

Compete.

Turning Competitive Disadvantage
into Collaborative Advantage



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Council on
Competitiveness

COLLABORATE: Leading Regional Innovation Clusters

Date: April 26, 2010

The Council on Competitiveness



- Founded in 1986 by John Young, former CEO, Hewlett Packard
- Non-profit, non-partisan, tri-partite
- 170+ members and affiliates
- CEOs, University Presidents, Labor Leaders
- Set public policy action agenda to drive:
 - U.S. productivity growth
 - High living standards
 - Success in global markets

“Our agenda is at the nexus of necessity and opportunity—and we all have an obligation to serve the nation.”

–Duane Ackerman, CEO, BellSouth Corporation, Former Chairman, Council on Competitiveness

The United States is an economy of regions



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COLLABORATE:

Leading Regional Innovation Clusters



- Written under a grant from the Economic Development Administration
- Based on Council's work beginning in 1999 with *Clusters of Innovation* with Michael Porter
- Council has concluded that competing in the global economy forces “regions to act like regions”
- *Effective* regional leadership is the key for enabling regions to act like regions.
- Regional leadership is fundamentally different from other leadership because regions have no defined boundaries
- Case Studies: Danville, VA; Louisville, KY; Denver, CO; Silicon Valley, CA; WMSA

Why WMSA?



- Every site had something unique
- Innovative Regional Structure
- Longevity and Success
- Create a Regional Mindset
- Long History between WMSA and Council

The Three “C’s” of Regional Collaboration



- **Conversation**

In the new knowledge-based, networked economy, the ability to talk and think together well is a vital source of competitive advantage and organizational effectiveness.

- **Connection**

The important point is not simply the growing importance of scientific knowledge for the innovation process in the US economy ...but that sophisticated technological advances have increasingly required close cooperation within multidisciplinary teams that bring together different types of expertise.

- **Capacity**

Building a region's capacity is the point of acting like a region. It is what is meant by leveraging assets such as networks that tie early stage companies to professional service providers and to universities that are linked in turn to sources of capital in the region.

The New Tasks of Regional Leadership



Tell the Region's Story

- *To sustain and grow economic activity in the new global marketplace, regions need to achieve a strong identity . . . “The Grand Rapids-Muskegon-Holland Metro Tri-plex is more than just an overflow of the Detroit or Chicago metros. We are a dynamic urban center in our own right, with attractive urban, rural, business and recreational opportunities.”*
- *Rochester/Kodak*

Right People at the Table to Do the Right Thing



- *Education leaders are particularly adept at this task because they are frequently perceived as neutral and above the fray*
- *Getting people to the table, however, is not an end in itself*
- *Worry less about defining your region and more about enabling it.*

New Regional Rules of the Game



- The old rules were based on the principle of every place for itself – a zero-sum scenario.
- Regardless of where a company locates within a region (i.e. a labor market), its employees, vendors and customers will be spread across it.
- The new rules of the game go beyond attraction and retention strategies to what Marianne Feldman calls “jurisdictional advantage,” (ILAR)

Establish Indicators and Metrics



- *A Regional Framework - Index of Silicon Valley*
- *The Common Framework - West Michigan Vital Signs*
- *Regional leaders need to tie metrics and indicators to their decision-making process and to measurable goals created through organized regional conversations.*
- *“Building community confidence requires publicly setting, tracking and meeting (or preferably exceeding) real, meaningful, measurable objectives.”^[1]*

^[1] Joint Venture, *The Joint Venture Way: Lessons for Regional Rejuvenation, Volume 2* (San Jose, CA: Joint Venture, 1998).

Produce Regional Value



- *You Get Better Value When You Pool Your Resources*
- *Denver region has a jointly financed leading-edge GIS capacity, increasing its success rate in business attraction by 25 percent.*
- *“Economic Gardening” is the idea that small, local companies are the source of jobs and wealth and that economic developers should create nurturing environments for these companies*

Build an Innovation Ecosystem



- *The large majority of regions in the US cannot and do not want to compete as low-cost producers*
- *To compete successfully, every region needs a cross-fertilizing innovation ecosystem that goes beyond producing discrete innovations to systemic innovation.*
- *Innovation occurs in the knowledge economy at the intersection of disciplines. It is increasingly defined by open platform methods.*
- *You need an ongoing intermediary organization*

Closing Comments

Lessons on Regional Leadership



- Regional leadership, like regional growth strategy, is not a one size fits all proposition
- WMSA is an example of building regional comparative advantage out of competitive disadvantage
- The essence is a regions acting like regions not regions cage fighting
- Regions need identities and a story to tell
- “Don’t just stand there, do something, anything!”
- It is possible to turn a competitive disadvantage into a collaborative advantage.



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