



Discussion Paper

Seminar:

“Promoting cluster excellence - measuring and benchmarking cluster performance and quality of cluster organisations”

14-15 December 2009, Berlin

In the past, many specific cluster policies have been designed at all levels to nurture the emergence and strengthening of clusters. Yet, the future still holds an untapped potential for **research and innovation policies to become more efficient by using clusters** to implement support programmes and to address societal challenges in a more strategic and focused manner.

Clusters provide fertile eco-systems for companies to thrive, which drive innovation, regional development and competitiveness. The strong link between clusters and innovation opens the opportunity to implement research and innovation support programmes through excellent clusters. Through clusters not only individual firms can be supported but groups of firms, which represents a more promising approach in terms of the efficiency and potential impact of individual public support actions. As a result, the commercialisation of R&D results can be better ensured and SMEs can be better engaged into larger scale projects through cluster organisations.

Thus, the challenge today is not to create more clusters but rather to create better and more sustainable ones. Although this sounds logical, it is not quite so easy to achieve in practice. This represents a paradigm change for public authorities involved in cluster policies as well as for cluster practitioners, and it may have a significant impact for future cluster funding and development. Promoting cluster excellence by measuring and benchmarking cluster performance and the quality of cluster organisations became already popular in the past. Many European countries set up national initiative focussing to support the best clusters (France, Germany, Hungary, Sweden, Norway, etc.). In addition, scientific-based approaches and methodologies are currently applied in this respect. As a consequence, there is an increasing demand for tools and approaches to measure such performance.

In order to put this efficiency-focused approach into practice, evidence-based information on cluster performance and strong partners are necessary, which are identified via both quantitative and qualitative methodologies such as statistical cluster mapping, quality indicators or benchmarking.

1st Session: Why does cluster excellence matter and how to better exploit it?

Cluster excellence matters for many reasons. It contributes to more prosperity for regions, better competitiveness for enterprises and more return on investment for investors. Excellence is needed at different levels, including at the level of cluster policies, cluster initiatives and cluster organisations. Since cluster excellence can be used for different purposes, different indicators and approaches are required to identify cluster excellence, ranging from benchmarking exercises and quality criteria to ex-post evaluations of results.

Cluster excellence also matters when seeking more value for money for research and innovation public support. In this respect, it would be beneficial if a common approach would be followed to identify “high performance” clusters and “professional” cluster organisations that promise to achieve best results. For this purpose, excellence could, for example, be expressed in terms of cluster growth, high productivity and innovativeness of firms. However, a sector-specific approach might also have to be followed in this respect. This, as well as what includes the necessary professional expertise for contract management are the subject for discussions.

Whereas it is well understood why cluster excellence matters for regions and cluster firms, it still needs some better understanding why and how clusters could be used more effectively in pursuit of other policy goals. Granting clusters a privileged access to public funding is bound to specific conditions that must be met. First of all, the cluster approach must be relevant to better achieve the policy goals, which needs to be clearly demonstrated. Moreover, not only promising clusters must be present in the selected field in order to have an impact, but the cluster also has to be managed and represented by an excellent cluster organisation in order for the support to be efficiently channelled through to cluster firms.

Key questions:

- Which different concepts for cluster excellence exist? What are the common characteristics, what are the main differences between them?
- In which areas can cluster excellence be used to achieve policy goals more effectively? What are the prospects and what the limits of such a selective approach based on cluster excellence?
- Which indicators could be used in order to define cluster excellence, taking into account different cluster concepts and different stages of maturity?
- What are the obstacles for cluster organisations to participate in FP7 programmes currently?

2nd Session: Quality criteria and benchmarking of cluster organisations

The strength and future prospects of a cluster is very much linked to the strengths and professionalism of the cluster organisation, which provides or channels specialised and customised business support services and added-values to the cluster members. Cluster management of high quality is therefore seen as essential to promote cluster excellence.

Raising the quality level of cluster organisations needs appropriate performance indicators and an identification of required criteria that cluster organisations have to accomplish. Several methodologies exist at national or regional level to gain feedback on the performance of cluster organisations and the quality of their services. Additionally, an interesting area for many cluster initiatives is the benchmarking with their peers, which gives further insights into their quality and offers opportunities for improvements.

“Cluster-excellence.eu”, the European Cluster Excellence Initiative supported under PRO INNO Europe, will promote the excellence of cluster management by developing sound quality indicators and peer-assessment procedures. Its objective is to set up an approach for quality labelling of cluster management and develop training materials in order to help cluster organisations achieve high

levels of excellence in their duties and to be able to indicate this to SMEs considering to join cluster organisations.

Key questions:

- How can the quality of cluster organisations be measured? What are possible key criteria and indicators of excellent cluster management?
- Who could be the users of a Cluster Excellence Quality Label?
- How can the diversity of cluster organisations in Europe be taken into account?
- Which procedures should be followed for a Cluster Excellence Quality Label? What should be the status of the label and who could further implement it?

3rd Session: Measuring the performance of clusters

A key issue for all policy-makers is to monitor the effectiveness and efficiency of their cluster programmes and to have a clear feedback whether the intended objectives have been realised or not. Information on the performance and dynamics of clusters allows impact assessment, benchmarking and in consequence a learning from the results in order to reorient and improve cluster policy instruments.

Since several cluster initiatives are being launched in emerging fields and industries, where performance yet cannot be easily measured, it is essential also to estimate the potential of cluster growth. Currently, different analytical tools and methods are used at different stages of the cluster policy-making process in different countries. Performance data can include, for example, employment, productivity, number of establishments, new products and process, patents, turnover, number of spin-offs or number of projects with industry and so on. A study prepared by the European Cluster Alliance gives an overview of the current international good practices and perspectives in this respect. The European Cluster Observatory's second phase will also include new data on cluster performance and on regional business framework conditions.

Key questions:

- How can cluster performance be measured statistically?
- How can cluster potential be measured?
- How can individual cluster strengths be captured empirically?
- Which input and output indicators could be developed to gain a better understanding of the strong and weak elements of a cluster?

4th Session: Channelling research and innovation funding through clusters

Following the great financial and political support for cluster development in recent years, the question arises how clusters can also be used in support of other policy goals than regional development and competitiveness. In France, for example, it can be observed that R&D in strategic areas is channelled to a large extent through clusters; similar approaches are followed or considered in other Member States, like in Germany or Hungary.

At Community level, cluster organisations are eligible partners in many R&D programmes. However, no systematic approach is yet followed at Community level to offer preferential treatment to clusters and/or cluster organisations. In view of the new Innovation Plan as well as of FP8 it should be discussed, to which extent clusters and cluster organisations should be considered as privileged partners to implement policy objectives through research and innovation support.

Key questions:

- What kind of procedures could be used for channelling research and innovation funding through clusters?
- What role can the cluster organisation play and what the cluster members? To which extent can cluster organisations represent the cluster as a whole and assume financial risks?
- What kind of approach should be followed in what areas? What can be learned in this respect from Member States?
