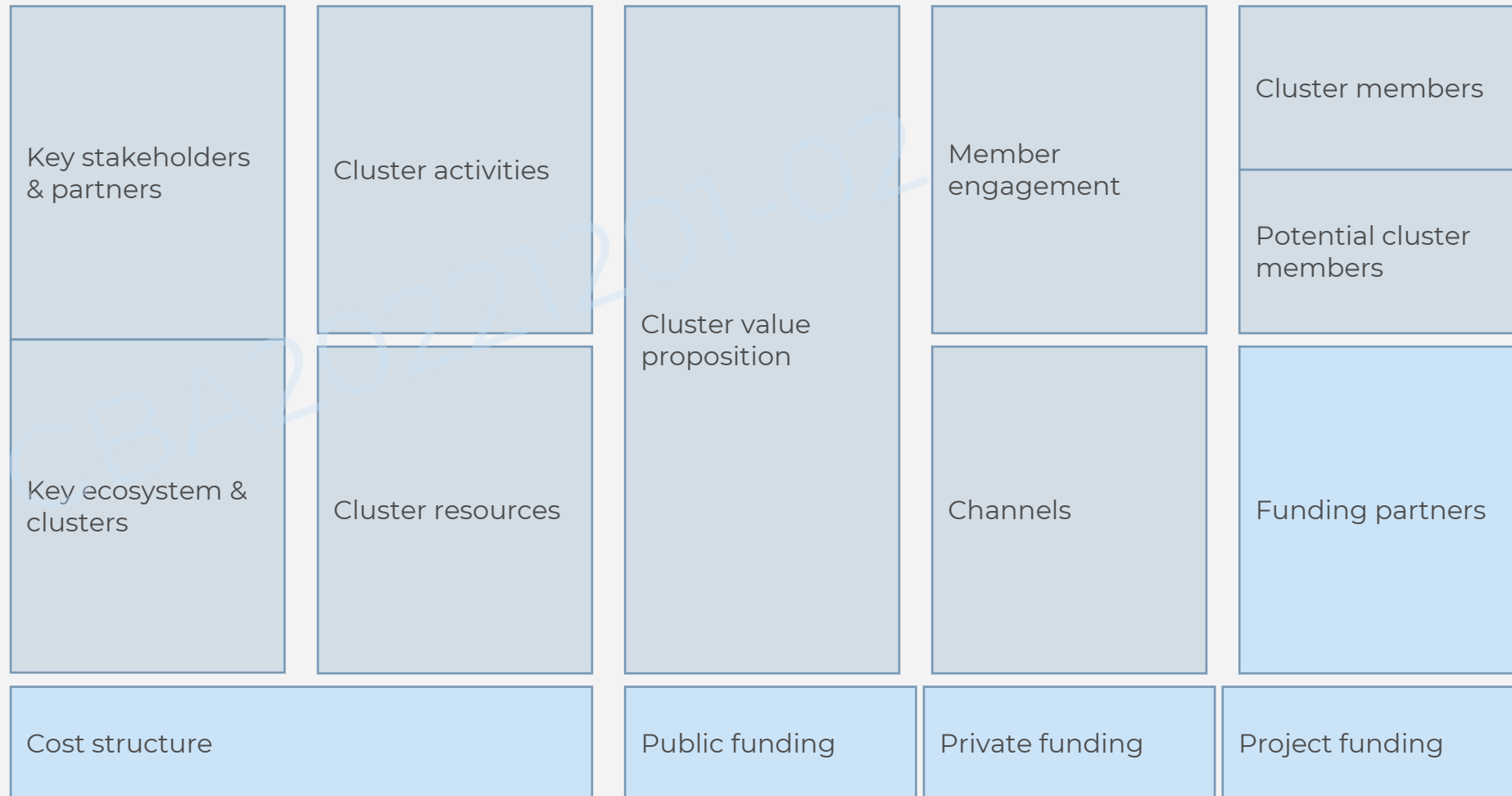An initiative of the European Union

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Business Model

The Business Model Canvas enables a one-page view of a cluster's structure

Business Model Canvas cluster version

The Business Model Canvas offers managers the opportunity to structure and document their existing ones. The framework is widely regarded as the most famous one to display business models.

				Cluster members
Key stakeholders & partners	Cluster activities	Cluster value proposition	Member engagement	Potential cluster members
Key ecosystem & clusters	Cluster resources		Channels	Funding partners
Cost structure		Public funding	Private funding	Project funding

Business development related

Financing related

Case example: Ocean tech cluster

Business Model Canvas applied

Key stakeholders & partners

120 identified so far

Key ecosystem & clusters

Ocean Autonomy Cluster (NO)

COAST (CAN)

Maritime Singapore (Sin)

Blue Maritime (US)

Cluster activities

Industry Transformation

Tech development

Market development

Scale ups

Cluster resources

3 staff

Network

Innovation groups

Cluster value proposition

The world's leading ocean tech cluster

Helping our members transform into new business areas in the global ocean space

Member relationship

Too transactional

Channels

Events

Social Media (Clubhouse)

Cluster members

165 members, from the Pentagram, including 9 VCs

Potential cluster members

Identified 2.300 companies in the relevant ocean sectors

Funding partners

EU

Research council

National cluster program

Cost structure

Operations 10%

Staff Salaries FTE, part-time 65%

Projects 25%

Public funding

40% National Cluster Program

5% city

Private funding

20% member-ships

5% program & member activities

Project funding

30% project funding, mostly from EU

Business development related

Financing related

Self-reflection: Business Model Canvas (30 minutes)

Please sketch the business model canvas for your cluster

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Source: IMP³ROVE

Self-reflection: Template

Business Model Canvas cluster version

Please use the template below to document the Business Model Canvas for your cluster organization.

Key stakeholders & partners	Cluster activities	Cluster value proposition	Member engagement	Cluster members
Key ecosystem & clusters	Cluster resources		Channels	Potential cluster members
				Funding partners

Cost structure	Public funding	Private funding	Project funding

- Business development related
- Financing related

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Source: GIZ Cluster Business Model Guide 2021, IMP³ROVE

Self-reflection: assisting diagram template financing business model

Optional: Please sketch your proportional funding sources into a pie chart and state your key-takeaways

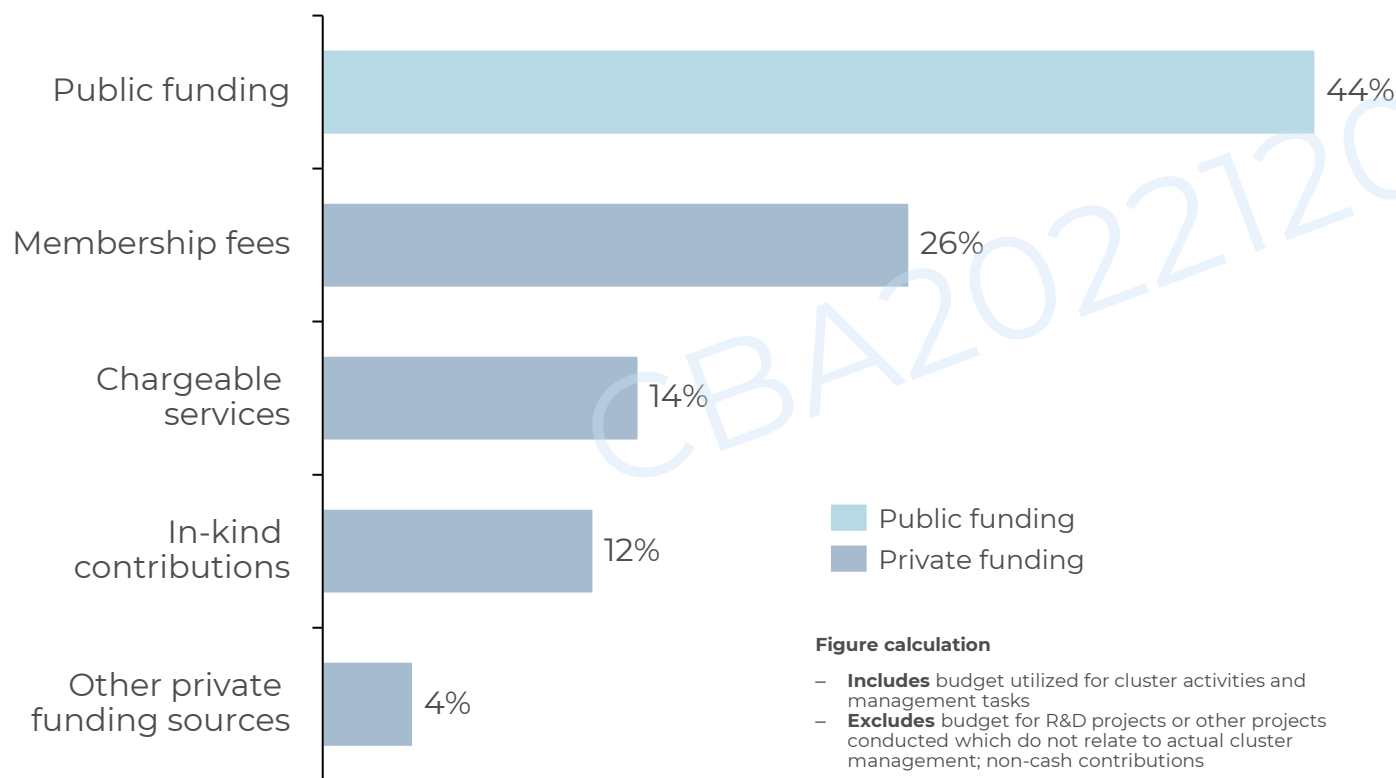| #	Takeaway
1	– ….
2	– ….

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Source: IMP³ROVE

Inspiration financing

Developing a sustainable financing situation is frequently classified as an important internal objective by clusters

Financing share in cluster organizations (EU + Norway average)

Category	Value
Public funding	44%
Membership fees	26%
Chargeable services	14%
In-kind contributions	12%
Other private funding sources	4%

Legend:
- Public funding
- Private funding

Figure calculation

- **Includes** budget utilized for cluster activities and management tasks
- **Excludes** budget for R&D projects or other projects conducted which do not relate to actual cluster management; non-cash contributions

Further Takeaways

Public funding issue:

A high fraction of clusters were established with substantial public support

Public financing is:

- Frequently **limited in time**
- **Not reliable** (potential reduction or cancellation with new governments/ new persons in office)

⚠ High **dependence yields** sustainable financing **risk** within cluster

Solution: Financing diversification

Mix of multiple **income source** is best way to sustainable financing and a sustaining business model

Substitution of **public financing** requires excellent cluster management, inter alias via **selling useful chargeable services to members**
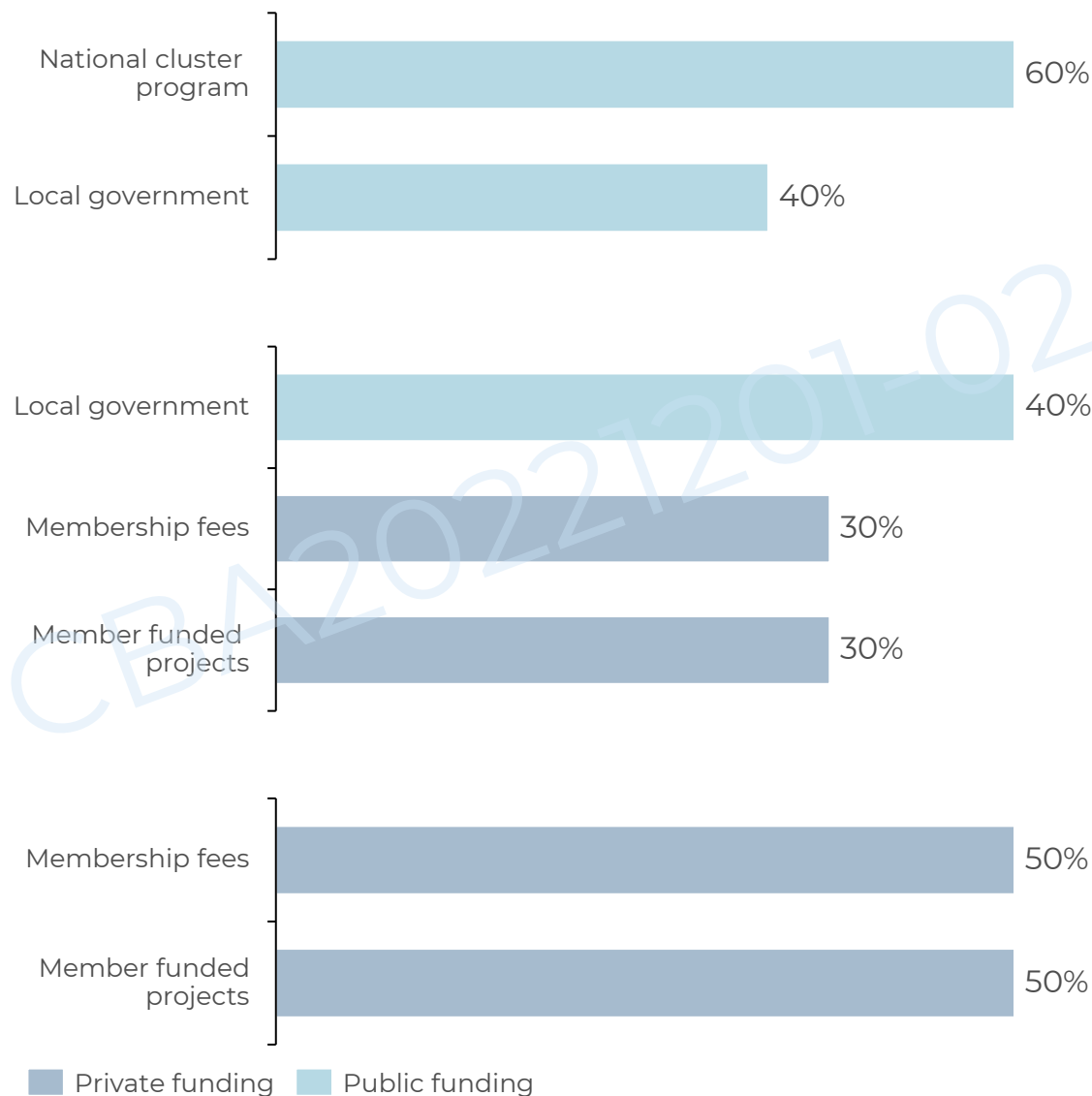
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Source: European Secretariat for Cluster Analysis 2018, IMP³ROVE

Case example: change of cluster financing over time – from government dependence towards diversified financing

Cluster financing evolution map

National cluster program — 60%
Local government — 40%

Year: 2015
Total budget: €100.000
Financial stress: High
Target next year: €125.000

Local government — 40%
Membership fees — 30%
Member funded projects — 30%

Year: 2020
Total budget: €300.000
Financial stress: Medium
Target next year: €350.000

Membership fees — 50%
Member funded projects — 50%

Year: 2025
Total budget: €800.000
Financial stress: Low
Target next year: €850.000

■ Private funding ■ Public funding

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Case example: sustainable financing cluster financing Kunststoff-Netzwerk Franken e.V. (2017)

Financing spread (revenues)

Membership Fees ~75%

Revenues from events and the provision of services ~25%

Receipts from funded projects (not part of operational business) 0%

No public funding needed

■ Private funding
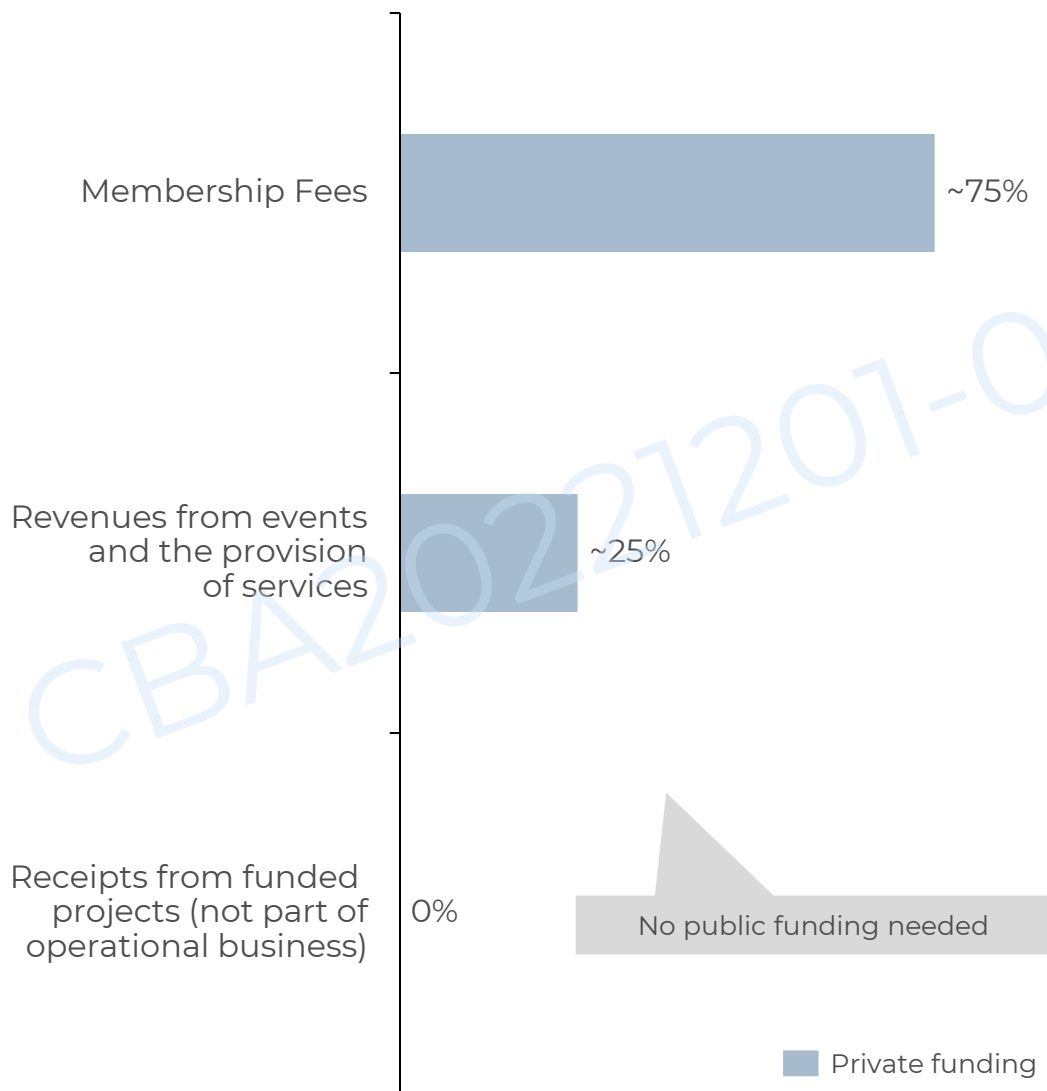
Services

The Kunststoff-Netzwerk is a fully self-financed cluster organization in Germany. No governmental funds are needed for the cluster's activities.

Innovative Business Model Feature – membership fees:

Cluster incorporates two types of memberships:

Full membership:
- – Fixed fee, independent of company size (reason: no member should hold position of financial dominance)
- – Entitled to vote at general assembly

Supporting membership:
- – Fee differentiation, dependent on company size
- – Interest groups which perceive the cluster as a platform with access to potential customers are **only** allowed supporting membership
- – **Not** entitled to vote at general assembly

Application to become supporting members are selectively chosen and only accepted if purposeful technological exchange or other contributions can be expected

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Source: BMWi 2010, IMP³ROVE

Case example innovative financing ideas: Health Valley Netherlands

About the cluster

Founded:	2006 by government, academia and corporates
Employees:	8 FTE
Area of activity:	medical devices & robotics, person. medicine and digital health
Partners:	>200 partners from education, healthcare and government

Cluster strategy in 3 points

1 **Connect**

2 **Inspire**

3 **Facilitate**

Innovative financing idea

Aim:

Gain independence from **public funding and increase member engagement** (in first years of cluster 90%/ 10% ratio of public to private funding)

1st Action:

Reassessment of partner-ship model

1st Outcome:

Imbalance in **price asked** and **services offered** (price level left room for non-engagement – value perceived by partners did not reflect the value inherent in network)

HealthValley
Netherlands

Final action:

Increase in membership **fees**

Inauguration of **4 different membership levels** (based on FTE size (fee for large corporations ten-folded)

Final outcome:

Some **loss of partnership numbers**, however, **substantially more engagement of members** (e.g., members frequently voiced expectations from activities, etc.) and **less dependence on public financing**

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Source: Strategy Tools & The Global Community 2021, IMP³ROVE

Case example innovative financing ideas: Queensland Robotics Australia

About the cluster

Founded: 2019 by network of robotics companies in Queensland

Area of activity: Industrial robotics

Partners: >50 partners from academia, industry, government

Cluster strategy in 3 points

1 **Establishing the foundations:** Build confidence, capability, capacity and connections within cluster

2 **Accelerated growth:** Leverage key relationships within the state, nationally and internationally to grow the cluster and members (opportunities for jobs, revenue, commercialization)

3 **Sustainable global market position:** Promote "Robot Made in Australia" brand with transparency, ethically endorsing the UN's Strategic Development Goals

Innovative financing idea

Aim:

Create **ownership** for **cluster development** and **effectiveness** among **members**

Action:

Inaugurate **share-owner** model:

– **No** membership **fees**
– Provide **each member** with a **share** in cluster and option to purchase additional ones
– **Shares** pay **annual dividend** from any surplus not reinvested into cluster

Outcome:

Formal way of **ownership** was created through which **members** have a **say in** cluster's **strategic planning** and **execution**

Constant interaction among members

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Source: Strategy Tools & The Global Community 2021, IMP³ROVE

Self-reflection: Business Model Canvas (40 minutes)

Please sketch your desired future business model canvas (5 years)
(30 minutes)

Please reflect on the differences to your current business model (previous self-reflection)
(10 minutes)

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Source: IMP³ROVE

Self-reflection: Template (30 minutes)

Business Model Canvas cluster version

Please use the template below to document your **desired future business model (five years from today)** for your cluster organization

Key stakeholders & partners	Cluster activities	Cluster value proposition	Member engagement	Cluster members
				Potential cluster members
Key ecosystem & clusters	Cluster resources		Channels	Funding partners

Cost structure		Public funding	Private funding	Project funding

- Business development related
- Financing related

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Source: GIZ Cluster Business Model Guide 2021, IMP³ROVE

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Self-reflection: Template (10 minutes)

Business Model Canvas cluster version

Please reflect on your current business model and the desired future business model

Current Business Model Canvas

| Key stakeholders & partners | Cluster activities | Cluster value proposition | Member engagement | Cluster members |
| ... | ... | ... | ... | ... |

Potential cluster members
...

| Key ecosystem & clusters | Cluster resources | | Channels | Funding partners |
| | ... | | ... | ... |

| Cost structure | | Public funding | Private funding | Project funding |
| ... | | ... | ... | ... |

Desired Future Business Model Canvas

| Key stakeholders & partners | Cluster activities | Cluster value proposition | Member engagement | Cluster members |
| ... | ... | ... | ... | ... |

Potential cluster members
...

| Key ecosystem & clusters | Cluster resources | | Channels | Funding partners |
| ... | ... | | ... | ... |

| Cost structure | | Public funding | Private funding | Project funding |
| ... | | ... | ... | ... |

Business development related

Financing related

Field	Desired Change
− ….	
− ….	

Please use the template to the left to reflect and document the desired changes to your current business model.

The template serves as a starting ´point for your action plan.

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Source: GIZ Cluster Business Model Guide 2021, IMP³ROVE

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Self-reflection: assisting diagram template financing business model

Optional: Please sketch your desired proportional funding sources into a pie chart and state your key-takeaways

#	Takeaway
1	– ….
2	– ….

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Source: IMP³ROVE

Action plan development

Self-reflection and break-out session: developing an action plan (1/2)

Develop an action plan to advance and improve your current business model

Self-reflection and break-out session: developing an action plan (2/2)

1 Conduct a deep individual brainstorming session on the desired changes identified in the previous self-reflection and define how to advance and improve your cluster's business model (what could be immediate starting points?) (30 minutes)

2 Pitch your ideas to other participants in a break-out session and receive ad-hoc feedback (active discussion on everyone's ideas) (45 minutes)

15 minutes coffee break

3 Iterate your ideas and form an action plan to achieve the objectives set; further feedback by trainers on request (90 minutes)
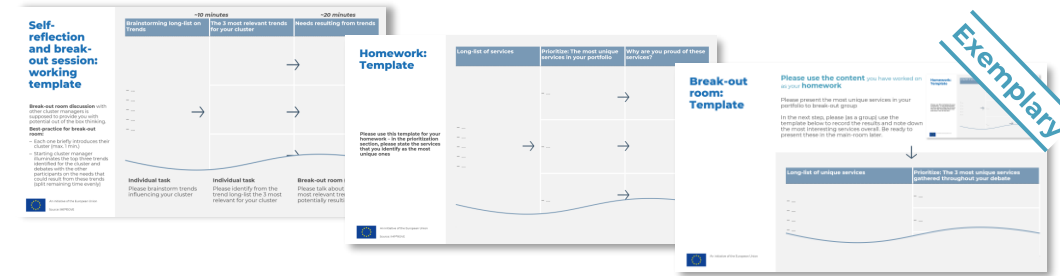
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Source: IMP³ROVE

Self-reflection: brainstorm on business model changes to advance and improve

1

Please reflect on the content you created yesterday

… and

the content presented and created today
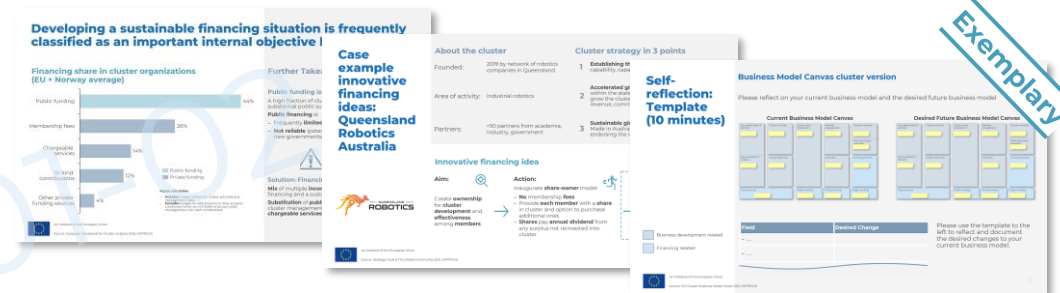
Long-list desired business model changes to advance	Prioritize: The 3 most promising business model changes to advance
— ….	— ….
— ….	
— ….	— ….
— ….	
	— ….
	—

Prioritize at least one short-term idea (implementable in 3-6 months)

Break-out session: template feedback session

■ Content from step 1

■ Content to work on in this session

2

Please use this template to incorporate your peer feedback

...sired business ...nges to advance	Prioritize: The 3 most promising business model changes to advance	Notes on peer feedback
	–	– ....
	–	– ....
	–	– ....

Action plan: template for developing business model changes to advance and improve

Action	Responsible	Stakeholders	Requirements	Expected outcome	Deadline
What will be done?	Who will do it?	Who are the stakeholders to involve for success?	What is required, e.g., resources	What kind of outcome do you expect within this step?	By when?

Step 1:

Step 2:

…

How to use the template?

First: Identify business model changes to advance and improve (e.g., change in member fee structure – fee discrimination by size or change in service structure)

Second: Fill in the action plan template

– **Action:** What are the individual steps to achieve this goal?

– **Responsible:** Who should be the responsible person for each step?

– **Stakeholders:** Who within the cluster must be involved in that specific step?

– **Requirements:** What are the requirements for each step (e.g., needed resources, legal requirements clarified, etc.)

– **Expected outcome:** What do you expect as an outcome from this step?

– **Deadline:** How many days should it take to finish this step?

3

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Source: IMP³ROVE

Final Q&A

Feedback

For further information please do not hesitate to contact:

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