

Industrial Clusters





“ Clusters are Geographic concentrations of interconnected companies, specialized suppliers, service providers, firms in related industries, and associated institutions (for example universities, standards agencies, and trade associations) in particular fields that compete but also co-operate ”

(Porter, 1998)



What are Clusters ?

A cluster includes a group of interconnected business entities such as suppliers and service providers that conglomerate together for the purpose of supporting the core industrial entity.

Industry clusters are groups of alike and interrelated industries in a definite geographic area that share mutual marketplaces, knowhows, manpower needs, and which are usually connected by buyer-seller affiliation so as to mutually improve efficiency, productivity, technological development, and competitiveness.

Why Clusters?

Industries benefit from clusters by gaining competitive advantage from their proximity to providers of services, access to a skilled manpower, to expert contractors and a shared base of high-tech knowledge about their industry. Moreover, clusters help industries to take advantage of market prospects that would be quite difficult if they are alone. In other words, clusters help to reduce “market entry barriers”, enhance chances of success for start-up industries, and enhance their economies of scale.

Clusters are based on the integral principles of integration and consolidation of business activities and cooperation of cluster members for joint benefit. Clusters offer opportunities for small and medium size enterprises to achieve a better market positioning. It helps to promote collaboration between cluster entities, enhance the chances of survival for small companies, and encourage innovation. It provides the platform for exchange of services and support between participant entities.

Our Industrial Cluster Services

At SBE we provide all the tools and know-how needed to start and build industrial clusters from early stages; that is from the initial stage of concept development. We are aware that starting and sustaining a cluster may entail different economics. As such, we start by forming the economic principles for a particular industry or technology. Then we proceed to promoting the needed entrepreneurship required to get the cluster going.



The first step we take is market and industry analysis to determine what type of clusters are required. The second step entails building a strategy for cluster development, when developing a cluster strategy we are always pay attention to the ecosystem surrounding the cluster, its nature, and the development stage. We try as much as possible to facilitate cluster development through integrated strategies.

- ▶ Develop the cluster policy
- ▶ Promote interest and encourage participation
- ▶ Identify the type of cluster and define its structure
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- ▶ Define the plan of action required to implement the cluster

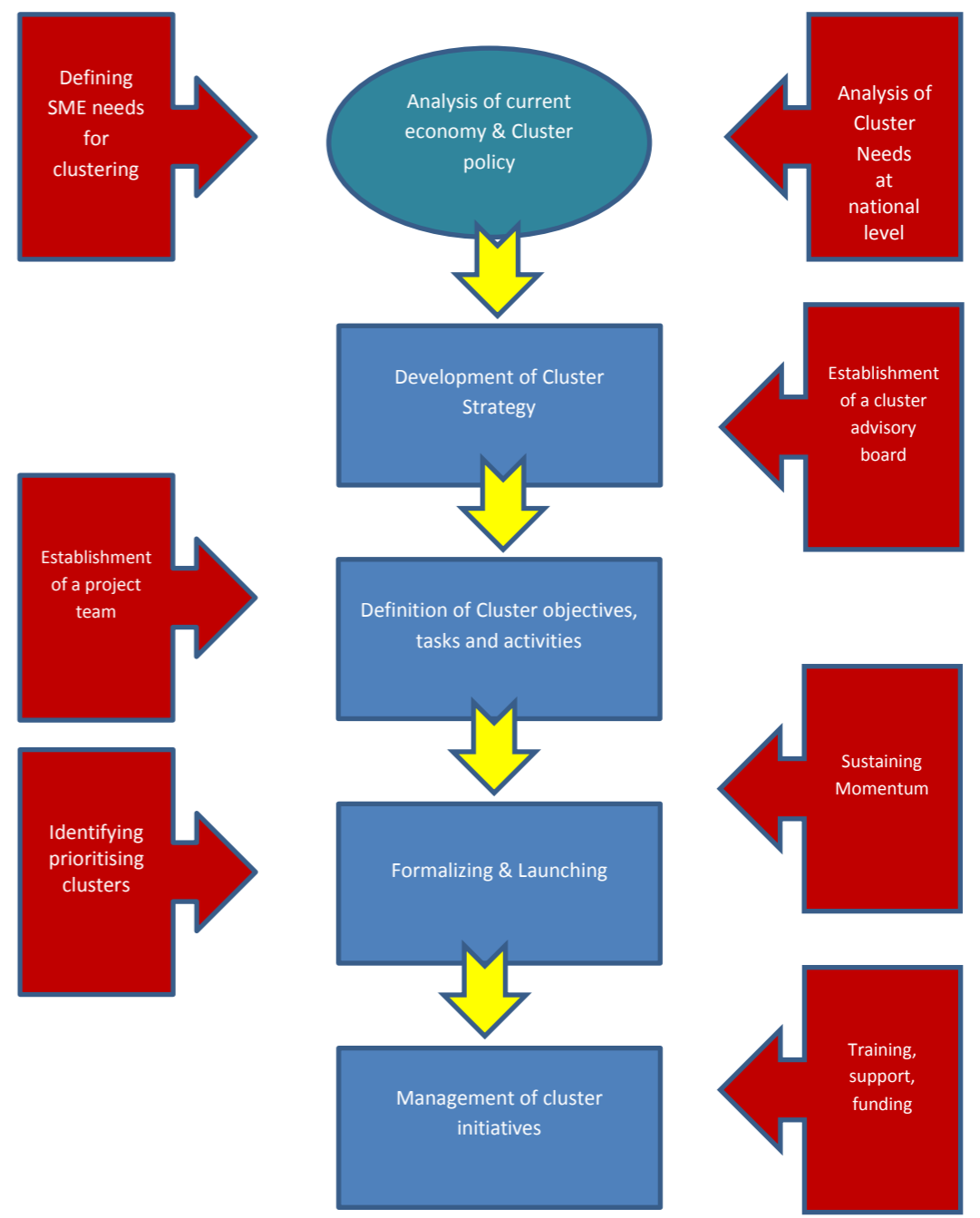




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Our Cluster Approach

A General Overview of our Cluster Approach



Cluster Development Process



1. **Definition of Cluster Vision:** Identify the embryonic and developed (if any) clusters and prioritize which ones to concentrate on
 - a. Description of what the cluster would like to achieve in the long-term future
 - b. Define a framework for the cluster's strategic planning

2. **Defining mission of the cluster organization**
 - a. The fundamental purpose of the cluster organization itself, i.e., why it exists and what its role is in achieving the cluster vision.

 - b. Create a vibrant collaborative environment in the cluster by bringing cluster participants together, facilitating strategic training and promoting entrepreneurship.

 - c. Developing Cluster Strategy: Defining long-term action plan in order to realize the cluster vision
 - d. **Direction:** where the cluster is trying to get in the long term
 - b. Scope: what the key activities that the cluster should focus on
 - c. Competitive advantage: what the key strengths of the cluster
 - e. **Resources:** what resources (i.e., skills, assets, finance, relationships, technical competence, facilities) are required to realize the cluster vision
 - f. **Climate:** define the external factors are likely to affect cluster's development

3. **Development of Cluster objectives**
 - a. Strategic Objectives
 - b. Operational Objectives

4. **Identify the 'Stepping Stones':** Identify the key steps to the desired future
 - a. Achieve a common understanding across the cluster
 - b. Identify the key issues that need to be addressed
 - f. Create an Agenda of immediate actions: highlight the short-term projects
 - a. Outlining the activity
 - b. Defining the expected results
 - c. Identify the resources needed



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