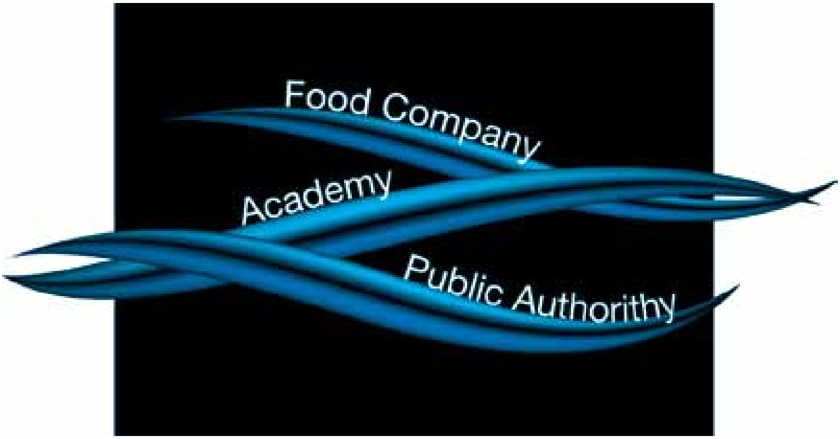
baltfood

Guideline Manual



Implementation of Best Practise in

BSR Food Support Structures Task 3.2.4,

Guideline Manual Part II

Lindahl & Ahldén

2011

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Said about food clusters...

“They are all fruits, but different”

Introduction

The guideline is a result of a larger project part-financed by the European Union (European Regional Development Fund) and twelve partners representing Denmark, Finland, Germany, Lithuania, Poland and Sweden. All the partners are within the Baltic Sea Region (BSR) and the idea is networking among the business and scientific communities in the food industry. The overall aim of the project is to foster innovations and take the food industry to the next level.

The guideline is based on a larger questionnaire where active food clusters or networks around the Baltic Sea gave there response to crucial questions in their daily support function. The outcome from the first part called task 3.2.2 “Implementation of Best Practices in BSR Food Support Structures” is collected and presented as compendium and can be received from the lead partner of the project: Lübeck Business Development Corporation, Falkenstrasse 11, D-23564 Lübeck; **info@baltfood.org**

Skåne Food Innovation Network has been the responsible partner to present a user-friendly handbook/guideline describing best practise in food support structure. The guideline could be used by participants in the ongoing Baltfood project or as an introduction to people working in the food sector and mainly representing small and medium enterprises. The content and the formulation of the handbook has been discussed and evaluated together with partners of the project from University of Turku and Agropolis Ltd.

Further information and results from the specific project called “The Baltic Sea Region Food Cluster: Innovation and Competitiveness in Action” can be found at **www.baltfood.org**

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The Way to Cluster Success.

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Step One

1.

The signal & the initiative.

Business driven signal but who takes the initiative?

Does it matter who takes the initiative?

Personal engagement of visionary people.

Regional companies or authorities.

"Personal engagement..."

1. Business driven signal, but who takes the initiative?

The idea of creating a group of individuals with common interest is just an useful tool that has been practiced successfully through history. Collaboration and networking open up possibilities that can not be achieved by any single person. The aim or the goal of the networking can have many different views, but there must always be a critical amount of people or organisations involved to fulfil the ambition.

Based on the experiences from the ongoing BaltFood project, there are two ways to start a cluster: Either by very visionary people with high personal engagement or by some regional companies or authorities.

“...identified the importance of networking...”

The three participating clusters from the Nordic Countries were initiated by visionary people, while the other clusters emerged out of regional companies or authorities.
Any conclusions based on how the clusters have started are still very difficult to give, since the youngest clusters are too young to be compared in an equal way with the oldest. The definition “initiated by regional companies or authorities” indicates also that there must be some person or persons with an idea and foresight from the benefit of working in a cluster structure regarding specific issues.
Another alternative will be authorities and bigger companies that have identified the importance of networking and for that reason engaged people to work with this task.

"...to build an efficient cluster..."

Independent of who took the initiative, there must be a first level that has to be secured in order to stay in business over time. The first cluster idea or initiative may be just to give the participating companies a better future business opportunity. This will end up in a very closed line of business with limited possibilities to interact with the surrounding society.

All the clusters in the BaltFood project have avoided any trap of this kind and they have all the ambition to use a triple helix model to get exchange between food companies, authorities and academy. This seems to be the only way to build an efficient cluster on a long term basis. Involvement from the "right kind of people" representing the partners is of course fundamental which goes back to the first conclusion: Personal engagement of visionary people.

When it comes to a specific food cluster it is also important to cover the whole value chain from farm to fork in order to understand the full complexity of food production.

Step Two

2.

Priorities of the cluster.

Size of the cluster.

Information/administration cluster.

- Specific or general?

Innovation cluster.

- Open or closed?

R&D cluster.

Marketing cluster.

Question: What will we achieve?

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“High flexibility and short ways...”

2. Priorities of the cluster.

New cluster structure organisation.

The ambition within a new cluster structure organisation must be based on high flexibility and short ways to decision. This may be obvious to anyone who has been involved in networking, but still it is of fundamental importance to be successful. High flexibility and short ways to decision may sound a little bit unorganised which highlight the importance of priorities in the cluster.

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“...ambitions of the cluster...”

Information/administration cluster.

There are several issues that have to be handled by the initiated cluster e.g. size of the cluster. Dependent on the actual possibilities and ambitions of the cluster, the administration cost has to be considered. If the cluster will be the responsible part that transfers information, specific or general, between partners in the cluster, most of the costs may be treated as administration. However this has to be defined very early in the cluster process since there are many ways to use a cluster.

“...a valuable tool to success...”

Innovation cluster/R & D cluster.

An innovation cluster may be another opportunity that can be a valuable tool to success with new products, process, packaging, logistics etc. This will be the case when high costs connected to development and high risks will be necessary. The same goes for a cluster specified on research and development where connections to the universities and the authorities are critical in most cases. It is very seldom that food companies, defined as SME, have the possibilities to handle their own research and therefore the surrounding society will be a valuable partner to involve. The described model can be regarded as an open structure while the opposite “closed model” may be used by larger companies if they are working on products where they expect extremely high commercial value. Even small companies can use the closed way of innovation and development but that includes higher risks and more money.

“...focus on the marketing issues.”

Marketing cluster.

Finally there is a possibility to gather a cluster around marketing. This may be the easiest way to start a cluster since the common area of interest may be very obvious to all partners. For instance can the cluster focus on a specific type of vegetables or fruits that may be of organic origin. By using a slight simplification of a real situation it could be described as follow: The raw material is defined, the treatment, the processing, the storage etc. of the final product is also defined or well known, which open up for focus on the marketing issues.
The priorities of a new cluster is always at a high ambition to cover as much as possible to satisfy as many partners as possible. At this stage it will be time to introduce some realism in the ambitions and to consider:

What will we achieve?
Decision of the priorities in the cluster!

The two oldest clusters, Sweden and Finland, focus on networking while the others also include technology.
Ref.1 Task. 3.2.2

Step Three

3.

Partners of the cluster.

Build the cluster on a triple helix platform.

Consist of academy, companies and public authorities.

“The benefits must be obvious...”

3. Partners of the cluster.

Trust building, curiousity and open minded.

Involved partners or their representatives in a cluster must be convinced of the actual potential in this type of organisation. The benefits must be obvious and the carriers of different ideas should be treated by respect independent of their belonging to any specific organisation or company. People involved ought to be curious and open minded to the future evaluation of the ambition and targets for the cluster.

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“...getting the right people...”

Key persons involved.

At this level of the cluster development it is critical to identify the “person” representing the participating partner. By getting the right people from the very beginning involved, the outcome and the future of the cluster will be more successful at an early stage.

The overall impression based on the “Implementation of Best Practices in BSR Food Support Structures” (ref.1) clearly indicates that the personal skills and social competencies are requested factors. This combined with specific knowledge in the business area of the cluster will strengthen the future outcome even more.

Ref.1 Task. 3.2.2

“...to gain success and sustainability.”

A triple helix platform.

The work by the initiators will be to find the earlier described people representing academy, companies or public authorities. The triple helix combination has to be the platform to gain success and sustainability. All partners will thereby give significant input to the cluster work based on their own experience and knowledge. This conclusion is verified among the clusters participating in the BaltFood project.

The current number of members / partners in the different clusters are:

Sweden 70, Finland 20, Denmark 83, Germany 33, Lithuania 18 and Poland 40. (ref.1).

Ref.1 Task. 3.2.2

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Step Four

4.

Financing.

A mix of financing from private and public authorities.

Minimum, a three year budget.

“...a cluster constellation further.”

4. Financing.

The financing issue will very soon be targeted to take the initiative of a cluster constellation further. The first three levels of cluster building is a fairly straight forward process and will survive based on general enthusiasm and personal engagement from key persons representing the triple helix model.

“...rely on economic support from industry or public authorities.”

From talk to action.

When the cluster starts to discuss the economic requirements it all begins. It is the signal that the process of the new cluster goes from talk to action. The contribution in terms of money from the three participating partners will not be comparable. The financial support from academy will be very limited but on the other hand there will be other necessary contribution available from this partner. This means that the financial base for the new cluster must rely on economic support from industry or public authorities. The public should involve authorities at different levels as local, regional and national.

“...collaborate in order to develop...”

Collaboration.

The experiences from the clusters involved in the BaltFood project show involvement from both industry and public authorities from the beginning. There are several advances with this combination as a starting model. The involved partners belong to different “business” models and need to collaborate in order to develop their own organisations.

“...a new cluster may be very time consuming...”

Persistency.

The construction of a new cluster may be very time consuming and need persistence from involved partners. Even if it is established that economic support should be obtained from both industry and public authorities, there will be discussion about the level of support and the balance of support between the partners.

“A more realistic ambition...”

Sustainable financing.

Once again, based on the ongoing BaltFood project, the experiences show that a minimum of three year budget should be guaranteed. However, this is probably a very short time to establish and evaluate a new cluster. A more realistic ambition would be up to five years for this type of organisation.

“...in real life...”

The situation in the different clusters are given in the figures below.

Table I show the share of private financing at start and what the situation is today.

At start		today
Sweden	~ 100%	10%
Finland	0	0
Denmark	0	45%
Germany	25%	40%
Lithuania	0	0
Poland	90%	15%

Table II show the total budget in the clusters and what is used for management.

Yearly turnover used for management (million Euro)		Total yearly turnover (2009) in the cluster (million Euro)
Sweden	0.25	2.5
Finland	0.115	2.6
Denmark		2.9
Germany	0.150	0.3
Lithuania		-
Poland	0.021	0.156

Step Five

5.

Cluster structure.

Management of the cluster.

Right balance from the very beginning between open and closed structure.

Participants must feel confidence in the structure.

Trust building.

“...the vision and the mission... ”

5. Cluster structure.

The cluster initiative must be settled in some kind of realistic organisation to cover the vision and the mission from the first signal. Since most of the cluster initiators belongs to fairly rigid organisations compared to what is preferable in a cluster structure, it will include some risks at this stage.

“...good knowledge and experiences...”

The Management.

The management of the cluster has to be built on people with good knowledge and experiences in structure and organisation of the participating partners. Dependent on the size and the future ambition within the cluster, the size of the staff should be carefully considered. Most clusters have a high degree of fluctuation in activity over time, where too many permanent staff members can be critical to handle financial. It may be recommendable to handle the cluster initially as a running project to avoid any kind of economical back lash.

The BaltFood clusters indicate more than 10 members at the start of a new cluster. Less then 10 members can be considered as a normal project group, working in a specific area without any cluster ambitions (ref.1).

Since every prosperous cluster initiative will be followed by a growing figure of members, there will be regular considerations in the management structure.

Ref.1 Task. 3.2.2

“...the way of cooperation...”

Cooperation inside the cluster.

The cluster structure should include the way of cooperation inside the cluster. Should there be exchange of information and knowledge and perhaps joint activities? This must be decided very early to avoid any kind of misunderstanding during development of the cluster. Open or closed cluster structures are of big difference when it comes to benefit to the surrounding society. An open cluster structure can be defined as driven by public authorities and closed as a business driven structure. A mix between these two alternatives will be preferable as long as common sense will be the guideline. Most companies will be willing to share information as long as they receive something that adds knowledge and possibilities to their own business.

“The most important issue...”

Trust & Benefit.

Finally, whatever kind of structure the new cluster decides to have, the involved partners and participants must feel confidence in the structure. The most important issue will be to build a reliable level of trust and future benefits for all participants.

First Check Point

First Check Point.

The first five steps:

- Good quality.
- Accepted by the participants of the ”new” cluster.

Start communication and activities.

"... consensus among the cluster partners."

First Check Point.

At this level a lot of work has been put into the cluster ambitions and the framework should be settled. The earlier levels from signal/initiative up to the final structure of the cluster could be reconsidered to evaluate any possible mistakes during the work.

It may be recommendable to gather all involved actors to confirm that the priorities and financing of the cluster is in good agreement with the initiatives and that there is consensus among the cluster partners.

All cluster partners must agree upon the same vision for the cluster in order to become successful and attractive to new members.

The cluster can at this stage of development use the first check point to start communication and activities. The external ambitions of the cluster begins and the benefits of membership should be exposed.

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Step Six

6.

Service spectrum.

A good internal cluster communication must be provided.

A thrilling and regular external communication has to be given.

“...the tool to success...”

6. Service spectrum.

The service spectrum connected to the cluster is the tool to success and long time relation to the members and partners involved. The content and the level of the service spectrum have to be identified by the cluster itself. This will not be the critical question, but the way everything should be communicated internal within the cluster has to be considered.

A good and reliable internal communication is of fundamental importance to the cluster work and must always be provided. As a complement, the external communication must convince old and new members that this is “my” cluster.

“...cluster has to focus...”

The service spectrum can be divided into more specific areas, where the first one will be:

1. *PR and Marketing*. Any type of cluster has to focus very hard on this from the very beginning to show what has taken place and why. The costs involved in PR and Marketing can be huge and consume a lot of the yearly budget. It is also very difficult to evaluate the effects from high marketing ambitions since the correlation between investment and the actual outcome will be hard to measure.

“...the most obvious benefit...”

2. *Cooperation and networking*. This is the most obvious benefit from being a member of a cluster. Every participant expects cooperation and networking to take place within the cluster. Maybe not from day one, but it must be the ultimate goal for most cluster partners to strengthen their positions against activities outside the cluster.

3. *Collaborative Research & Development*. Costs connected to research and development are constantly increasing and it is favourable to share these costs with other companies and/or cluster members.

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"...bring the products to a new market."

4. *Internationalisation*. If the food company is not too small, there will always be of interest to bring the products to a new market. Through the cluster, internationalisation can be an alternative to companies and organisations around the Baltic Sea.

5. *Attracting funds*. The most business driven clusters may not need to get support by funds, but all other cluster structures based on the triple helix model has to attract different type of fund racing.

"...dependent on personal engagement..."

6. *Entrepreneur support*. This type of support from a cluster can be regarded as an activity of high exclusivity. Ideas brought to the market by any entrepreneur can be very time consuming and combined by a lot of patience from a surrounding structure as a cluster. The whole development is dependent on personal engagement and long time relations to be successful.

7. *Education and training*. This part of service is of no conflict and can easily be supported by all partners. Shorter education and training courses will be appreciated by most companies, if they are designed to fit their activities.

6. Service spectrum.

PR – Marketing

Cooperation / Networking

Collaborative R&D

Internationalisation

Attracting funds

Entrepreneur support

Education and training

= support functions in the six different food clusters.

Ref.1 Task. 3.2.2

Step Seven

7.

Activities.

Activities must be performed in accordance with “business plan” and on a regular basis.

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“...some services of more generic character.”

7. Activities.

Activities must be performed in accordance with “business plan” and on a regular basis. The whole service spectrum defined in the sixth level will be the ultimate way of cluster activities. From a more realistic point of view there will always be some limitations in the attempt to cover “everything”.

It can be seen among the clusters participating in the BaltFood project that there are some services of more generic character. These activities are PR and Marketing, Cooperation and Networking, Education and Training, and Internationalisation.

“...a mix of people...”

The generic services may be easier to handle by general experts without any specific skills in the food sector. When it comes to other activities covering Collaborative R&D, Entrepreneur support and Attracting Funds it will be of advantages to use specialised competences in the food sector.

To fulfil the business and activity plan in any of the cluster in the BaltFood project and presumably also in any other cluster, there has to be a mix of people belonging to the triple helix structure.

Second Check Point

Second Check Point.

At least every second year analyse the output from the cluster:

- Is it growing?
- Are the activities frequent enough?
- The amount of participants in different events?
- Are the representatives from the triple helix still on board?
- Any need for vitalisation?

"...evaluate what is happening."

Second Check Point.

Finally, when the cluster is up and running it will be of importance on a regular basis to evaluate what is happening. All good ambitions that initiated the cluster have to be reconsidered. Since most clusters need a couple of years to find their own agenda of activities and service functions, supporting authorities and companies have to show some patience.

Even if the cluster will not be external evaluated from the very beginning, it can be valuable with some internal evaluation in accordance with the initial business plan.

"...doing the right things..."

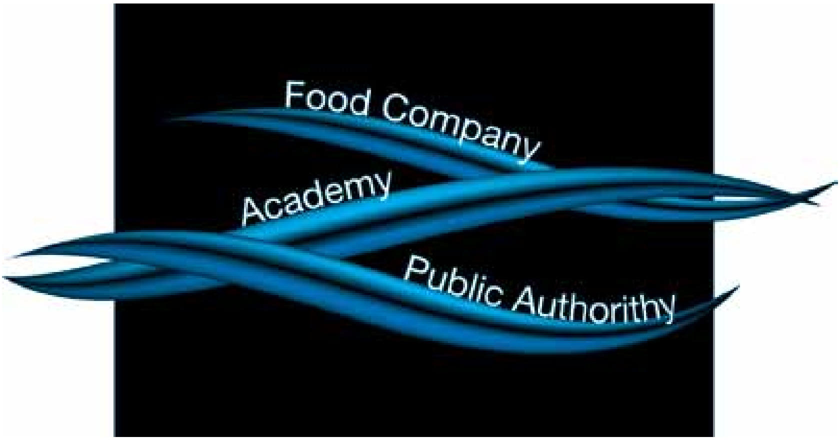
There are a few activities and results that indicate if the cluster is doing the right things, which can be exemplified by the following questions:

- Is the amount of partners/members growing?
- The amount of participants in different events?
- Are the companies/organisations represented by more than one person?
- Does the triple helix model exist at the events?

A quite normal "problem" with new network/clusters can be an overload in information and activities in order to fulfil the high level in ambitions. The cluster must find its own way of communication. A drop of participants in activities may be caused of too frequent meetings or just the wrong subject of the day. Either way the cluster organisation has to be aware of the actual situation and be flexible to input from the surrounding.

A stringent and good work at this check point will give a flexible cluster organisation all the possibilities to stay in business for many years.

Good Luck!



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