

Do companies profit from cluster activities?

The Cluster Impact Analysis – a practice-oriented evaluation approach for impact measurement

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What makes the Cluster Impact Analysis special?

Reasons for the use of a new instrument

- No enquiry of „sensitive“ data (e. g. annual turnovers)
- Specific features of the clusters are taken into account (age, intensity of commitment within the cluster initiatives)
- Independence from statistical data/predefined industry sectors/regions
- Results are easily comprehensible

high practicability:



- widely accepted
- field-tested
- individual selection of indicators possible
- suitable for all types of clusters
- regional localisation of the clusters not relevant

Survey of the Companies in 5 Impact Categories (30 Questions):

1. Qualification and innovation
2. Co-operation
3. Entrepreneurial performance
4. Image and reputation
5. Sustainability

	Indicators of the Cluster Impact Analysis at a glance
Brief Company Information	Company size
	Year of accession to the cluster
	Company name
	Contact person email [optional]
	Commitment and involvement of the company in the cluster initiative
Impact Category	
1) Qualification and Innovation	Access to qualified personnel within the network
	Access to qualification offers and trainings for the network's staff
	Adjustment of training offers to changing requirements with regard to education, promotion of young talents or curricula, etc. within the network
	Access to technological know-how and technical infrastructure
	Access to market- and sector-related trends
	Access to funding and capital (public and private)
	Influence on standard-setting and standardisation processes
2) Co-operation	Intensification of existing and establishment of new contacts to R&D and business partners along the value chain
	Intensification of existing and establishment of new contacts to partners from politics and associations, etc.
	Access to consultants with expertise in other fields (e. g. in areas such as tax, law, human resources, marketing)
	Improvement of motivation and openness with respect to co-operation
3) Entrepreneurial Performance	Increase in turnover and profits
	Headcount increase (full-time job equivalent)
	Number of innovative products, processes and services
	Quality of products and processes
	Increase in productivity
	Reduction of the time-to-market
	Increase in R&D expenses (innovation intensity: R&D expenses/turnover)
	New business opportunities
	Entering new markets (geographically, new products/services)
4) Image and Reputation	Improvement of image and reputation of the industry/sector
	Improvement of image and reputation of the organisation itself and its products
	Improvement of image and profile-raising of the business location
5) Sustainability	Willingness to make a financial contribution for the cluster management to secure its continuance and thus sustainability
	Preferred funding model for financing the cluster management organisation
	Willingness to get actively involved in the cluster initiative in terms of personnel
	Potential negative impacts on the cluster initiative due to "free-riders"
Summary	Assessment of overall benefits achieved by cluster involvement
	Further positive impacts, not mentioned in the questionnaire
	Unexpected negative impacts of cluster involvement

CVC – Commercial Vehicle Cluster

CVC

- Industry sector: automotive
- Age: 5 years
- Active participants: ca. 70, thereof 40 enterprises (mainly SME)

Survey



- Survey period: April to May 2012
- Only enterprises had been addressed.
- Response rate: 78%

Effects and Priorities in the Cluster

- **Have the most important company goals been attained in the cluster ?**
(Priority > 50%)?
 - **Yes,** for nearly all goals that had been pursued by more than 50%, positive effects have been realised.

Evaluation of the Priority – Has this been a pursued goal?

80% of the companies responded that their participation in the cluster was a pursued goal

Sample Indicator	Evaluation	Priority
Access to technological know-how and technical infrastructure		80%
Influence on standard-setting and standardisation processes		20%

Evaluation of the effects and priorities of CVC at a glance

1/2

Cluster Impact Analysis
















Indicator	Evaluation	Priority
Brief Company Information		
Company size		
Year of accession to the cluster	Ø 2008	
Name name		
Commitment and involvement of the company in the cluster initiative	→	
1) Qualification and Innovation		
Access to qualified personnel within the network	→	33%
Access to qualification offers and trainings for the network's staff	→	43%
Adjustment of training offers to changing requirements with regard to education, promotion of young talents or curricula, etc. within the network		
Access to technological know-how and technical infrastructure		
Access to market- and sector-related trends		
Access to funding and capital (public and private)		46%
Influence on standard-setting and standardisation processes		36%
2) Co-operation		
Intensification of existing and establishment of new contacts to R&D and business partners along the value chain	↑	100%
Intensification of existing and establishment of new contacts to partners from politics and associations, etc.	→	52%
Access to consultants with expertise in other fields (e. g. in areas such as tax, law, human resources, marketing)	→	23%
Improvement of motivation and openness with respect to co-operation	→	97%

small effect,
less important goal!

significant effect – important goal!

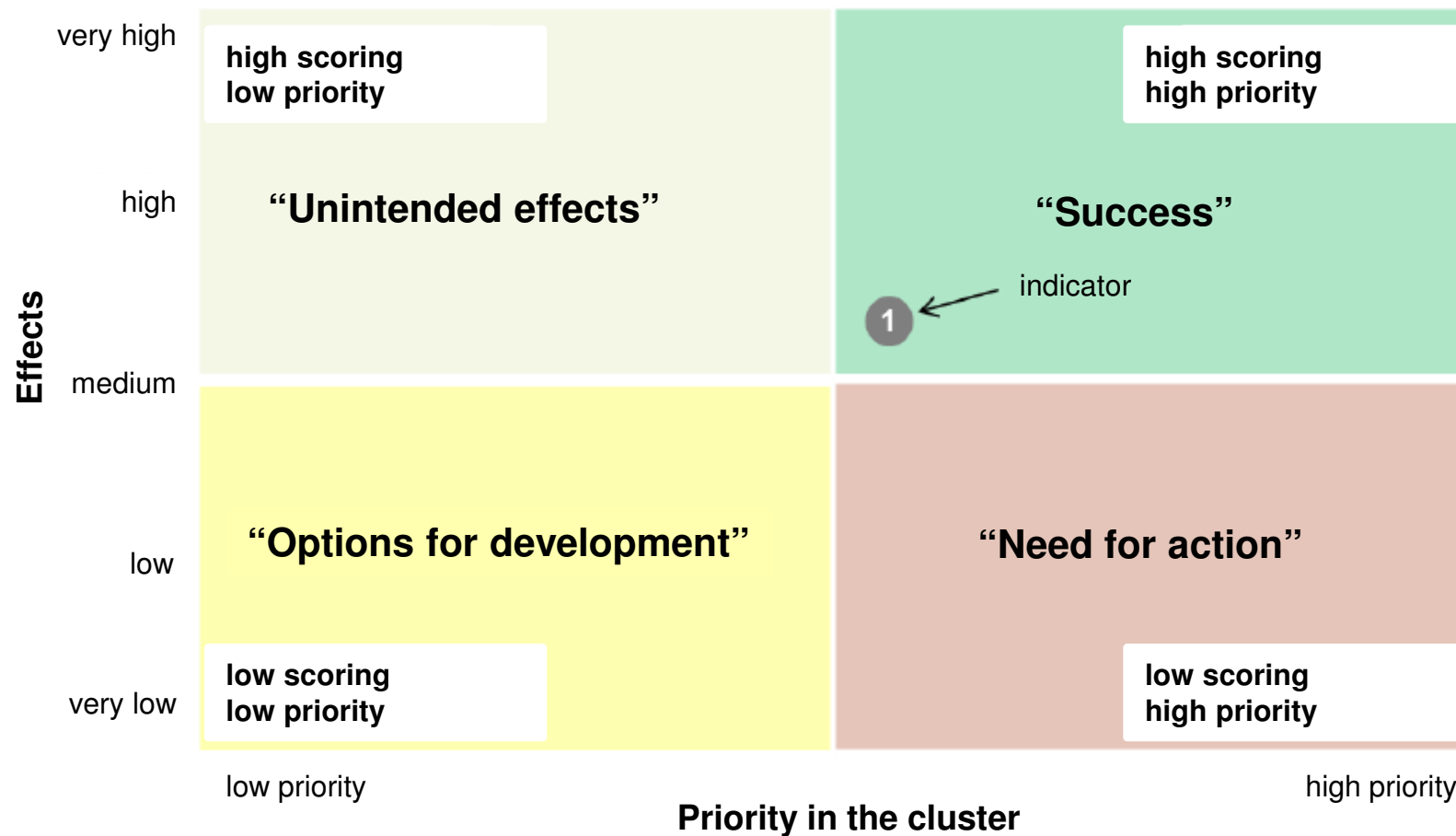
Evaluation of the effects and priorities of CVC at a glance

2/2

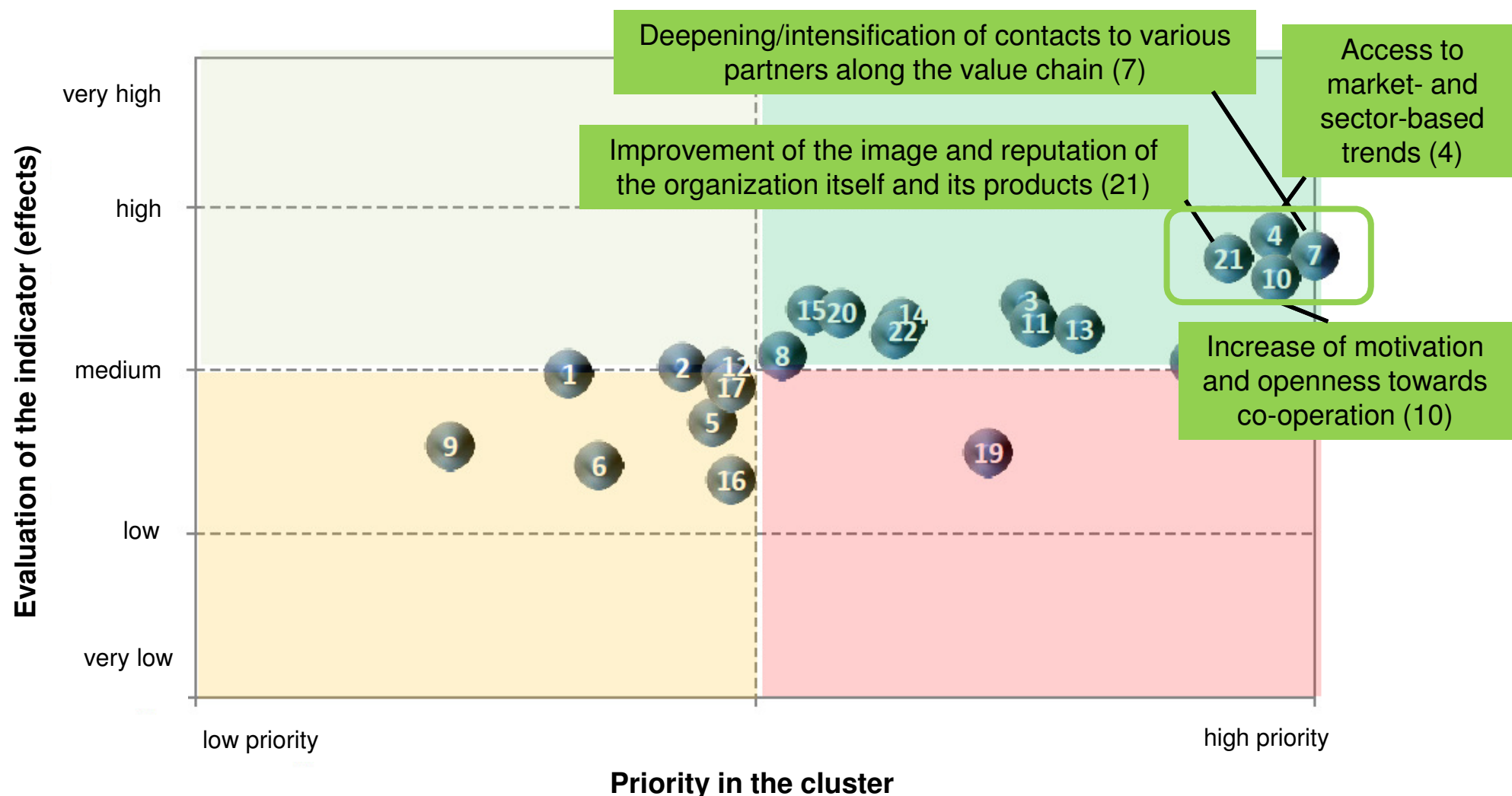
Indicator	Evaluation	Priority
3) Entrepreneurial performance		
Increase in turnover and profits		75%
Headcount increase (full-time job equivalent)		47%
Number of innovative products, processes and services		79%
Quality of products and processes		63%
Increase in productivity		55%
Reduction of the time-to-market		48%
Increase in R&D expenses (innovation intensity: R&D expenses/turnover)		48%
New business opportunities		89%
Entering new markets (geographically, new products/services)		71%
4) Image and reputation		
Improvement of image and reputation of the industry/sector		58%
Improvement of image and reputation of the organisation itself and its products		92%
Improvement of image and profile-raising of the business location		63%
5) Sustainability		
Willingness to make a financial contribution for the cluster management to secure its continuance and thus sustainability		
- with unchanged range of services		
- with continuously improved service portfolio		
Preferred funding model for financing the cluster management organisation		
Willingness to get actively involved in the cluster initiative in terms of personnel		
- with unchanged range of services		
- with continuously improved service portfolio		
Potential negative impacts on the cluster initiative due to "free-riders"	22%	

22% see negative effects by "free-riders"

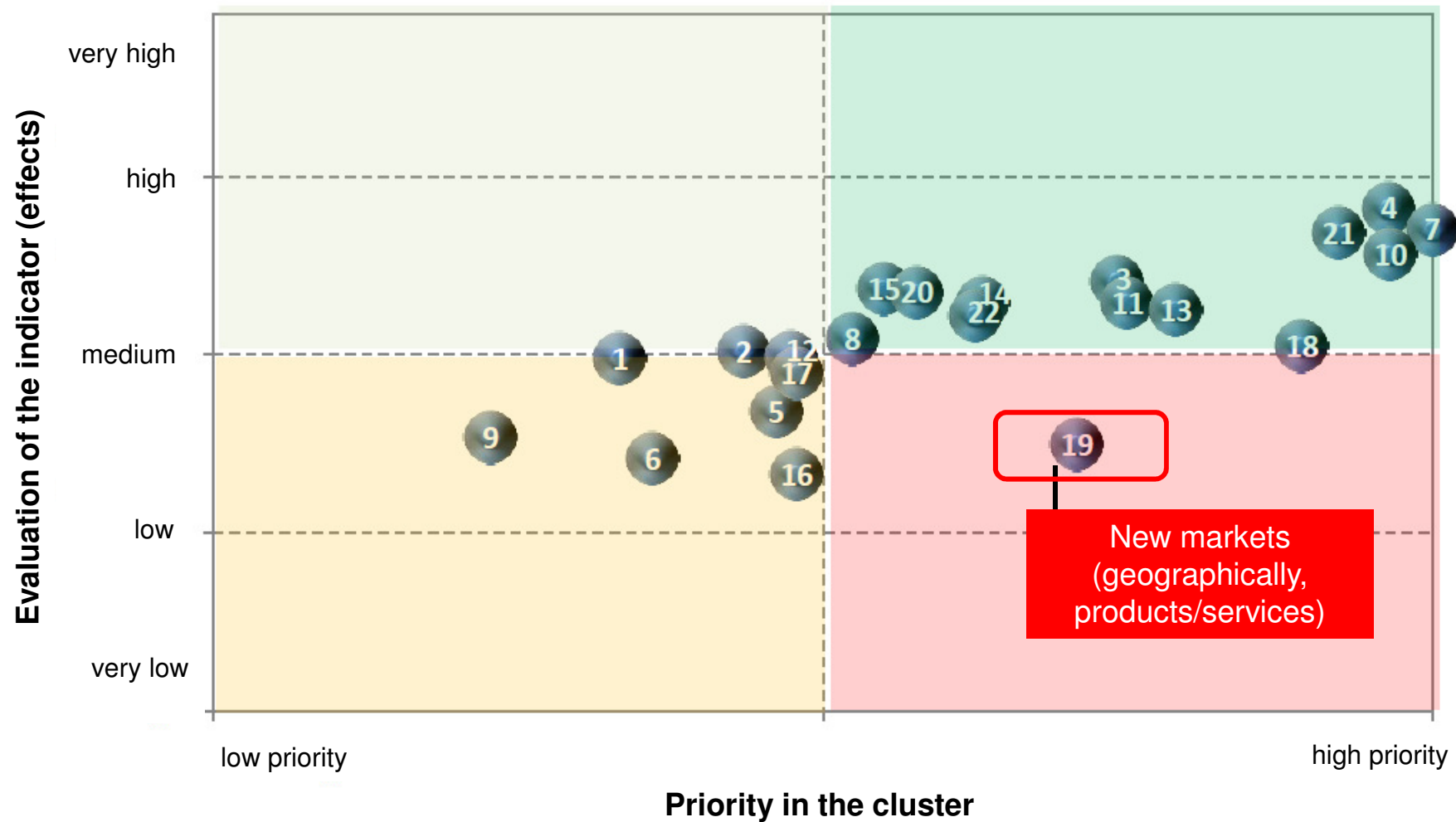
Cluster Impact Matrix: Need-Satisfaction-Matrix



Achieved effects were most apparent in the fields of highest priority

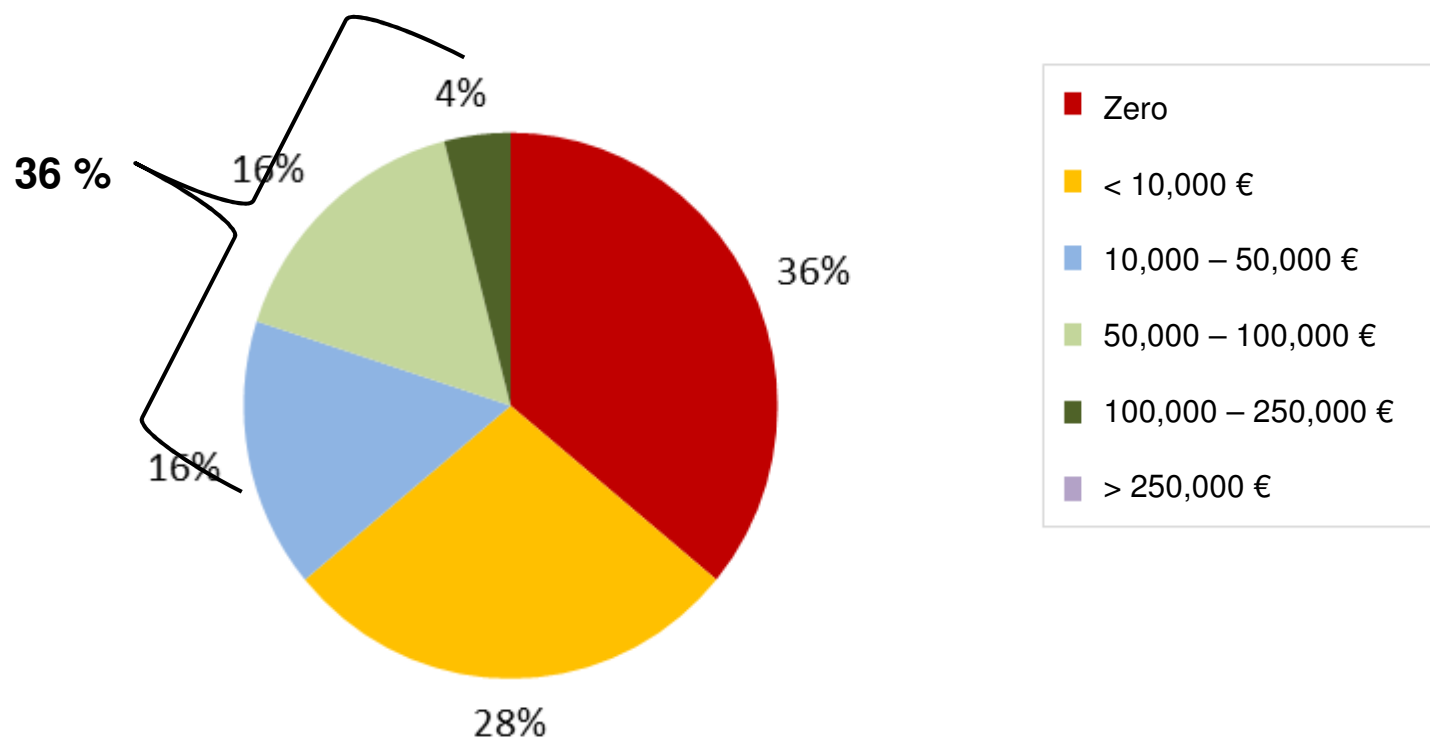


Needs for action...



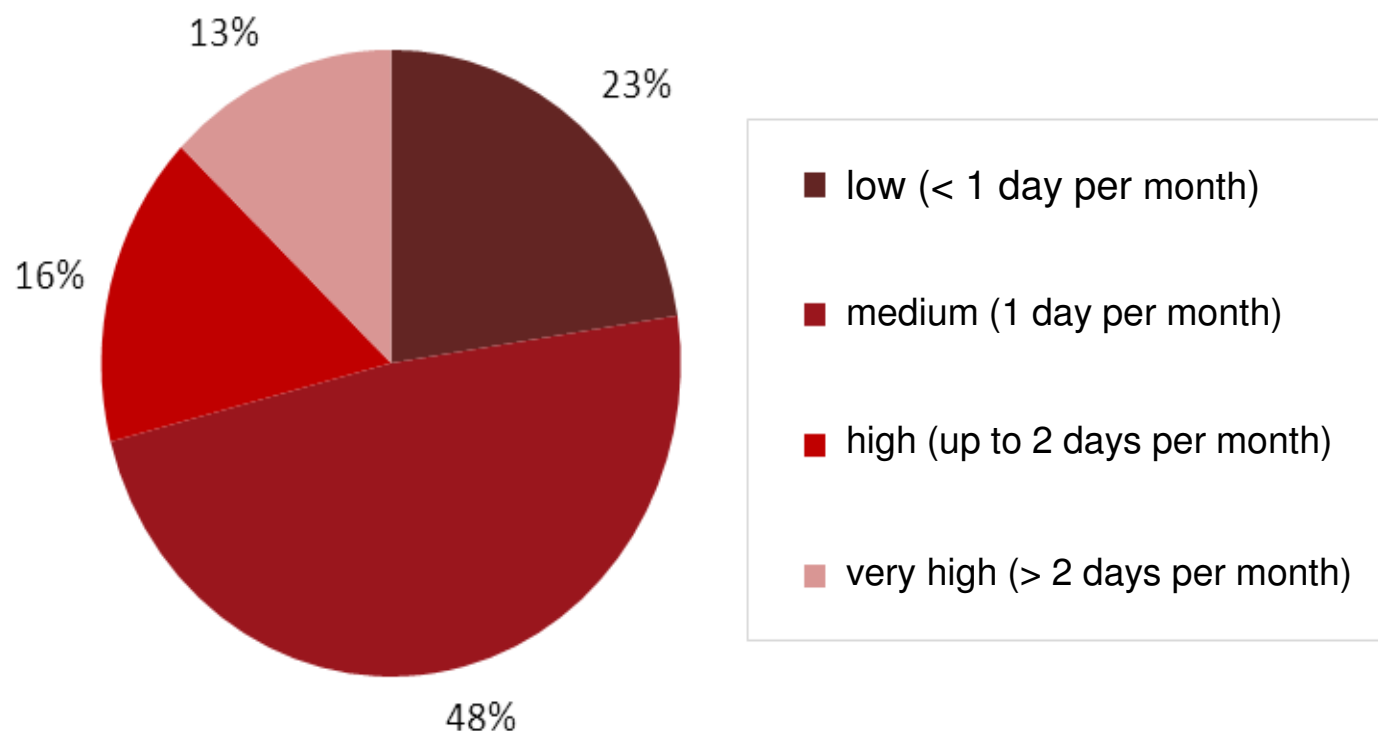
Enterprises also Profit Financially When Participating in a Cluster

Monetary benefit resulting from cluster activities in the past 2 years
(in total)



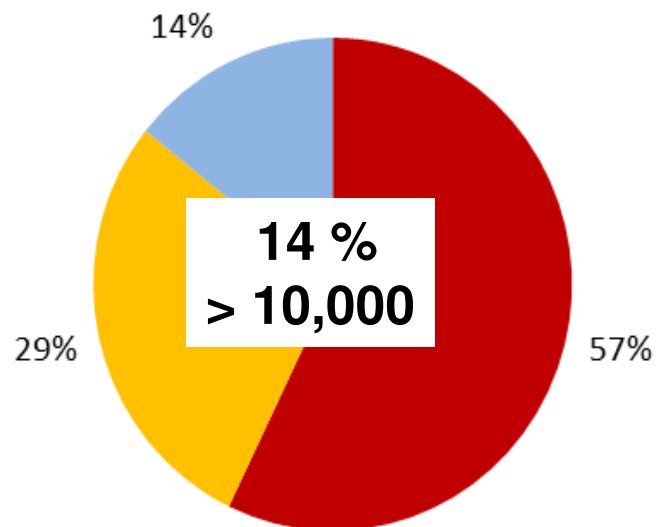
Cluster Activities are Profitable...

Companies' commitment for the cluster initiative in terms of personnel

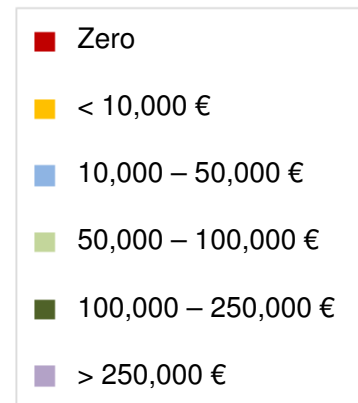
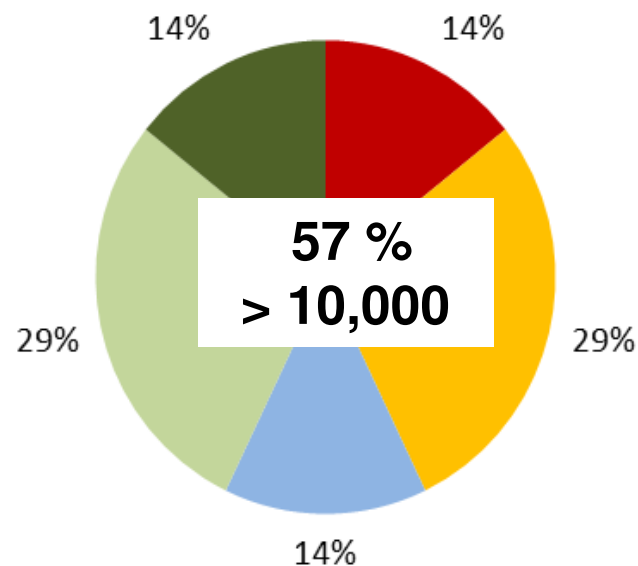


...Involvement in Cluster Activities pays off for all Participants.

**Monetary benefit
with low commitment**



**Monetary benefit
with high commitment**



- High commitment = > 2 days per month spent for cluster work; intensive interaction with CM
- Low commitment = < 1 day per month spent for cluster work; occasional participation

Conclusion

The Cluster Impact Analysis...

- ...helps to identify strengths and fields of action.
- ...builds the basis for strategic discussion (e.g. range of services).
- ...support legitimisation of activities towards various stakeholders.

Cluster Impact Analysis – Evaluation Report

Full report

- Available online



Thank you for your kind attention!

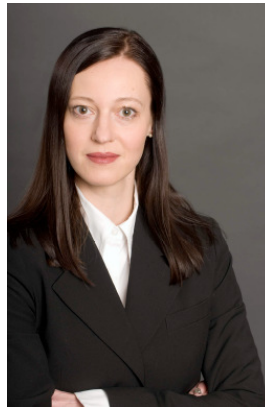
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Example: Trend Calculation

Exemplary Trend Calculation				
example indicator XY	number of replies	in %	quantification (points)	
...has developed rather poorly or insufficiently.	5	18%	33%	$0,18 \cdot 33$
... is now given.	18	67%	66%	$0,67 \cdot 66$
... is now very good or excellent.	4	15%	100%	$0,15 \cdot 100$
total	27	100%		65

Per indicator, a maximum of 100 points can be achieved

Evaluation in points between...	Conditional formatting	Interpretation
70 and 100		very good or excellent effects
60 and 69.9		good or very good effects
50 and 59.9		effects are given = positive
40 and 49.9		few effects
0 and 39.9		very few or no effects at all

Indicator Legend

1) Qualification and Innovation

- 1 = Access to qualified personnel within the network
- 2 = Access to qualification offers and trainings for the network's staff
- 3 = Access to technological know-how and technical infrastructure
- 4 = Access to market- and sector-related trends
- 5 = Access to funding and capital (public and private)
- 6 = Influence on standard-setting and standardisation processes

2) Co-operation

- 7 = Intensification of existing and establishment of new contacts to R&D and business partners along the value chain
- 8 = Intensification of existing and establishment of new contacts to partners from politics and associations, etc.
- 9 = Access to consultants with expertise in other fields (e. g. in areas such as tax, law, human resources, marketing)
- 10 = Improvement of motivation and openness with respect to co-operation

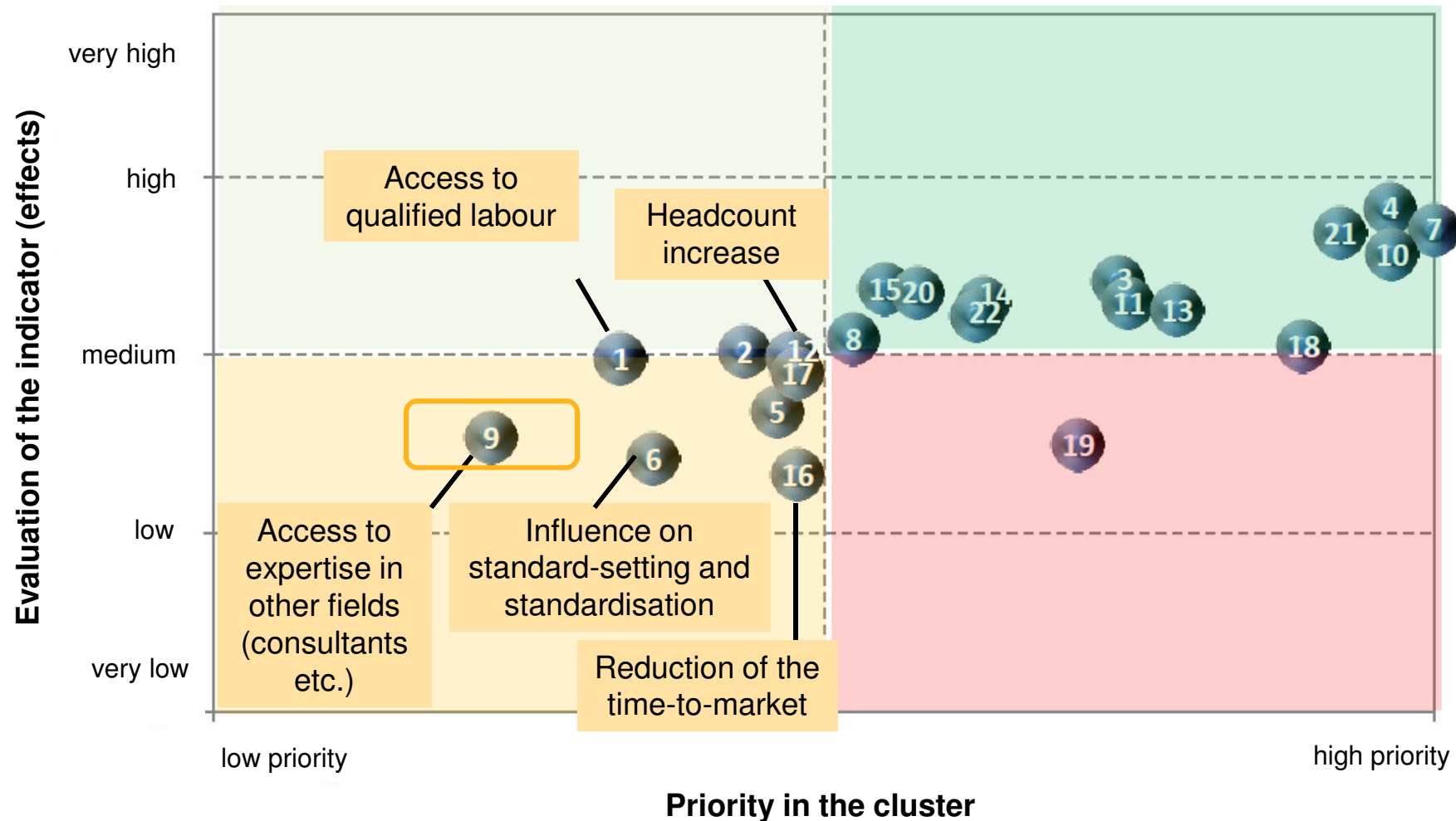
3) Entrepreneurial Performance

- 11 = Increase in turnover and profits
- 12 = Headcount increase (full-time job equivalent)
- 13 = Number of innovative products, processes and services
- 14 = Quality of products and processes
- 15 = Increase in productivity
- 16 = Reduction of the time-to-market
- 17 = Increase in R&D expenses (innovation intensity: R&D expenses/turnover)
- 18 = New business opportunities
- 19 = Entering new markets (geographically, new products/services)

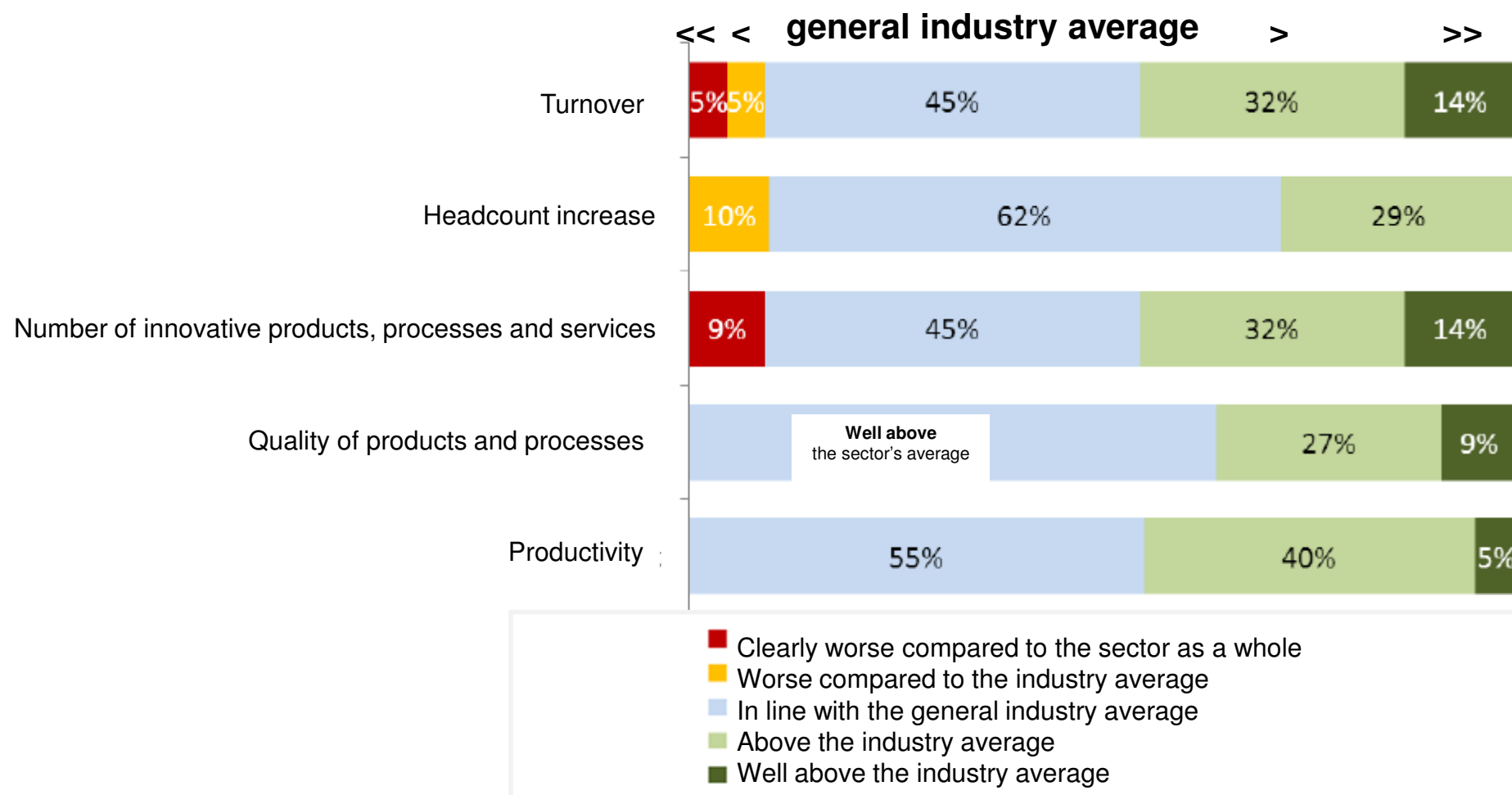
4) Image and Reputation

- 20 = Improvement of image and reputation of the industry/sector
- 21 = Improvement of image and reputation of the organisation itself and its products
- 22 = Improvement of image and profile-raising of the business location

**Achieved effects were less apparent in the fields of lower priority.
Please pay attention to the transition zone.**

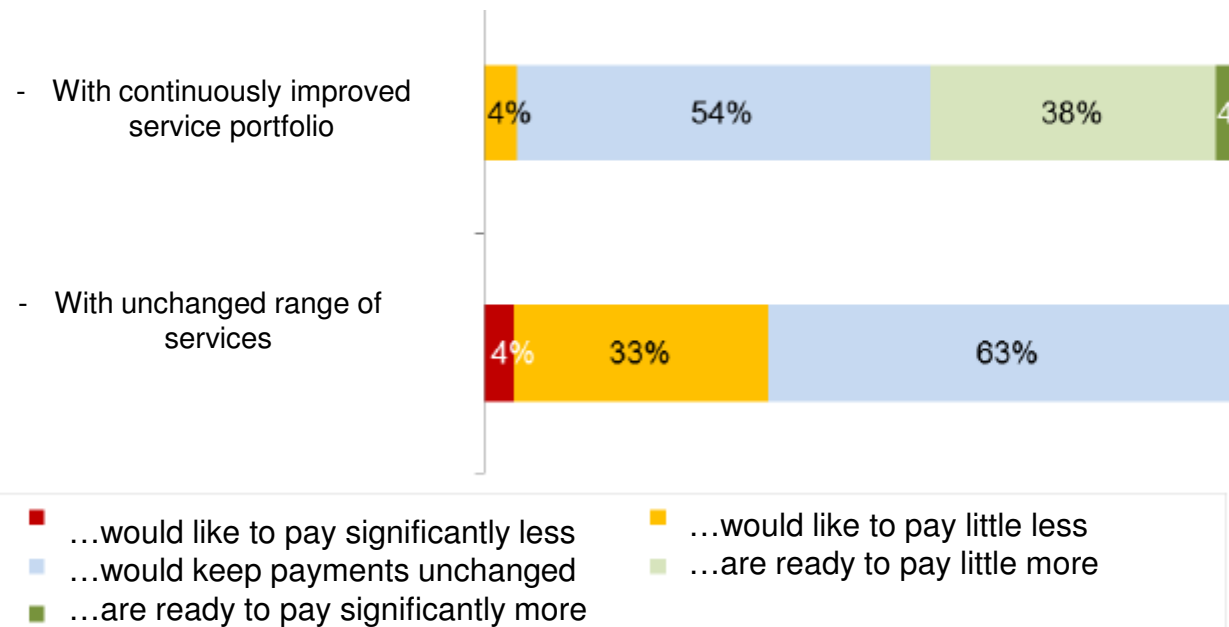


Self-Assessment of the Entrepreneurial Performance Capacity Resulting from an Active Participation in the Cluster Initiative



Companies' Willingness to pay Membership fees as Indicator for Obtained Benefits

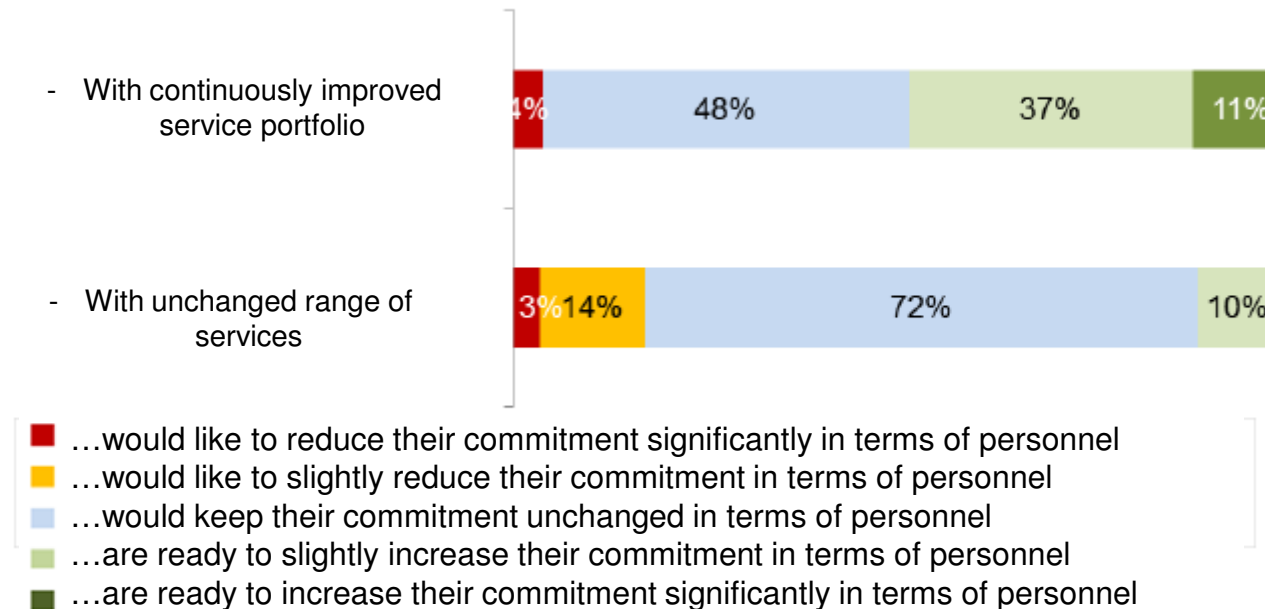
Readiness to make a financial contribution in order to support the cluster management organisation



- With an improved service portfolio, nearly 40 % would raise their contributions.
- If the performance continued „as usual“, 2/3 would be ready to retain their financial contributions.

Companies' Readiness to show Commitment in Terms of Personnel as Indicator for Obtained Benefits.

Readiness to become actively involved in the cluster work in terms of personnel resources



- With an improved service portfolio, nearly half of the enterprises would like to raise their personnel resources for cluster work purposes.
- If the performance continued “as usual”, staff commitment would principally remain unchanged.

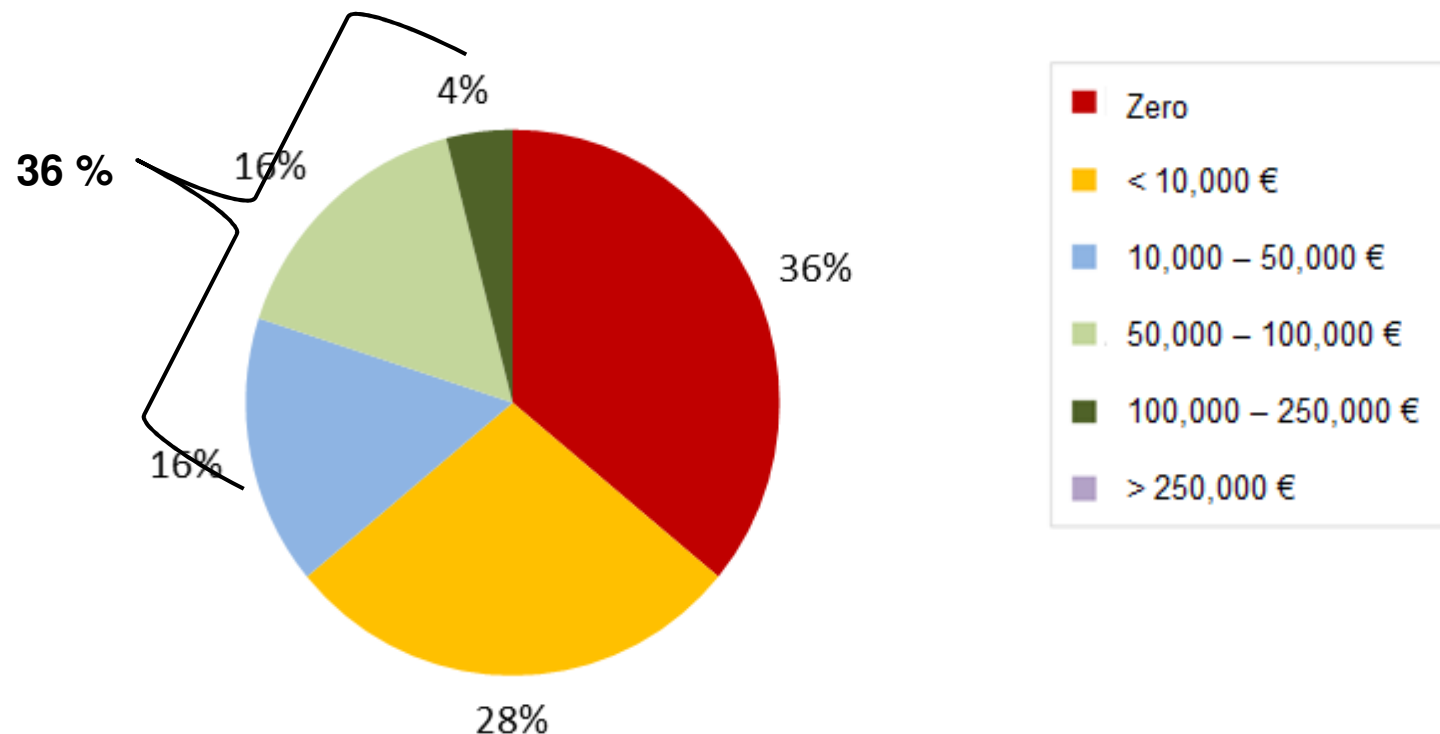
Cluster Impact Analysis – Evaluation Report

- **Clearly presented evaluation report**
ca. 30 pages
- **Visualisations**
Table of trends, matrix, pie/bar charts
- **Analysis**
Evaluation of effects and priorities
Overall monetary benefit for the cluster as a whole
Commitment and sustainability
- **Recommendations for action**



Enterprises also Profit Financially When Participating in a Cluster

Monetary benefit resulting from an active participation in cluster initiatives
(in total)



The average cluster participant (private/public) has spent EUR 9,200 p. a. for cluster work. On the other hand, enterprises profit financially with an average benefit of approx. EUR 12,600 p. a. This corresponds to a **rate of approx. 1.4**. Companies that show **particular commitment realise a benefit almost twice as high** (EUR 26,000 Euro p. a.).

Companies' Commitment for Cluster Activities

Brief information about your company

The commitment of your company for network activities can be described as...

☐ ...low (< 1 day per month*)

Your company makes use of single specific services offered by the cluster management.
There are rarely interactions with the cluster management organisation or other participants of the cluster initiative.

☐ ...medium (1 day per month*)

Your company participates in working groups and/or makes use of offers provided by the cluster management.
The personnel occasionally interact with the cluster management or other participants of the cluster initiative.

☐ ...high (up to 2 days per month*)

Your organisation is actively involved in the cluster initiative and interacts with the cluster management and other participants of the cluster initiative.
Your company participates part in relevant activities of the cluster initiative, in the strategic development and implementation processes.

☐ ...very high (> 2 days per month*)

Your company is one of the most active players in the cluster initiative, which means that the strategic orientation and contents are significantly shaped by your company. Your company has been playing a very active role in the cluster initiative (for years).
Your company closely interacts with the cluster management organisation and other participants of the cluster initiative.

* Estimated personnel expenses for network activities. PLEASE NOTE: The contribution of human resources to R&D projects does explicitly NOT fall under this category.

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Entrepreneurial Performance

3) Entrepreneurial Performance

How would you evaluate the effects resulting from your participation in the network?

The entrepreneurial performance has developed...						Has this been a pursued goal of your organisation?	
	Clearly worse compared to the sector as a whole	Worse compared to the industry average	In line with the general industry average	Above the industry average	Well above the industry average	Yes	No
Increase in turnover and profits	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Headcount increase (full-time equivalent)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Number of innovative products, processes and services	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Quality of products and processes	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Productivity	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Miscellaneous	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Qualitative evaluation compared to the sector's average as a whole

Monetary Benefits Arising from the Cluster Activities

Summary

Please try to give an estimate about the monetary benefits* your company was able to realise over the last two years thanks to its participation in the cluster initiative:

- ☐ zero
- ☐ < 10,000 €
- ☐ 10,000 – 50,000 €
- ☐ 50,000 – 100,000 €
- ☐ 100,000 – 250,000 €
- ☐ 250,000 – 1 million €
- ☐ > 1 million €

* e. g. additional revenues, licensing revenues, cost savings, reduced development time, lower financial risk etc.

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↑
As compared to „Intensity of entrepreneurial commitment within the cluster“

Evaluation of the effects and priorities in the cluster at a glance

Example - Extract

Cluster Impact Analysis

Indicator	Evaluation	Priority
Brief Company Information		
Company size	Ø 2008	
Year of accession to the cluster		
Name name		
Commitment and involvement of the company in the cluster initiative	→	
1) Qualification and Innovation		
Access to qualified personnel within the network	→	33%
Access to qualification offers and trainings for the network's staff	→	43%
Adjustment of training offers to changing requirements with regard to education, promotion of young talents or curricula, etc. within the network		
Access to technological know-how and technical infrastructure	↗	74%
Access to market- and sector-related trends	↑	69%
Access to funding and capital (public and private)	↘	46%
Influence on standard-setting and standardisation processes	↘	36%
2) Co-operation		
Intensification of existing and establishment of new contacts to R&D and business partners along the value chain	↑	100%
Intensification of existing and establishment of new contacts to partners from politics and associations, etc.	→	52%
Access to consultants with expertise in other fields (e. g. in areas such as tax, law, human resources, marketing)	↘	23%
Improvement of motivation and openness with respect to co-operation	↗	97%

Target Group and Implementation of the Cluster Impact Analysis

- **Target group:** organisations acting as business entities within a cluster (members)
- **Online questionnaire**
- **Support of the target-group with specific addressing via e-mail**
Email “cover” letter, FAQ for companies, active link to survey
- **Control is exercised by the cluster management organisation**
emailing, circle of participants, start/end, reminders
- **Anonymity is preserved**
No conclusions on the responding companies
- **Confidentiality is given**
Cluster Management receives feedback and decides on measures and publication

Sample Question: „Look and Feel“

1) Qualification and Innovation

How would you evaluate the effects resulting from your participation in the network?

Focus on effects triggered by the participation in the cluster!

The access to technological know-how and infrastructure ...

- ☐ ... has developed rather poorly or insufficiently
Positive effects on the organisation have hardly been achieved or not at all.
- ☐ ... is given, but has not yet led to any noteworthy positive effects.
- ☐ ... is now very good or excellent and contributes positively to various aims.

Has this been a pursued goal of your organisation?

- ☐ Yes
- ☐ No

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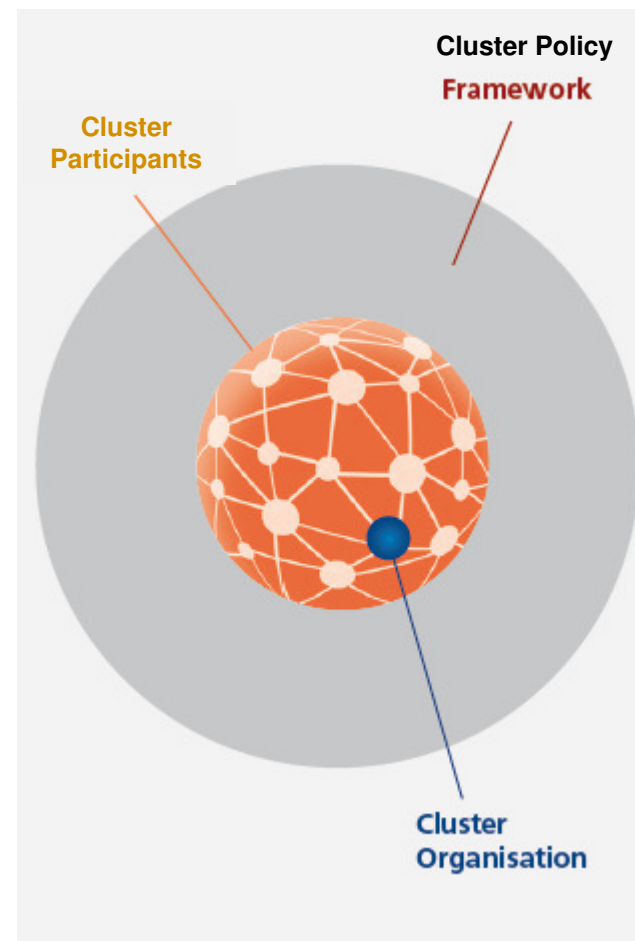
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- Response categories describe tangible results!
- Enhanced comparability.

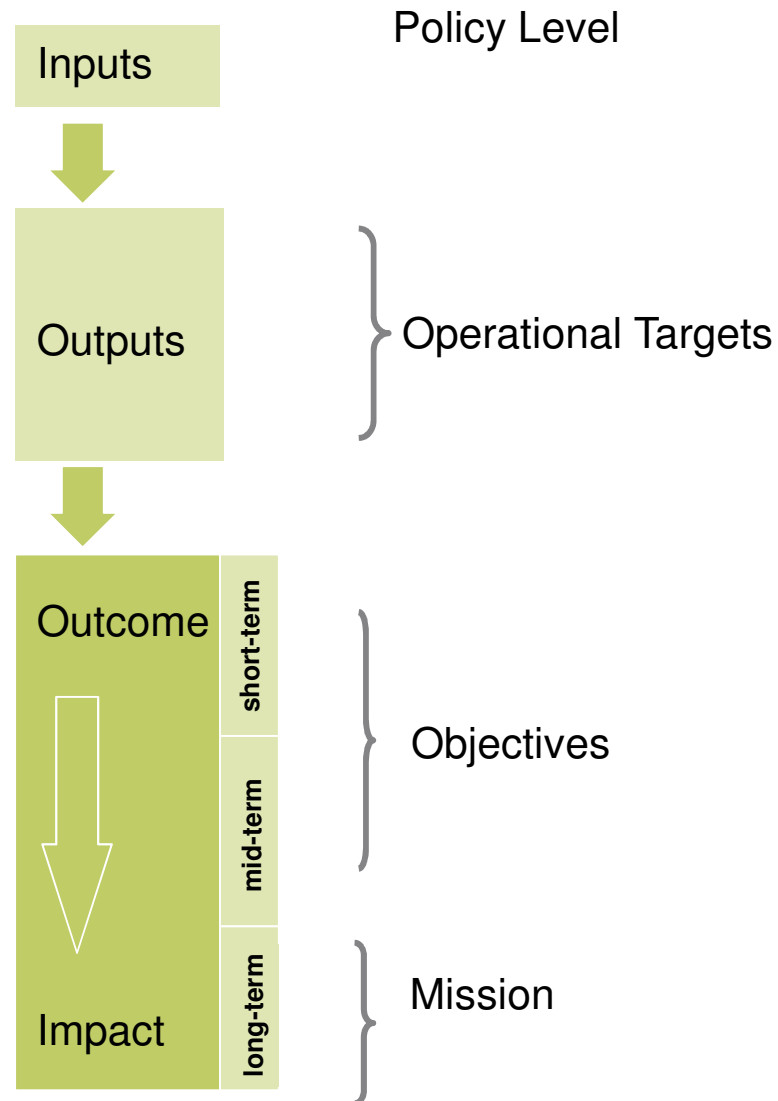
Evaluation has to distinguish between three different dimensions of cluster policy intervention

Three levels of cluster policy intervention

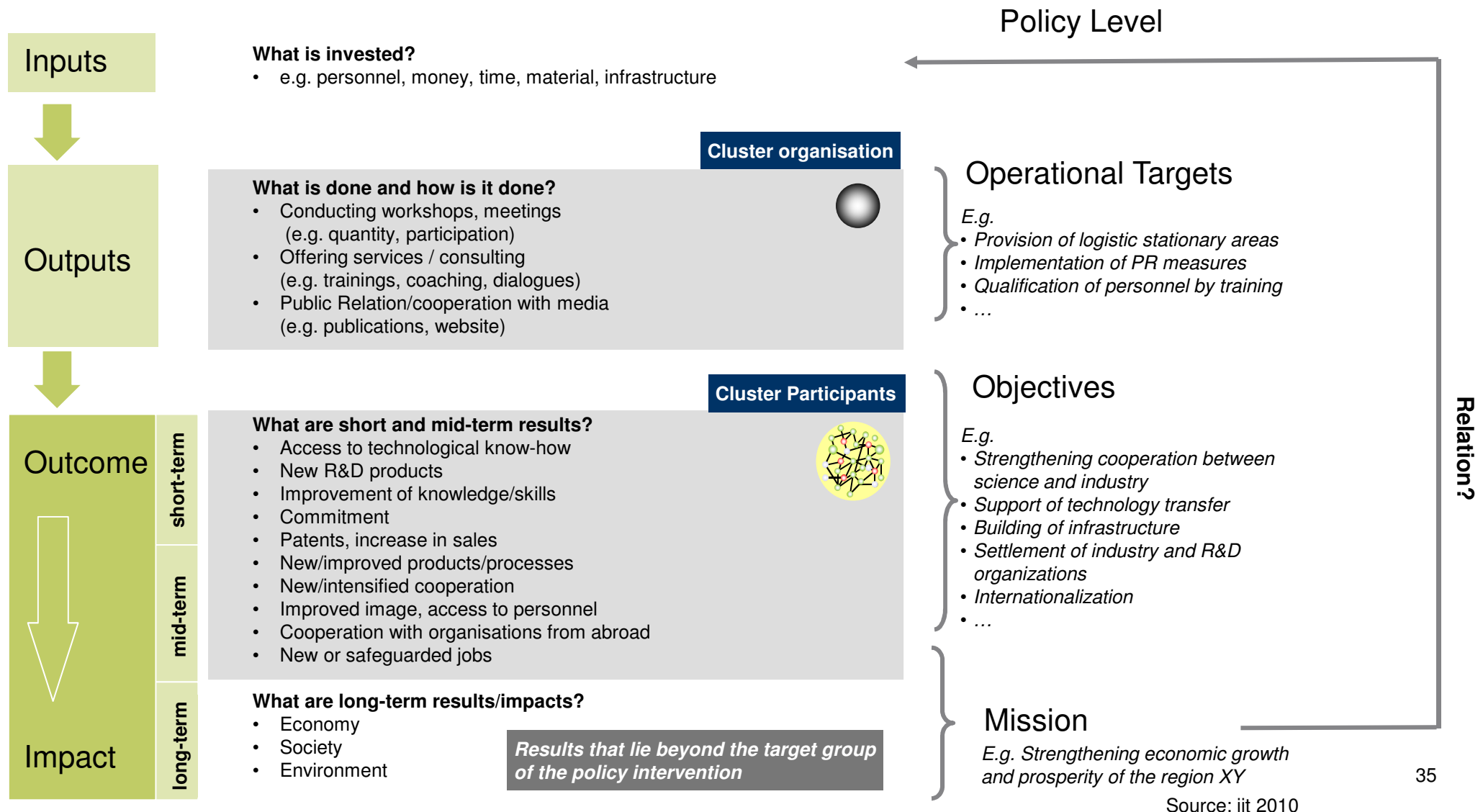


The evaluation system addresses three different “subjects of evaluation”

Simple evaluation model to explain the relationship between policy intervention and results



Cluster and Network Evaluation Model



What kind of indicators to look at?

