

As a help in preparing the cluster initiative case reports, here is a suggested outline and some points to consider. A suitable length could be not more than 10 A4 pages, or 5 000 words.

Background

The general business environment

Emilia-Romagna is one of the Italian regions that experienced a rapid development process based on SMEs and clusters, especially after the sixties.

That phase was characterised by the high relevance of human capital (attitude to work, to self-employ, to entrepreneurship, to learn by doing and by mistaking), social capital (attitude to join efforts, to co-operate, to exchange opportunities and information), institutional integration and local-regional governance (local levels of government, active business organisations, trade unions and other intermediate actors).

This local strength emerged in the context of a national diamond that cannot be considered excellent. Still now, educational level, public-private investment in research and innovation, innovation infrastructure and capital markets are not at the same level of the most advanced OECD countries. Educational level is sharply improving in the last years, but R&D expenses are still under 1% of GDP, ICT infrastructure development is still below the average of major countries, the share of companies participating to the stock market and the share of private savings invested in the stock market are very limited. Nevertheless, the Region shows high profiles in international competitiveness, wealth and unemployment. Success factors for SMEs and clusters are: the degree of technical specialisation, the sophistication of accumulated tacit knowledge, the degree of openness, internationalisation and extension of networks.

National microeconomic policies were for many years oriented to sustain process innovation and renewal of technical equipment. Anyway, only a little share of public resources were destined to SMEs, while the highest share was needed to sustain the larger national state and private industrial groups.

In the last years the policy instruments destined to SMEs have been transferred to the regional competence, with a wide autonomy of regional governments to establish policy objectives and allocate resources. Emilia-Romagna government concentrates these resources in supporting business and management innovation and R&D investments.

Regarding to cluster policies, in the previous decades, the regional government adopted a cluster oriented policy through the settlement of technical service centres within the major local clusters of the region. This policy, widely examined also at the international level, gave positive results: nevertheless, today the regional government evaluated that in the global competition, such type of intervention at the cluster level is not any more sustainable.

Successful, globalized firms, don't need any more such kind of services. The local market of weaker firms is too limited and there is the risk to position the centres not at the frontier of innovation for the cluster, but in the role of helping the weaker to reduce their gap (honourable scope, but...).

The reform of this policy approach is still under construction, and, even if already defined, it is not yet operative. The definitive new institutional configuration is for January 2004. The new assumption is that local clusters can improve their competitiveness if the whole regional knowledge and innovation society (the regional diamond) becomes stronger. Clusters are more and more open, in marketing, in production networks, in workforce recruitment, in accessing strategic information. It is indeed necessary to reinforce the regional environment for innovation: co-operation between industry and University and research, realisation of a complete broadband in the region to access easier to the web, improvement of the learning

processes and educational performances, sustain to firms of the net economy, multimedia and to knowledge businesses and workers.

Cluster initiatives that we receive from the past experience must have the ability to transform themselves from cluster oriented technical centres into knowledge centres, able to move in a wider, even global market. Their location in the cluster may favour an indirect innovative impact on the system; according to specific knowledge transfer programs, the Region can still support their activity.

For what concerns social capital, nowadays it is essential to clarify these new policy strategies and make all existing forms of social organisations aware of this new perspective; otherwise there is the risk of misunderstanding and of finding an obstacle right in those social and institutional networks that were so powerful in the first phase of clusters development.

The cluster

Due to the situation above described, the selection of a cluster and of an initiative for the “Greenbook” was not easy. We cannot yet present consolidated initiatives according to the new regional approach; at the same time, previous experiences belong to a different phase, not in line with the present policy requirements.

The choice of the textile cluster of Carpi may appear a little bit strange. Textile is not the main strength of the region and it is not the main source of the regional competitive advantage, as it is in Veneto, Tuscany, Lombardy. (Emilia-Rmagna is mainly a mechanical engineering and automotive industrial system, with some relevant clusters in the building materials and food processing). In addition, the employment and business performance, in quantitative terms of the sector was not positive during the nineties. Anyway, the textile sector as a whole still represents 18% of regional manufacturing employment, and the reduction of firms and employees are the result of a restructuring process that gave some positive results in the very last years.

The cluster, originally very concentrated around the city of Carpi, has now a very extensive area of influence, especially in the provinces, Modena, Reggio Emilia and Ferrara.

The strength of the cluster is in the local accumulated know-how, in part by experience, in part by the diffusion of expertise in design and the use of information technologies. The attitude to entrepreneurship is very strong, sometimes too strong. The location is very favourable, at a few KM from a highway crossroad connecting to Northern Europe and at only 40 KM from the Bologna airport.

The cluster initiative was the first technical service centre of the region. It started in the late seventies on the base of a previous training experience and of a large local and regional consensus; it contributed very much in increasing design capabilities, marketing and innovative entrepreneurship.

Objectives

The cluster initiative, is called CITER.

The main objectives of the cluster initiative action are:

- ♣ Market intelligence collection
- ♣ Market analysis
- ♣ Technology diffusion, innovation promotion
- ♣ Support to design activity
- ♣ Information about technical standards and assistance to certification
- ♣ Providing technical training
- ♣ Collecting and analysing data about the cluster
- ♣ Participation in international projects, partnerships, co-operation initiatives

Process issues

Initiative and governance

The initiative was taken by the regional development agency (ERVET) under local administrations, institutions, associations pressure. CITER accumulated initial experience in technical training activity: on the base of this experienced emerged the need of more sophisticated information services.

CITER was till now partly financed by the regional government on the base of an annual activity programme (less than 50%), by services provided, by projects.

CITER is a consortium composed by ERVET (till december 2003), Chambers of Commerce, sectoral business associations, local business associations also from different provinces, 431 SMEs. The steering is nominated by the members of the consortium according to their relevance. Normally the president is an entrepreneur.

The Region, participating through its agency ERVET, is now going to leave any direct or indirect financial participation by the end of this year.

Delimitation of membership

The membership is strongly concentrated in the original core of the cluster, but now there is the participation of business associations of different provinces of the region that present some interesting textile firms concentration.

Sectoral business associations participate also at the national level.

Firms are especially final assemblers, professional stylist studies, marketing companies.

Their size is that of SMEs according to the EU definition. They can be direct competitors.

Resources and organisation

CITER has a considerable seat in Carpi, with offices, laboratories and seminars hall.

Anyway the budget is not so large to support significant projects without seeking separate funding. Public funds regional are needed just to guarantee the basic service activity.

Members can get involved in task forces, but it is very difficult. Small entrepreneurs are normally quite busy in their daily activity.

There are various cases and different levels of cooperation with other cluster initiatives, in the region, in Italy, abroad.

Facilitators

CITER is a complex multiservice structure.

The thematic areas are the following: fashion, marketing, training, quality certification, international co-operation, software, technical analysis, external relationships. Each of these areas, plus administration, press and communication, have a responsible, co-ordinated by a top manager.

Their background is very different: technical, economic, social-humanistic, creative-artistic, according to the different needs of users/clients and to the range of services. This mix is anyway very interesting in terms of internal multidisciplinary relationships. They are also interated by external stable collaborators with specific competences in the same areas.

Their competence is well recognised by firms and organisations. Anyway it must be recognised that nowadays firms use a variety of sources of competences also from the private market and from individual co-operation networks.

A shared framework

The success of this case depended by the strong shared vision among the various promoters of the initiative. It was clear what challenges had to be faced, which perspectives to compete better.

The success of the action was the reason for its increasing difficulty in redefining the mission and the new shared vision. Over time there was an increasing difficulty in establishing coherent strategic objectives, not only by the management, but also by the shareholders. There was a loss of the strategic vision of the shareholders, especially because of globalisation and opening relationships of the cluster and the difficulty of individuating a leading role for the centre in the innovation process. Nevertheless, in a long term view the experience remain highly positive. These difficulties emerged simply because firms became more innovative and creative themselves, because the private supply of innovation services increased very much, because the degree of internationalisation increased.

Discussions have been promoted, but with limited results in terms of changing vision and individuating strategic perspectives.

A government agenda

CITER was the first successful case of a regional masterplan that, through the regional agency ERVET, created 8 similar technical centres in the region. This masterplan has concluded its effectiveness and there is the need to rethink the global strategy and the single cases.

Rethinking the regional strategy is a complex and long time process. It was difficult, because there was a fight between different opinion makers, some nostalgic of the traditional approach of cluster policy, some in favour of innovation and of changing the traditional vision of clusters. This debate provoked a big loss of time, since it affected in various ways the opinions of the shareholders. At this time it appears that innovators gained the game, supported by the Region, but some resistance still remains.

The Region position is that after more than 20 years, the cluster initiative must be self-sustainable and able to redefine its strategic mission. This can happen with a stronger involvement of local and sectoral actors, or with a more private and profit orientation of the centre, that can transform itself into a knowledge intensive business within the cluster.

Commitment

The regional government consider that this initiative can be now self-sustainable, independently from single individuals. The key problem is a strategic choice: going towards a knowledge business perspective or reinforcing the local-sectoral networking innovation function.

Development over time

This cluster initiative started with ambitious programmes, strongly sustained by the regional government and its agency. Every year it received a relevant financial sustain from the region. So it could develop since its early years a wide range of services in support of design and creation, marketing, technology innovation, ICT services, quality certification, international co-operation, seminars, training and others. The problem, in the last years was an excess of

number of services in relation to the sustainability of the organisation. At the same time, the request of client/users tend to diversify and to induce to enlarge the range of services.

Performance

The cluster initiative was very successful in generating a strong ability in product design and marketing, also with the use of ICTs.

It was relatively unsuccessful in generating management capabilities, even if it was not perceived as an objective. The weakness of business and management structures represent the major problem of the cluster.

CITER partially favoured a positive restructuring process of the cluster. This happened in a context of natural selection and employment reduction. Surely the reinforcement of firms structure is needed to increase the stability of the cluster.