SME Industrial Cluster Development
SBE Industrial Division
Swiss Business Enterprise

Who we are & what we do?
SBE is a consulting firm with a multinational vision and corporate structure having a widespread presence in several countries in Europe and the Middle East.

**SBE is headquartered in Switzerland** and has a global presence with teams based in several countries.

Our experience serving clients in more than 10 countries.

We are privileged to have work with some really reputable companies and helped them to improve their service experience and develop stronger ongoing relationships with their customers leading to better performance and enhanced profits.
SBE is a joint-stock company formally registered in Geneva with executive and supervisory board (Société anonyme à Directoire et Conseil de Surveillance).

**SBE is composed of Six main divisions:**

1. Division of Corporate Growth & Business Development
2. Division of Human Capital Development
3. Division of Healthcare & Hospital planning
4. Division of Business Investments
5. Division of SME Development & Entrepreneurship
6. Industrial Development
Cases & Facts
Drawn from the experience of other countries
Automotive Industry-Europe

Automotive clusters, including cars, buses and truck assembly, engines and other components

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A network of 39 regional clusters (out of a total of 259 regions)

Account of more than 50% of employment &
Most clusters around Europe consist of geographical concentrations of firms in related industries. The networking and inter-linkages between these firms (and with external companies and organizations) makes them stronger and helps them to maintain leading positions in their various markets. The cluster as a whole is greater than the sum of its parts.

**Lombardy** is Italy’s richest region (Bergamo, Brescia, Cremona and Mantova) these four provinces joined forces, with Mantova as coordinator

- The majority of companies in Lombardy have fewer than ten employees
- 70% of SMEs work exclusively for the biggest companies
- The cluster exercise has given rise to nearly 60 projects
- About 200 clusters in Italy focused on fashion, home furniture, cuisines, leather, food, etc. that accounts for **2.2 Million Jobs** and 1/3 Italian Export

Innovation exchange groups are at the center of the strategy
The Lombardy case
Lombardy is: 8 million people, high income per-capita, low unemployment (5.5%)
Huge entrepreneurial base: 800,000 firms (90% less than 10 employees)

- Big shifting from industry to service sector, from big to small companies
- Good entrepreneurial spirits, low economic culture

First phase: the start
- Focus on job creation
- Targeted to young unemployed people
- Preferred tools: finance (grants, loans, etc.), facilities (incubators)
The Lombardy case

Second phase: the services approach
✓ Shift from finance to real services
✓ Much more emphasis on information
✓ Training: more than 10,000 entrepreneurs trained a year
✓ Incubation services & Entrepreneur coaching

Third phase: the synthesis (finance + services)
✓ Region Lombardy gave to Chamber of Commerce network a grant of 30 million Euros, to promote entrepreneurship
✓ 20 million Euros for small grant (25.000,00 €) for SMES
✓ 9 million Euros for services (information, consulting, training, family business)
✓ 3 million Euros for system support (research, infos, marketing, etc.)
Austria Case

**The Problem:** Energy scarcity and pollution reduction

**Solution:** Green energy policy

**Strategy:** Reduce its dependence on the heavy industry

**Action Plan:** achieve a sustained improvement in competitiveness based on a **cluster-oriented** economic and technology policy

The **Eco-energy cluster entity (OEC)**

**Cluster Profile:** 145 companies and organizations

- 40% producers of equipment
- 40% active in planning, distribution or consulting
- roughly 20% organizations & institutions involved in R&D, training and related fields
Austria Case

Innovative Approach
Rather than simply grouping the major energy producers, set a broad perimeter ranging across the value chain, from production of renewable energies, to management and consumption of energy. These include specialized firms in energy efficiency, management, installation and so forth.

Promoting Innovation: The cooperation among such diverse organizations prompted an R&D focus on market-driven innovation.

Fostering Competition: the cluster is comprised of many competing companies, further spawning the drive to develop new and innovative products.

Skilled Manpower Shortage
An applied university degree was created to respond to the cluster’s needs. A new general degree for renewable energies has been created (with some 30 students per year).
Austria Case – Contribution to National economy

30% of total power demand being covered from Cluster renewable sources

In 2006 alone, the cluster companies invested more than 100 million Euro in new infrastructure and created more than 500 new jobs.

Today, they represent an accumulated turnover of more than 1,6 billion Euro and 4,000 employees.
Czech National Cluster Programme

Packaging cluster in Jaromer, in the Hradec Kralove region
It groups a number of packaging companies with a very specific driver
Diverse markets, but targeting **automotive**

**The problem:** the Czech companies suffer from small internal markets, they lack capital and lag behind in supplying large entities.

**Solution:** The packaging companies believe that by working with highly demanding automotive clients, they will be able to serve other markets with the product concepts developed there, and thus gain a competitive edge

**The Challenge:** joining forces to offer complete solutions to clients. Companies formed associations covering a wide range of different materials (plastic, paper, wood, metal)
**Strategy**

- Decision not to rely on multinationals or large national champions.
- 90% of the 21 partners are SMEs
- and 15 companies (manufacturers) form the cluster core
- with 6 companies acting as service providers

**Multi-regional participation**

- 65% of the companies are from the Hradec Kralove region,
- 21% from the Vysocina region
- and 14% from the Pardubice region

**Collaboration among different types of manufacturers**

- 40% produce and manufacture dark blue plastic material
- 20% produce light blue metal parts of packages
- 20% produce dark red paper packages
- 20% yellow wood packages
Contribution of Clusters

Between **30%** and **40%** of all employment is in industries that concentrate, or ‘cluster’

Roughly **38%** of all European employees work in enterprises that are part of the cluster sector. In some regions, this share goes up to over **50%** while in others it drops to **25%**.

In the European automotive industry clusters account for more than **50%** of all European employment

There are about **2000** clusters in Europe, of which **150** are world-class in terms of employment, size, focus and specialization. In Italy there are **199** industrial districts, responsible for **42.5%** of all manufacturing employment
India has
✓ 388 industrial clusters
✓ 400 handloom clusters
✓ 3,000 handicraft clusters
✓ 2,800 micro-enterprise clusters

These clusters provide employment to more than 20 million people

According to one estimate, clusters account for
✓ 77 % units
✓ 72 % employment
✓ 61 % investment
✓ 59 % output
✓ 76 % exports of small scale industries
In Summary

The data provides clear evidence that clusters are significantly related to prosperity and there is therefore a need to consider clusters as a central part of any economic strategy for developing SMEs.
What We will do in One Year?

- Assessing the Local Economy
- Plan of Action and training the Management Team
- Cluster Strategy

SBE → Specialized Public Authority
Potential SME Knowledge, Technology, & Expertise

Pre-Clustering SME Incubation & Support

Clustering

Strategic Actions
Practical Enabling Plans
Support & Guidance
Monitoring

Post-Clustering

Sustaining Development & Growth

Innovation

Support
Finance