

## Transatlantic Cluster Excellence Initiative (TCEI)

### Promoting Cluster Management Excellence in the Transatlantic Economic Relationship

#### 1. Background

Supporting clusters has become a popular regional economic development approach all over the world. Regional developers implement cluster policies to support local producers, particularly SMEs, and research institutions. Such policies provide governments with a strategic opportunity to address social and economic challenges. The focus thereby often lies on **cluster organizations as key drivers for promoting prosperity** in regions. The European Union gave a dedicated boost to cluster development in 2009 by addressing cluster management excellence. This idea has since become a widely shared success story across the world.<sup>1</sup>

In the United States, the Obama administration reacted to criticism that federal cluster programs were often “siloe” and “uncoordinated”<sup>2</sup> by investing more than \$300 million from the American Recovery and Reinvestment Act in new funding for federal agencies to assist regional innovation cluster initiatives.<sup>3</sup> With the Trump administration’s proposed cuts in technical assistance grants and regional innovation clusters,<sup>4</sup> the main responsibility for cluster initiatives and regional economic development shifted back to regional and local authorities.

The lack of systematic cluster support policies – which are more and more common in Europe<sup>5</sup> - in the United States has resulted in a variety of different approaches to cluster organizational support. Although cluster developing worked well in several regions in the U.S., like Massachusetts,<sup>6</sup> the desired impact in many U.S. regions is still missing. In addition, in the absence of an internationally recognized quality standard for U.S. cluster management organizations, U.S. producers lack a powerful marketing tool to promote their products abroad.

More general, the status quo runs counter to the idea that excellent cluster management is one of the most promising approaches to increase the contribution of clusters to regional economic development.

#### Definitions

*For the purpose of this exercise, we follow the EU Commission’s set of definitions:*

***Clusters** are defined as groups of firms, related economic actors, and institutions that are located near each other and have reached a sufficient scale to develop specialized expertise, services, resources, suppliers and skills.*

***Cluster initiatives** are organized efforts to support the competitiveness of a cluster and thus consist of practical actions to self-organize and increasingly to pro-actively shape the future of the cluster. They are often managed by specialized SME intermediaries, such as cluster management organizations.*

***Cluster management organizations** are the legal entities that support the strengthening of collaboration, networking and learning. They provide business support services to stimulate innovation activities, especially in SMEs and facilitate strategic partnering across clusters.*

<sup>1</sup> The European Cluster Excellence Initiative (ECEI) laid the base for a systematic approach to support cluster management professionalization. As of today, cluster organizations in 42 countries have joined the European initiative. See ESCA (2017).

<sup>2</sup> Stockinger, Sternberg and Kiese (2009). The authors examine differences between the “liberal market economy” approach of the United States and the “coordinated market economy” approach of Germany.

<sup>3</sup> National Research Council (2012), Chapter 7.

<sup>4</sup> Washington Post (2017)

<sup>5</sup> E.g. Lämmer-Gamp, Meier zu Köcker, Christensen (2012)

<sup>6</sup> Meier zu Köcker, Dermastia, Quezadas (2017).

## 2. Transatlantic Cooperation on Cluster Excellence

In the recent past, several transatlantic programs aimed at bringing together cluster managers from both sides of the Atlantic to bridge the gap and help them share best practices and develop new business opportunities, such as the U.S.-EU Cooperation Arrangement on Clusters (see [here](#)), the Transatlantic Cluster Initiative by the German American Chamber of Commerce of the Midwest (see [here](#)) or the Transatlantic Cluster Cooperation between the European Cluster Observatory and the Harvard Business School (see [here](#)).

The new Transatlantic Cluster Excellence Initiative (TCEI) builds on these programs and **adds a transatlantic benchmarking and quality labeling component**. It will provide the tools for cluster managers to analyze and compare their clusters' structures, processes, products and services with peers in the transatlantic marketplace. The to-be-developed TCEI indicators might cover areas such as cluster governance, financing, services, internationalization, etc. The initiative is based on the previous work of the 2009 European Cluster Excellence Initiative (ECEI)<sup>7</sup> and will address the unique needs of both U.S. and European cluster management organizations. Its three key objectives are:

- Developing a **joint set of cluster excellence indicators and quality labels** reflecting the specific needs of both European and U.S. cluster management organizations;
- **Increasing the visibility** of participating cluster management organizations and providing a **powerful marketing tool** to cluster members;
- Identifying excellent cluster management organizations that qualify as **drivers for regional development**.

The benefits of the initiative are:

- Cluster management organizations will **learn from each other** when assessing and analyzing results from the benchmarking and the labelling processes: from their peers in the region and from across the Atlantic, but also from cluster management organizations in their particular industry sector;
- Policy makers will get **more information and better access** to cluster management organizations in their regions and will receive input and advice when drawing comparisons with other regions and their strategies for development;
- U.S. and European producers will be able to provide an **internationally recognized marketing tool** which helps them promote their products in each other's markets.

### European Cluster Excellence Initiative (ECEI)

*In 2009, the EU Commission launched ECEI in order to create a benchmarking methodology for cluster organizations to improve their internal management process and the way they offer services.*

### European Secretariat for Cluster Analysis (ESCA)

*ESCA was tasked to implement the labelling scheme. Today, ESCA coordinates a large network of cluster experts that have benchmarked more than 900 cluster initiatives in 42 countries, e.g. in all EU member states but also Canada, the U.S., Mexico, Columbia, India, Australia and others.*

<sup>7</sup> The benchmarking and quality labelling scheme, in which yet more than 950 cluster management organizations from 42 countries have participated, is based on a set of 31 indicators that allow for a thorough assessment of cluster management organizations as regards their strategy, services, cluster actors and value chain as well as industry analysis. There are three different levels of the scheme: Bronze, Silver and Gold. For an overview of the scheme and its results see Lämmer-Gamp et al. (2014)

### 3. Roadmap

1. Identifying U.S. cluster management organizations/networks interested in joining the initiative [October – December 2017]
2. Benchmarking and Bronze labeling of up to 5 U.S. cluster management organizations / networks according to the European Cluster Excellence Initiative approach [January – March 2018]
3. Developing a joint set of indicators and labels in a joint U.S.-EU cluster workshop [April – June 2018]
4. Marketing of the new initiative [July – September 2018]

Next steps might include:

5. Identifying transatlantic twin regions for regional development
6. Developing Cluster-driven Regional Develop Strategies (S3)

The Initiative is a common undertaking of participating EU and U.S. cluster managers and is coordinated by [VDI/VDE/IT](#) and the [European Secretariat for Cluster Analysis \(ESCA\)](#) in close collaboration with the [German American Chamber of Commerce of the Midwest \(GACC Midwest\)](#).

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## 5. Literature

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