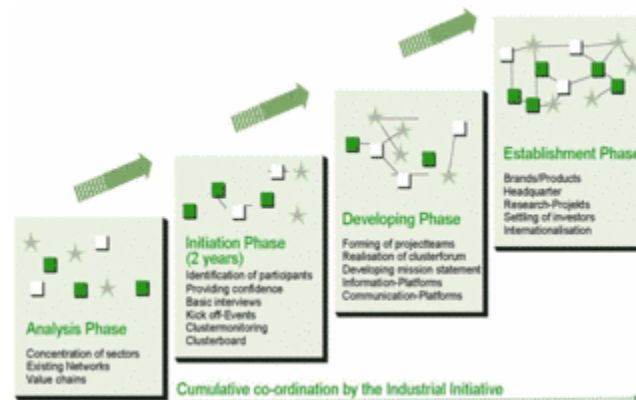


IICG's cluster strategy

IICG supports the formation of clusters in those interrelated sectors with an above-average concentration of businesses and research centres in Central Germany (and beyond). The aims are to boost innovation and competitiveness – and to carve out an economic profile with an international reputation.

The term 'clusters' refers to flexible networks of complementary businesses large and small along with research, development and training institutes as well as other centres of excellence which by working together can become highly competitive.

Central Germany contains both micro-clusters and macro-clusters. Whereas micro-clusters such as optoelectronics in Jena and microelectronics in Dresden are based within one city, in the macro-clusters a critical mass is only achieved in a larger region. The geographical size of a cluster depends not on political boundaries but supply chains and cooperation networks.



The cluster development model was developed on the basis of international comparative studies by IICG (Klaus Wurpts), HHL – Leipzig Graduate School of Management (Prof Manfred Kirchgeorg) and Harvard Business School (Dr Christian Ketels).

IICG's objective in initiating the cluster process was to strengthen the mostly weak cooperation and supply relationships to create inter-regional macro-clusters in order to develop existing competitive advantages and increase innovation. This contributes to general economic growth and the formation of a regional profile.

How Central Germany benefits from cluster processes

A cluster is defined as the spatial concentration of a supply chain. The advantages it generates for the region as a whole include the following:

- Trade and industry are the main beneficiaries of a cluster process – for the cluster directly strengthens every business. SMEs tend to profit even more than larger firms, since they stand to gain more from cooperation. Costs are slashed for example by the proximity of suppliers, contractors and research and training centres. What's more, being able to meet business associates face to face makes for new, pioneering forms of cooperation – not just between businesses, but also between firms and research institutes. Even direct competitors can identify areas in which they can cooperate, helping them for example to increase their degree of specialisation. Meanwhile, training centres can better tailor their services to the needs of local employers through close cooperation with clusters. Other businesses not directly integrated into clusters such as small tradesmen also stand to profit from regional cluster development. After all, clusters help boost demand right across the board by paving the way for high employment, higher wages, and more new businesses and corporate investment.
- Research and science also profit from the cluster process. The coordination of all research institutes organised by a Central German university in each cluster enables them to better meet the needs of local businesses and to work with them in new R&D projects.
- Regional government also benefits from the inter-regional cluster process. The organised flow of information within clusters enables regional administrative bodies to improve the economic framework in these clusters in order to encourage innovation and growth. This leads to economic expansion, makes the region more attractive to investors, and raises the general standard of living. Moreover, the strengthening of existing clusters does not exclude the development of new ones – and rural regions also profit from an economic policy geared to specific sectors.

More information: www.mitteldeutschland.com

Contact: Wirtschaftsinitiative für Mitteldeutschland
Nikolaistr. 28-32
04109 Leipzig, Germany
Tel: + 49 (0) 341 600160
Fax: + 49 (0) 341 6001613
info@mitteldeutschland.com