


# CLUSTERING 06




**BDS**  
BD2

- Istanbul Conference 25 & 26 May 2006 .
- THANKS to.....






Financed by the European Commission

Organised by

Supported by

# THEME – MORE THAN THE SUM

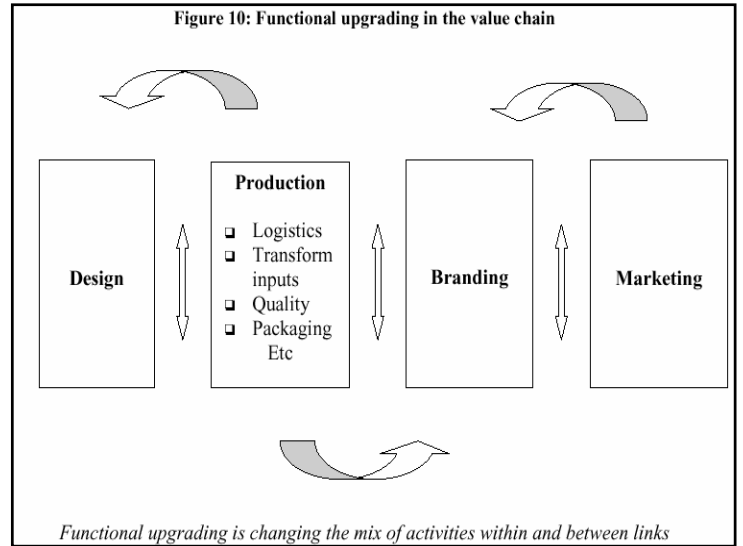
**BDS**  
BD2

- "In an era of global competition, clustering approach presents effective and efficient ways for increasing competitiveness by promoting innovation as well as cooperation."
- Promoting cooperation
- Promoting innovation
- Improving competitiveness

# CHALLENGES FOR SME's

**BDS**  
BD2

- SME's struggle with a bunch of issues in growth effort :
  - Family run business
    - Decision making suffers
  - Single hand run business
    - Lack of time
  - Information on export markets
    - MIS
  - Use of IT / Websites / Internet
    - Generation
  - Travel to export markets
    - Not sure
  - Stock and Sell
    - Risk
  - Professional managers
    - Trust & systems
  - Training inputs
    - Single
  - Finance
    - Sources
  - BDS – Business Development Services
    - Sensitisation



## SURVIVAL For SME's

BDS  
BD2



- **INFORMATION & KNOWLEDGE LEADS TO INNOVATION.**
- **NETWORKING OF BUSINESS LEADS TO OPPORTUNITIES.**
- **CO OPERATION LEADS TO " GLOBAL VALUE CHAIN "**

## Co operation - EXPORT CONSORTIA – A Solution ?

BDS  
BD2



- Therefore, if SME's in a cluster can be motivated to work together in export consortia ( comprising of 6 – 8 firms ), this model offers solutions to most of their challenges of export market access.

## Co Operation - Consortia

BDS  
BD2

### Consortia Methodology

- By forming export consortia, SME's can offer international buyers a wide selection of product varieties, and are able to effectively meet large quantity orders.
- They also pool their individual years of experience, to guarantee buyers a reliable supply of top quality products.



## EXPORTS – "PULL OPTION"

BDS  
BD2



- EXPORTS act as a "PULL" factor to bring the SME's together because in domestic market they are already competing with each other but in exports they need HANDHOLDING support !

## Co Operation - Consortia



- They all share in common :
  - a strong market orientation
  - a commitment to their customers
  - a careful eye for quality.
- \* They standardize their :
  - raw material quality
  - purchasing processes
  - production processes
  - and follow a joint marketing model.

## Co Operation - Consortia



- Each consortia has a professional manager who runs its operations and liaises with its members & customers.
- THIS IS EXACTLY WHAT LARGE CORPORATIONS & MNC's DO !

## INTERNAL & EXTERNAL NETWORKING



- INTERNAL :
  - Within Cluster & Consortia
- EXTERNAL :
  - Outside Cluster & Consortia

## STEPS in consortia formation – Co Operation



### 1. Promotion & Motivation Phase

- Critical Mass – 6-10
- Formation of group
- Hire a manager ( Salary plus commission )
- Regular Meetings – 7 Days
- Identification of common goals of the group.



## STEPS in consortia formation – Co Operation

BDS  
BDS

### 2. Strategic Planning phase :

- Analysis of Common challenges & opportunities.
- Common work plan
- Organization structure
- Evaluation criteria – Short / Medium / Long



## STEPS in consortia formation – Co Operation

BDS  
BDS

### 3. Implementation phase :

- Visible results – Ex: Visit to production centers & markets
- Common Purchase
- Common Exhibition participation
- Joint Catalog / website/ CD
- Joint export marketing office
- Networking with foreign delegations / visitors / importers / agents .



## STEPS in consortia formation – Co Operation

BDS  
BDS

### 4. Strategic projects phase 1-2 Years

- Warehouse abroad
- Office abroad
- Global Ratings – D&B



## STEPS in exporting clusters

BDS  
BDS

### 5. Self Management Phase :

- Autonomy
- Independence
- Self Managed
- Continuity & Sustainability



www.cluster2cluster.com

BDS  
BD2

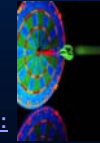


AFGHANISTAN :

- Marble Mines Cluster – Consortia  
...Ahmedabad Mining equipment cluster.
- Dried Fruit & Nut Cluster – Consortia  
...Delhi DF & N importers consortia
- Carpets – Consortia  
...Dyeing & cutting / cleaning Tech. – Ahmedabad

EXAMPLE OF IMPACT

BDS  
BD2

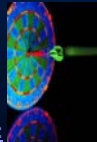


QUANTITATIVE :

1. Motivated the formation of 63 Consortia in India , Afghanistan , South Africa , UK , Germany & Canada.
2. Generated savings of US\$ 19 Million on joint purchase ( through bulk negotiations & import sourcing )
3. Generated export orders of US\$ 162 million through business delegation visits – 69 delegations
4. Trained 11460+ companies on exports & CDP -191 seminars.
5. Recovered US\$ 7.5 Million of bad debts through association action plan.

EXAMPLE OF IMPACT

BDS  
BD2



QUALITATIVE :

6. Changed the mindset of business community to work together.
7. Motivated technology up gradation spending
8. Motivated spending on market promotion
9. Common brand promotion
10. Sensitised & activated Associations on their role in CDP .
11. Worked in 55 CLUSTERS in 8 Countries.

EXPORT PUSH  
THROUGH CLUSTERS

BDS  
BD2

**BELIEF**  
( Methodology )  
+  
**PASSION**  
( Your Own Self )  
=  
**SUCCESS**  
( For all )



[www.clusterpulse.org](http://www.clusterpulse.org)

BDS  
BDS



**CLUSTER PULSE**

308 University Plaza , Navrangpura  
Ahmedabad- 380 009 INDIA .  
Tel:+91-79-27913903 ,27913908  
Fax : +91-79-27912742  
Email :[info@clusterpulse.org](mailto:info@clusterpulse.org)