



TCI RECOVERY PLAYBOOK

HELPING **TODAY**. PREPARING FOR **TOMORROW**

A guide for
**Economic Development Organisations
and Cluster Organisations**



Authors
Christian Ketels
Merete Daniel Nielsen

Case compilation by
Patricia Valdenebro



TCI NETWORK



HELPING TODAY. PREPARING FOR TOMORROW

A guide for
**Economic Development Organisations
and Cluster Organisations**

The COVID-19 outbreak is causing massive **human** and **economic costs** globally. What started out early this year as a scary but for many distant news story in China has during a few weeks during March completely changed daily life around us.

Economic development organisations and cluster organisations have reacted fast, shifting from their traditional roles in supporting long-term growth towards short-term crisis response. They have helped scale the capacity of the health care system, worked to channel support to the companies that are their members and partners, and have adjusted their services and business model.





pandemic, and finally igniting new growth. In each of these phases economic development organisations and cluster organisations will have to play different roles and focus on different priorities. Many great examples of how these organisations can make a difference have emerged over the last weeks; we are showcasing a small number here, and will add more examples and learnings over time to make this playbook a ‘living’ resource for our community.

With this **TCI Recovery Playbook** we intend to help economic development organisations and cluster organisations to navigate the quickly shifting demands they face, and enable them to adopt a strategic direction that can guide their activities over the coming months.

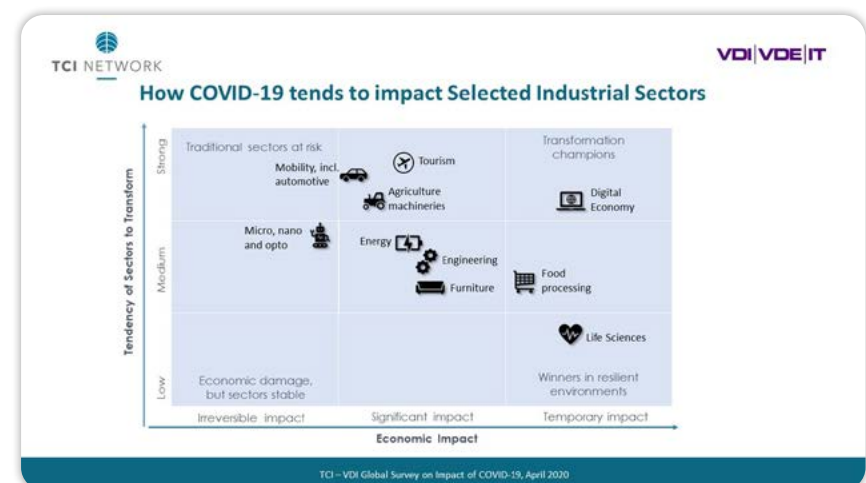
We have developed a three phase model from short term crisis management, to living with the





These three phases play out in a complex and across sectors and locations heterogeneous reality. In some sectors, like tourism, many are fighting for survival. In others, like retail, there is dramatic structural change with retail stores under immense pressure while on-line offerings are gaining. And in areas like ICT and robotics there remains healthy demand. There are also huge differences across countries, driven by their respective approaches in responding to the pandemic, the time at which they were exposed, and their economic and institutional circumstances. Large parts of Asia are hoping to soon leave the outbreak behind, while Europe and the US are on their way to adjust their public health restrictions, and Latin America still sees strong growth in infection rates.

Global Survey on sector-specific impact of **COVID-19**. By TCI NETWORK and VDI/VDE. Innovation **67 clusters representing 6,500 businesses** contributed to this global survey on the sector-specific impact of COVID-19. The results helped us to shift the debate within the global cluster community about the relevant role of professional cluster management in successfully support the industry to ramp up at the end of the lockdown and on the way to re-start our economies.





A lot of things remain unknown, including the specific features of the infection that will shape the need for keeping restrictions to society and the economy in place. Economic projections, too, are all but scenarios, not reliable forecasts. But there are things we know: Crises like these have historically been watersheds that have triggered or accelerated trends. Countries and firms choices in those times have influenced their path for many years to come. Those that made informed choices to build their competitiveness over time, recognizing the new realities post-crisis, were able to ultimately become stronger and more successful.

We believe that economic development organisations and cluster organisations have a critical role to play, both in the immediate crisis response and the longer-term path towards a sustainable recovery. They – you – are close to the companies and their needs, and the trusted partners needed right now. Collaboration in and across strong cluster organisations and networks is a key asset when change is critical. We can shape a new positive future starting today.



THREE KEY PHASES OF RESPONSE

The current situation is characterized by a strong focus on the short-term, and by huge uncertainty about what might be ahead. While this is, to a large degree, a natural reflection of the uncharted territory we are in, it is imperative to have an approach that links to the medium- and longer-term already today.

We suggest that economic development organisations and cluster organisations organize their planning around **three distinct phases**:



Mobilising Crisis Response

economy and society in different levels of shutdown with all actions focused on battling the outbreak and providing care



Living with the Pandemic

significant level of economic and societal activity with differentiated rules and restrictions



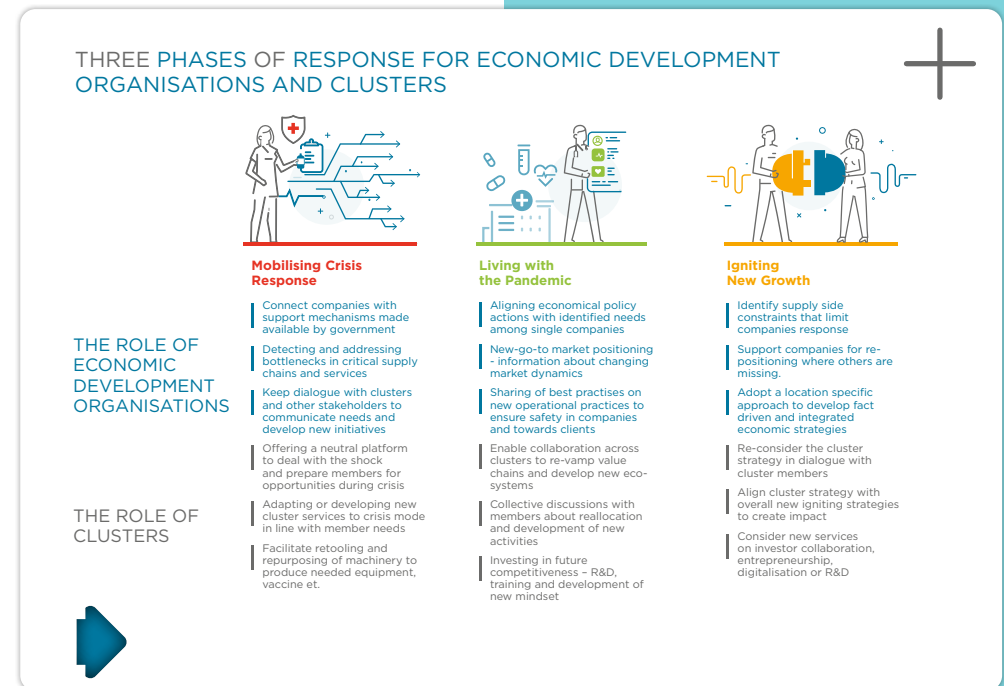
Igniting New Growth

public health restrictions fully removed but the economic and social repercussions remain to be dealt with



These three periods will pose different demands on economic development organisations and cluster organisations to play a significantly different role in the overall policy response to the COVID-19 outbreak. How long the individual periods will take is uncertain at this stage; the time frames indicated here are merely working assumptions and might differ across geographies and sectors.

We lay out the broader context of policy priorities throughout these three phases, focusing on the specific role that economic development organisations and cluster organisations play.





THREE PHASES OF RESPONSE FOR ECONOMIC DEVELOPMENT ORGANISATIONS AND CLUSTERS



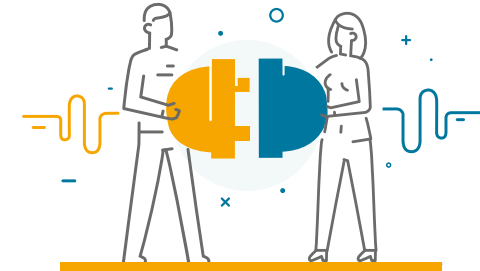
Mobilising Crisis Response

- Connect companies with support mechanisms made available by government
- Detecting and addressing bottlenecks in critical supply chains and services
- Keep dialogue with clusters and other stakeholders to communicate needs and develop new initiatives
- Offering a neutral platform to deal with the shock and prepare members for opportunities during crisis
- Adapting or developing new cluster services to crisis mode in line with member needs
- Facilitate retooling and repurposing of machinery to produce needed equipment, vaccine et.



Living with the Pandemic

- Aligning economical policy actions with identified needs among single companies
- New-go-to market positioning - information about changing market dynamics
- Sharing of best practises on new operational practices to ensure safety in companies and towards clients
- Enable collaboration across clusters to re-vamp value chains and develop new eco-systems
- Collective discussions with members about reallocation and development of new activities
- Investing in future competitiveness - R&D, training and development of new mindset



Igniting New Growth

- Identify supply side constraints that limit companies response
- Support companies for re-positioning where others are missing.
- Adopt a location specific approach to develop fact driven and integrated economic strategies
- Re-consider the cluster strategy in dialogue with cluster members
- Align cluster strategy with overall new igniting strategies to create impact
- Consider new services on investor collaboration, entrepreneurship, digitalisation or R&D

THE ROLE OF ECONOMIC DEVELOPMENT ORGANISATIONS

THE ROLE OF CLUSTERS





THREE PHASES OF RESPONSE FOR ECONOMIC DEVELOPMENT ORGANISATIONS AND CLUSTERS



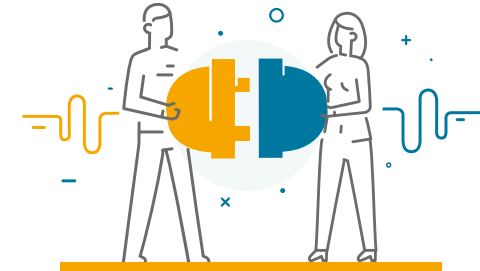
Mobilising Crisis Response

- Connect companies with support mechanisms made available by government
- Detecting and addressing bottlenecks in critical supply chains and services
- Keep dialogue with clusters and other stakeholders to communicate needs and develop new initiatives
- Offering a neutral platform to deal with the shock and prepare members for opportunities during crisis
- Adapting or developing new cluster services to crisis mode in line with member needs
- Facilitate retooling and repurposing of machinery to produce needed equipment, vaccine et.



Living with the Pandemic

- Aligning economical policy actions with identified needs among single companies
- New-go-to market positioning - information about changing market dynamics
- Sharing of best practises on new operational practices to ensure safety in companies and towards clients
- Enable collaboration across clusters to re-vamp value chains and develop new eco-systems
- Collective discussions with members about reallocation and development of new activities
- Investing in future competitiveness - R&D, training and development of new mindset



Igniting New Growth

- Identify supply side constraints that limit companies response
- Support companies for re-positioning where others are missing.
- Adopt a location specific approach to develop fact driven and integrated economic strategies
- Re-consider the cluster strategy in dialogue with cluster members
- Align cluster strategy with overall new igniting strategies to create impact
- Consider new services on investor collaboration, entrepreneurship, digitalisation or R&D

THE ROLE OF ECONOMIC DEVELOPMENT ORGANISATIONS

THE ROLE OF CLUSTERS

Inform about aid packages, give feedback to decisions makers on needs, develop new instruments aligned with needs in companies and eco-systems and support with a long term strategic plan on how to support and raise competitiveness



PHASE 1: Mobilising Crisis Response (THE FIRST 1 – 3 MONTHS)

The **outbreak** has grown with tremendous speed: On January 25th, the number of global COVID-19 cases surpassed 1,000; on February 1st, 10,000; on March 6th, 100,000; on April 2nd, 1,000,000; and by end of May close to 6 million were infected and more than 350,000 had died.

By mid-March, **much of world went into shutdown**, with severe restrictions on the movement of people. Economies have moved **from robust growth to dramatic GDP contraction and escalating job losses** in the course of a few weeks. Outlooks are highly uncertain, depending to a large degree on the further developments of the pandemic itself but also on economic dynamics that occur under circumstances for which there is no established model or precedent.

Latest World Economic Outlook growth projections (percent change)



UNITED STATES



EURO AREA



MIDDLE EAST AND CENTRAL ASIA



EMERGING AND DEVELOPING ASIA



LATIN AMERICA AND THE CARIBBEAN



SUB-SAHARAN AFRICA



IMF.org/social

Source: IMF, World Economic Outlook, April 2020.

Note: Order of bars for each group indicates (left to right): 2019, 2020 projections, and 2021 projections.



Latest World Economic Outlook growth projections ×

(percent change)



UNITED STATES



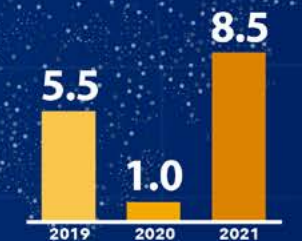
EURO AREA



MIDDLE EAST AND CENTRAL ASIA



EMERGING AND DEVELOPING ASIA



LATIN AMERICA AND THE CARIBBEAN



SUB-SAHARAN AFRICA



Source: IMF, *World Economic Outlook*, April 2020.

Note: Order of bars for each group indicates (left to right): 2019, 2020 projections, and 2021 projections.

[IMF.org/social](https://www.imf.org/social)

developments of the pandemic itself but also on economic dynamics that occur under circumstances for which there is no established model or precedent.



The **health care system** quickly needs access to support staff, facilities, consumables, and machinery. Economic development organisations and cluster organisations can help connect businesses with relevant skills, capabilities, and idle resources, to the needs in the health care systems. There are many examples of this happening; economic development organisations and cluster organisations can support where needed, based on a systematic assessment of supply and demand, and leveraging their deep networks with firms:



Repurposing of machinery to produce **ventilators, pumps, and other medical devices**



Retooling of production lines to produce **consumables like masks, clothing, disinfectants, etc.**



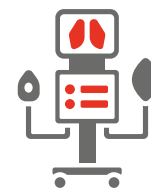
Re-allocating and training **staff to hospitals with short terms courses**



Securing the **functioning of the economic system** requires efforts by central banks and others to keep key financial markets operating. It also includes ensuring that critical supply chains and services remain operational. Economic development organisations and cluster organisations can help unblock potential bottlenecks in these systems. Most directly by working with companies in the most affected sectors, but also with other sectors that might have relevant capabilities:



Detecting and addressing emerging bottlenecks in critical supply chains and services, **like food production and retail, non-COVID related medical supplies, utilities, and core social services**



Re-allocating staff made redundant in hospitality and tourism for **supporting system-critical sectors with high demand, like food retailing**



Alleviating the economic costs of the virus mitigation and suppression strategy ('lockdown') is critical. It has mobilized a historic level of economic policy response across many countries. **Much of it relies on monetary and fiscal policy actions, as well as the existing mechanisms of the social security system.**

Economic development organisations play an important role in implementing these efforts. While they have limited resources of their own, they are critical to ensure the effective delivery of the funds now being made available. Especially for SMEs they also play an important role in tracking companies' actions and needs, and distributing practical advice on how to respond:



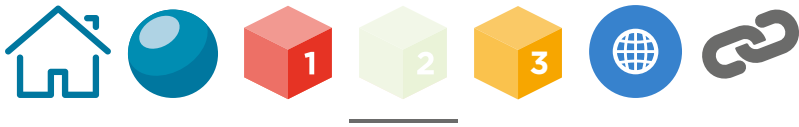
Pro-actively collecting and communicating information on businesses' situation and needs, **both to government and key other suppliers like banks, utilities**



Connecting companies **with support mechanism made available by government**



Providing basic **'playbooks'** to firms on how to deal with the crisis, collaborating with business associations and professional service firms



PHASE 2:

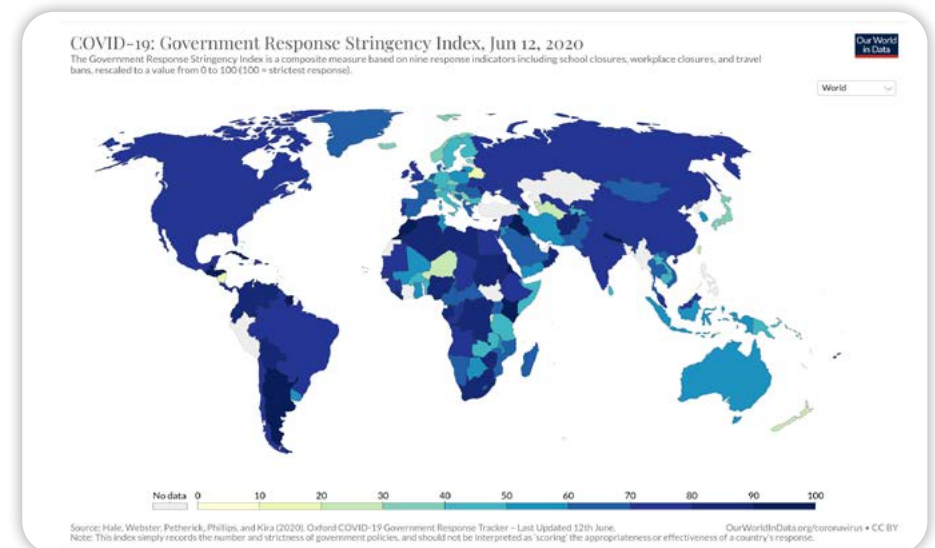
Living with the Pandemic

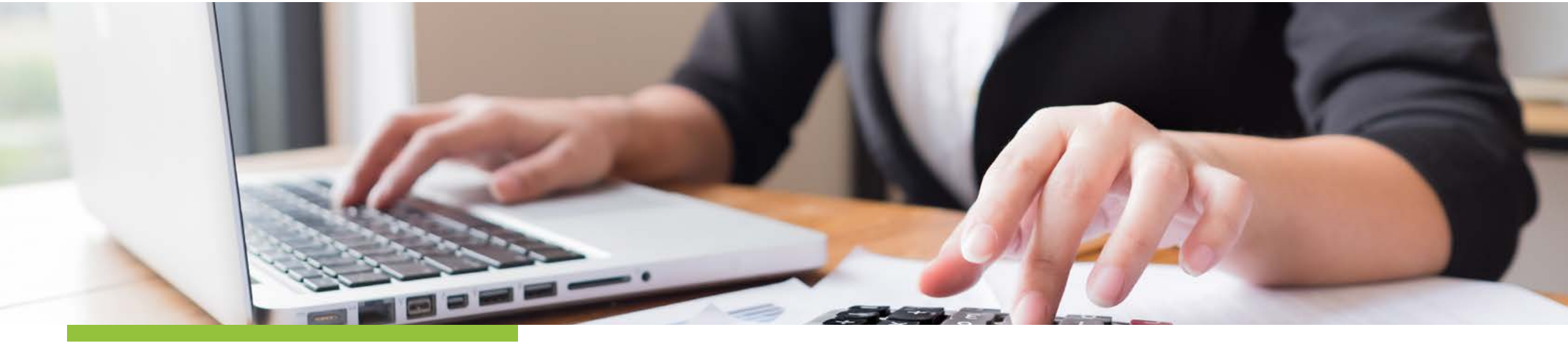
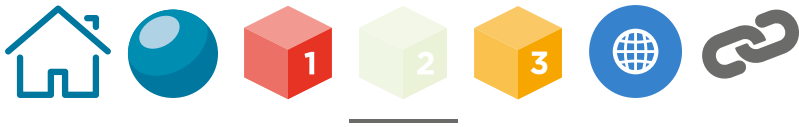
(THE NEXT 3 – 18 MONTHS)

Political attention is now shifting towards gradually opening up societies and ramping up economic activity. The outbreak is not over, some regions report a flaring up of second-wave outbreaks, and there is neither a COVID-19 vaccine or treatment available yet. But public health measures have been able to slow the dynamics of the outbreak for now, with the number of currently infected patients dropping in a growing number of countries.

The public health regulations are being slowly loosened, with a view to balance what is necessary to keep infections down, feasible to keep public support for and trust in these measures high, and possible to reduce the large social, economic, and longer-term health costs of the lockdown measures.

Different countries and sometimes even regions are making their own choices on where and how quickly to remove restrictions, despite some attempts to coordinate these actions.





The new economic realities of this phase are only just emerging: More companies are or will soon be able to get back to work, business sentiment indices seem to be at least stabilizing at low levels, and the stock markets have already recovered significantly on the back of unprecedented macroeconomic policy action. But at the same time the economic repercussions of the initial shock are now working their way through the system, with rising unemployment and a potential wave of bankruptcies ahead. And while the lifting of the lockdown removes some supply side constraints, demand remains low

as consumers prefer to save and companies are hesitant to invest. We might face what the Economist called a "90% economy".

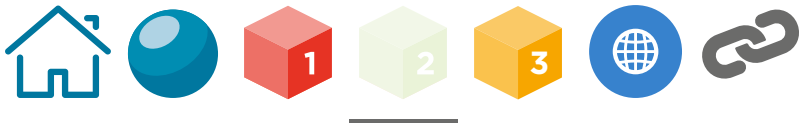
In this phase, policy priorities shift to creating a regulatory pathway to allow for life under pandemic conditions, stabilizing healthcare system capacity to deliver over time, stabilizing the macroeconomic policy system to support the post-Pandemic recovery, and aligning the microeconomic policy tool kit with the needs of a gradual restarting of activities.





In the economic policy area, much of the focus is on the macroeconomic questions of how to sustainably finance the large additional outlays that were necessary in crisis response, and will be necessary to restart economies and avoid a descent into a sustained depression. Economic development organisations and cluster organisations are not an actor in these debates, but they will be profoundly impacted by their outcome. The choices made will affect their budgets, the economic reality they face in their regions and industries, and the competitive landscape in which they face other locations and countries.

Economic development organisations and cluster organisations play a much more central role in aligning the microeconomic toolkit with the needs of restarting economic activity under pandemic conditions. They will be a key partner for national governments to assess and identify which measures work, and what additional interventions might be necessary, given the specific context of individual regions and sectors. And they will be a critical resource to help companies, especially SMEs, re-start their operations once the broader policy context allows them to do so.



Economic development organisations and cluster organisations will face a range of new tasks:



Supporting implementation of new operational models

- Sharing of best practices on operational practices at the company level to ensure safety
 - Within-company operations
 - Interaction with customers, service providers, suppliers
- Information about available public support programs



Refocusing on appropriate short-term activities

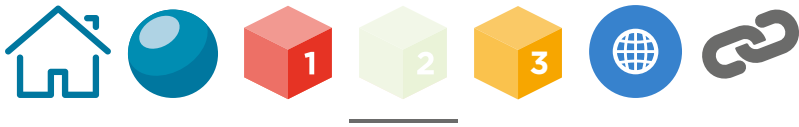
- New go-to-market positioning
 - Provide information on changing market dynamics
 - Enable collaboration across companies and cluster organisations to re-vamp value chains, access new markets, and develop new ecosystems
- Investment in future competitiveness
 - Training, maintenance, R&D
 - Longer-term business development activities



Aligning economic policy actions with identified needs

- Adjustment of financial support instruments to changing needs; more investments that should generate returns now or later, and thus ability to move from subsidies to providing equity capital or loans
- Mobilization of additional policy instruments, for example efforts to unblock global supply chains disrupted by export barriers

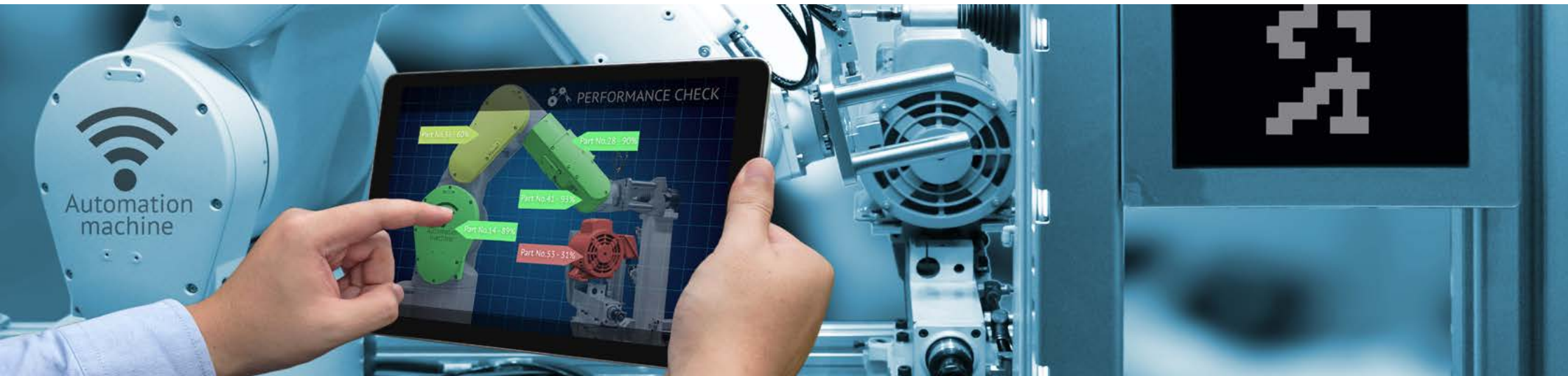




Economic development organisations and cluster organisations can support companies adopt **operating models** in line with the health needs under the presence of the virus. They will need to structure customer interaction in a way that limits the potential for contagion. And they will need to organize their operational practices, both within the company and in interactions with suppliers and service providers, in ways that provides safety for their employees. This will have to be done in ways that are economically viable; higher operating costs and lower demand will make this challenging for many companies.

Economic development organisations and cluster organisations can help companies **refocusing their activities** in this period. There might be opportunities to serve different markets, at least temporarily. For some companies this might also be a time to make investments in future capacity, for example by training staff, working on digital transformation projects, conducting research and development activities, or simply servicing existing machinery or facilities. This will require, of course, access to working capital that can support these investments in the absence of revenues.





Economic development organisations and cluster organisations will also have a critical role in helping policy makers to **align economic policy actions**. Employees will only be able to return to their jobs if their commute is not exposing them to large risks, and if needed care for their family members is provided for. Economic development organisations will have to work closely with partners in the public and private sector to ensure the provision of key public services needed to enable firm-

level operations. They will also have to play an important role in refining the nature and allocation of government support funds during this time. Partly this will be about adjusting the nature of support instruments available as companies' needs are changing from short-term hibernation to adjustment. Partly it will be about concentrating government resources on those types of economic activities where they can create the highest impact.



PHASE 3:

Igniting Sustainable Growth

(BEYOND THE NEXT 12-18+ MONTHS)

Once effective vaccines and treatment solutions are available or a large part of the population has gained immunity there will be a new context. Economic activities will, in principle, be able to take place as they did prior to the outbreak. But the world will have changed.

For policy makers the critical challenge will then be to reignite growth, and to put economies on a path that enables sustainable improvements in prosperity levels. Much of the focus will be on getting economic activity levels up again, and deal with the economic pain that the pandemic has created. A plan for systematically enhancing competitiveness will be critical to ensure that growth will be sustainable, and outcomes in line with the long-term ambitions

of societies. Economic development organisations and cluster organisations will face tasks that build on and extend their traditional roles in economic development:



Supporting policies **for job creation and growth**



Enhancing competitiveness





Supporting policies **for job creation and growth** will require the mobilization of macroeconomic policy instruments. There is a real danger that the economy descends into a prolonged depression; macroeconomic policy will be critical to avoid such a scenario. Economic development organisations and cluster organisations can help inform the decision making by identifying potential supply side constraints that limit companies' response to a demand stimulus. They will also play a role in administering these programs.

Economic development organisations and cluster organisations will have to deploy their traditional toolkit of programs in areas from skill development to support for exports and innovation and the attraction of investments as companies aim to regain their footing in a changed economic environment. Companies' needs across these instruments will have changed, the relevance of specific foreign markets or technologies will have changed, and the expectations about how to work in these programs will have changed, too.



Enhancing competitiveness will require locations to review their strategy for how to improve the foundations for high productivity and innovation. It is a task that locations always face, not only in times following a crisis. But the crisis will have changed the starting position that locations face. **Locations were highly (and increasingly) heterogeneous before**, and the crisis is **hitting different locations disproportionately**. And strategic choices made following such crises tend to have deep, long-term consequences.

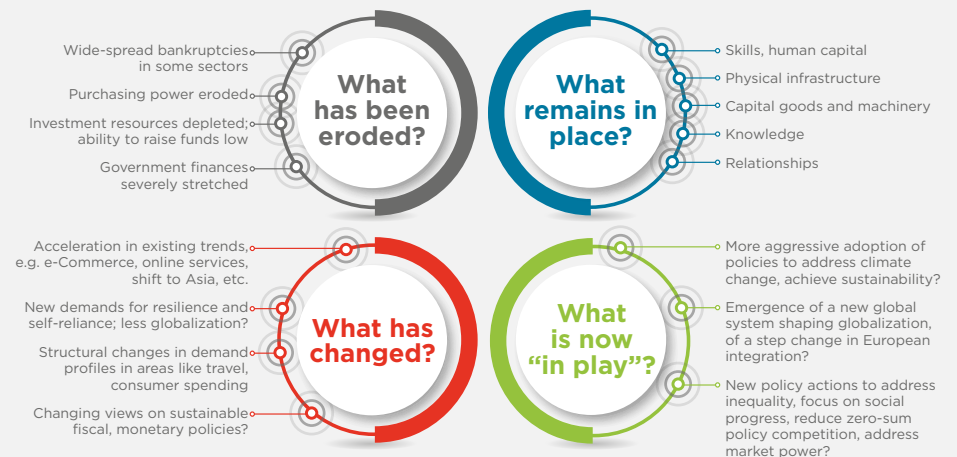
What does an effective economic development strategy for a location look like, and what might be new issues that even locations with a strong strategy in place will now have to consider? Locations and communities first need to define what they aim to achieve. And here the COVID

crisis might accelerate discussions already well under way: there is an increasing awareness that average prosperity is not sufficient to describe the type of society many want to live in. An effective strategy for upgrading the competitiveness of a location or cluster then has to be grounded in the diagnostics of the status quo, and particularly the way this status quo might have been affected by the COVID crisis. The development of **Smart Specialization Strategies in the European Union** provides useful experiences on how this type of analysis can be conducted. **Cluster mapping** provides particular insights on the specialization patterns of an economy, and the opportunities they might signal.



Thinking through the landscape to navigate then, it is useful to raise the four questions below. The answers to these questions will affect how relevant certain competitive advantages of individual regions might be in the future, which sectors might grow or shrink, and how the competitive dynamics will change in the markets in which regions, clusters, and firms operate.

UNDERSTANDING THE FUTURE ECONOMIC CONTEXT FOR REGIONS, CLUSTERS, AND FIRMS



UNDERSTANDING THE FUTURE ECONOMIC CONTEXT FOR REGIONS, CLUSTERS, AND FIRMS



What has been eroded?

- Wide-spread bankruptcies in some sectors
- Purchasing power eroded
- Investment resources depleted; ability to raise funds low
- Government finances severely stretched

What remains in place?

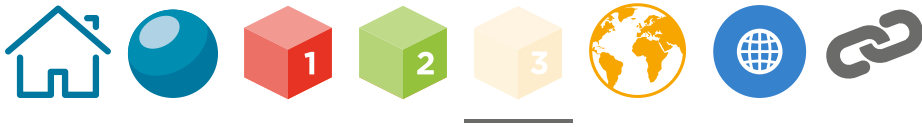
- Skills, human capital
- Physical infrastructure
- Capital goods and machinery
- Knowledge
- Relationships

What has changed?

- Acceleration in existing trends, e.g. e-Commerce, online services, shift to Asia, etc.
- New demands for resilience and self-reliance; less globalization?
- Structural changes in demand profiles in areas like travel, consumer spending
- Changing views on sustainable fiscal, monetary policies?

What is now "in play"?

- More aggressive adoption of policies to address climate change, achieve sustainability?
- Emergence of a new global system shaping globalization, of a step change in European integration?
- New policy actions to address inequality, focus on social progress, reduce zero-sum policy competition, address market power?



What can economic development organisations and cluster organisations do?

They are a critical platform to trigger and orchestrate a strategic review of their location's or cluster's strategy.



Conduct a base-line diagnostic

- Take stock of existing assets, capabilities, and challenges in the new economic context
- Analyze the changes in the relevant market environment, including key market dynamics, demands trends, rivals, and competitive advantages



Orchestrate a strategic choice process

- Where to compete, and how, reflecting the new market environment
- Action priorities, given the new set of resource constraints and competing demands



Organizing for impact

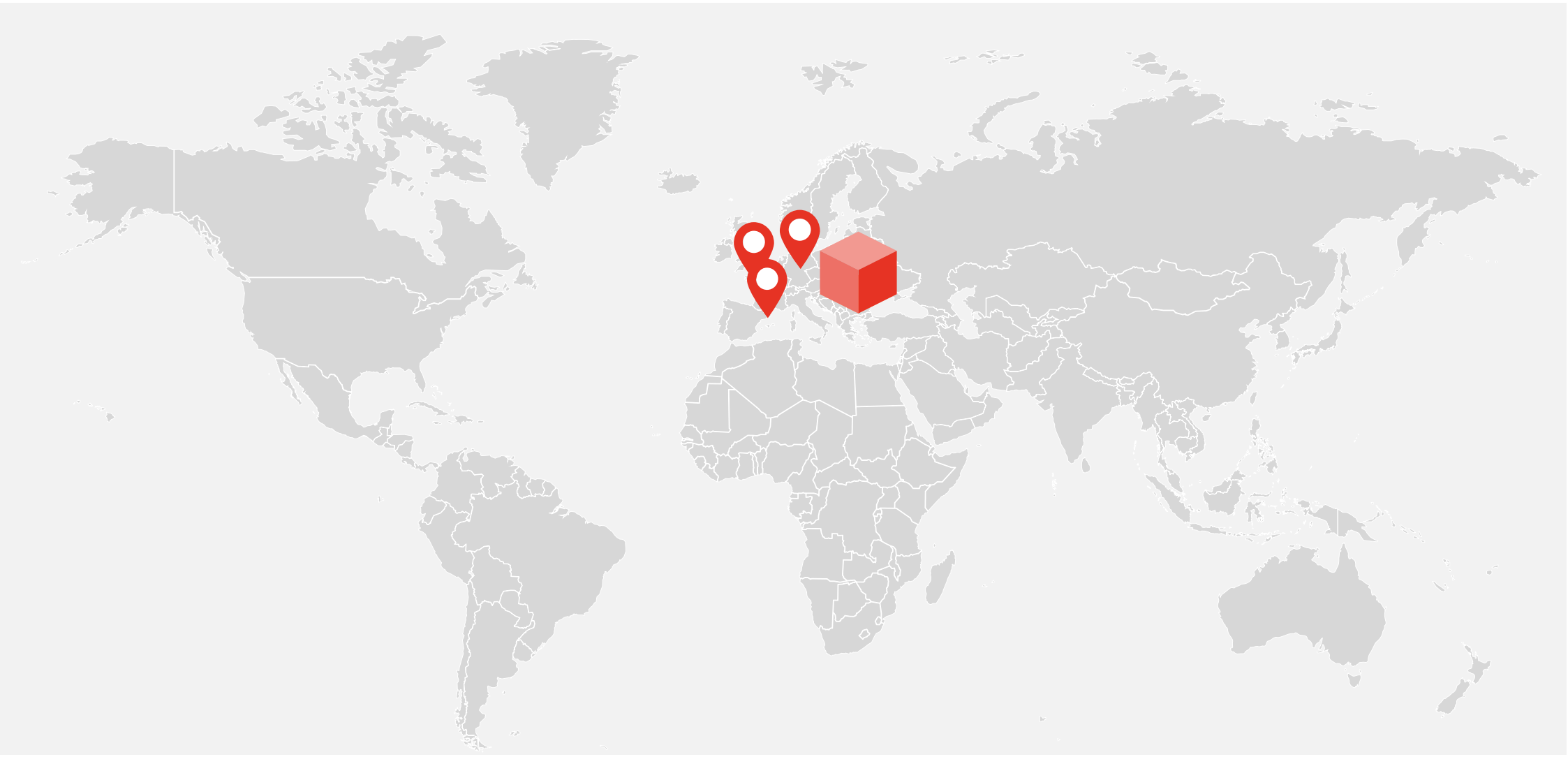
- New structures to drive competitiveness upgrading efforts
- Mobilization of resources, including from other levels of government

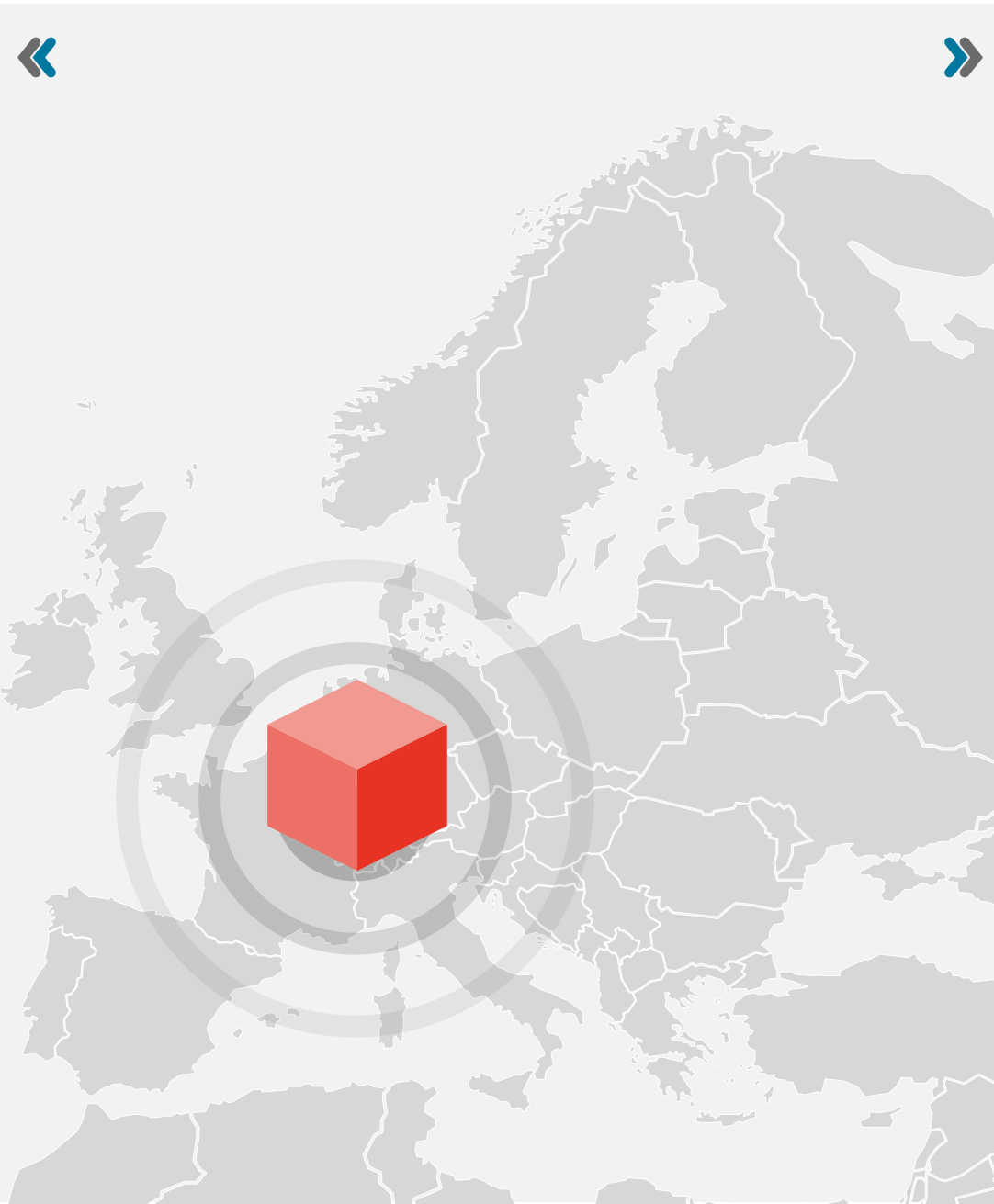




TRACKING GLOBAL CASES.

PHASE 1: Mobilising Crisis Response





Emergency response and identification of disrupted value chains.

By the European Cluster Alliance Against Coronavirus

The EC European Commission and ECA European Cluster Alliance have set up a new cross-sectoral and multi-level network across Europe to find solutions and share experiences. Started as an informal search for 3D printing capacities and turned into a group of experts collaborating with the European Commission and national networks. The EAAC focuses on understanding reality, naming needs, identifying potential solutions and transferring them to their networks to act. Gathering multi-level competences and knowledge, clusters and companies offer cross-sectoral contributions from all over Europe. Activities include daily webinars and Response portal on ECCP web. Now working on the identification of disrupted supply and value chains in the EU.



Scaling up through a network of 3D printing service providers for healthcare provision.

Lead by Biosaxony Cluster, Germany

The cluster set up a network of 3D printing service providers to supply clinics and other healthcare providers with missing materials. The origin of the idea is the Biosaxony Accelerator team “Next3D”, which already supplies hospitals with caps and sampling tubes using 3D printing technology. Also face protection visors for hospitals are currently being printed. Biosaxony cluster coordinates the demand query in collaboration with DRESDEN-concept that monitors the utilization of printer capacities. More than 50 3D printers integrated with which almost 1,000 visor mounts can be manufactured per week. Orders from hospitals, nursing homes and other healthcare providers are currently in the four-digit range, so intensive consideration is being given to a scale-up.



The French textile industry organises fast for making protective masks.

By Techtera-Technical Textiles & Flexible Materials Cluster, France

A very fragmented sector such as textiles, restructured and changed its production in less than one month to create “a market place” and bring together suppliers of materials and manufacturers and meeting specific needs in the production of protective masks.



Consortia for provision of sanitary products and technologies from Catalan clusters.

Fashion / Advanced Materials / Lighting / Light Technologies Clusters, Catalonia

| Coordination from the Fashion Cluster of textile providers to manufacture masks and medical gowns; search of tech providers of 3D printing by the Advanced Materials Cluster; consortia of manufacturers from the Lighting Cluster to produce a respirator; application of photonics to fast virus diagnosis by the Light Technologies Cluster.

ACCIÓ



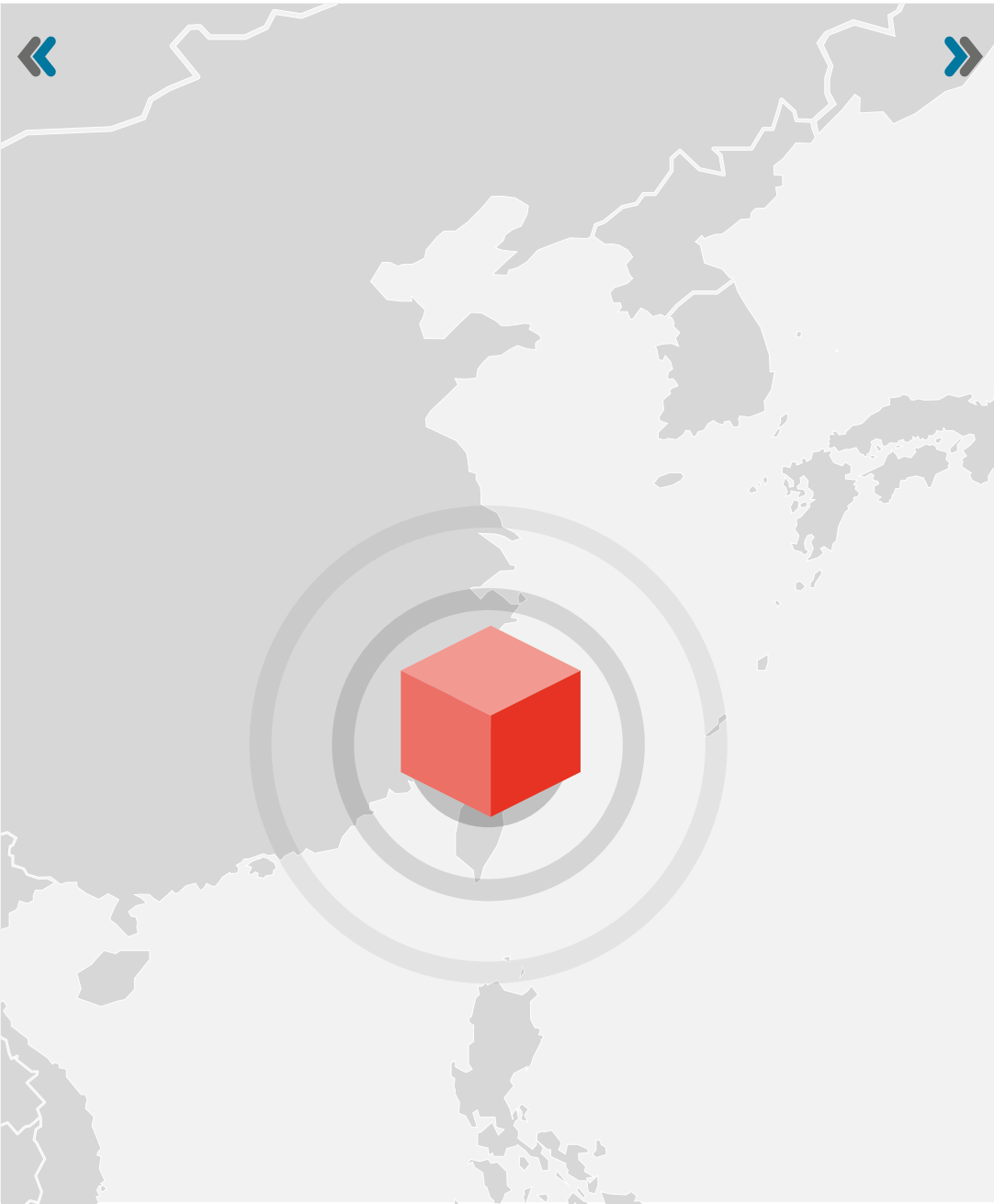
Generalitat de Catalunya
Government of Catalonia



TRACKING GLOBAL CASES ON COVID-19 RESPONSE.

PHASE 1: Mobilising Crisis Response





Taiwan's national team against COVID-19 crisis.

By ITRI Industrial Technology Research Institute, Taiwan

Supporting through cluster collaboration the production of mask, infrared thermometer, mechanical ventilator and other medical materials related to the epidemic in the national level; collecting and analysing intelligence on the industrial impact and needs; proposing the “post-COVID-19” initiative strategy to the government and industries for economic recovery and opportunities.

The cluster response led by ITRI has accelerated the mask production and unveiled many prototypes of medical equipment against the pandemic, which has successfully stabilised the capacity of Taiwan healthcare system. The initiative also helps the government formulate the microeconomic policies related to the needs of a gradual restarting of economic activities and the digitalisation of domestic SMEs, which will be released and applied by the government soon. The organisation's initiatives not only assist the cluster members to get through all the difficulties caused by the pandemic, but also increase the organisation's influence on the society.



Action package for clusters 2020 in Norway.

By Innovation Norway

Allocation of NOK 50 million to extraordinary measures for clusters due to the corona crisis with more flexibility on how cluster organisations use the funding. As a result, the funds reinforce the clusters' efforts to mobilise for new innovation projects in the business sector.



Mobilising collective intelligence from Basque clusters.

By SPRI Business Development Agency and Basque clusters, Basque Country

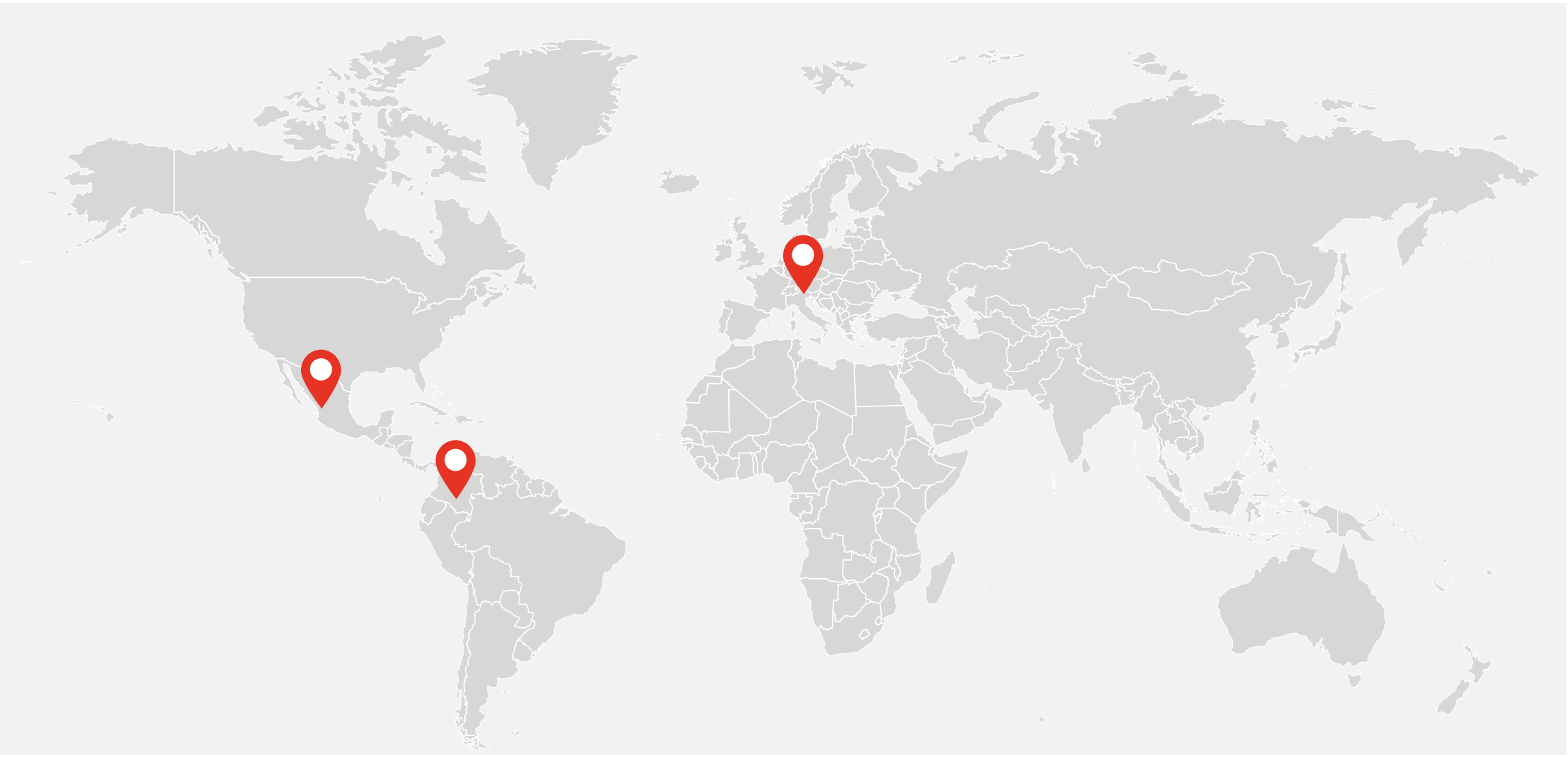
Cluster organisations in the Basque Country helped the Basque Government collect information about the immediate impacts and needs of SMEs. Additionally, cluster organisations supported collective efforts related to supply chain disruption by setting up a Buying Centre initiative for procurement, acquisition and delivery of PPE -local and from China, for their member companies and also by assessing along with the Regional Health System, the local manufacturing of medical devices, such as ventilators, and production lines for large volume of testing swabs and diagnostic kits, including standards technical appraisal. This joint task-force has built a set of measures to implement at company, cluster and administration level:

- *Cluster Reactivation Road Maps.*
- *Procured and delivered PPE to SMEs through cluster organisations (N95 Masks, nitrile gloves and antibacterial gel).*
- *Several million protective masks and nitrile gloves expected in 6 months.*
- *Creation of a COVID19 app for safe working environment.*
- *Intelligence reports on logistics, international markets, market prospects, travelling restrictions.*



TRACKING GLOBAL CASES ON COVID-19 RESPONSE.

PHASE 1: Mobilising Crisis Response





Business help desk in Upper Austria “Find the right Corona help”

By Clusterland Upper Austria

Action for businesses, mainly small, to obtain liquidity and gain access to government programs. Set up of a task force of 50 pax through open helpline to serve 1000 companies per week, with incoming and massive outgoing active calls to regional companies. 3000+ companies reached out so far in Upper Austria. 500 of them would have called inbound with concrete questions, issues, requests, etc. regarding the current relive programs, and also reaching out to 2500+ companies outbound offering support. Most of these companies welcomed the active approach. Hardly any of them had questions regarding corona relive funds but they were able to initiate more than 10 concrete innovation projects right away, gain additional cluster partners and planting the seeds for further innovation projects.





Financial alleviation for SMEs

By Querétaro Automotive Cluster, Mexico

| Commitment of big companies making part of the cluster board to alleviate financial obligations and payment cycles to regional suppliers and providers.



Supporting the entrepreneurial ecosystem.

By the Business Tourism Cluster in Medellín, Colombia

The economic reactivation plan of the cluster offers entrepreneurs real tools and knowledge about safety protocols to get ready and start working in the confidence that they must generate to the tourists, so that they can feel safe when traveling and using their services. The cluster has accompanied the member companies, step by step, to meet the correct implementation of the protocols and receive a certification that gives security to visitors.



TRACKING GLOBAL CASES ON COVID-19 RESPONSE.

PHASE 2: Mobilising Crisis Response





Airfreight route opened for South Australian Exporters.

A collaboration between the Commonwealth, South Australian Government and South Australian freight forwarding industry and exporting companies, including regional food clusters, South Australia

New direct airfreight route between Adelaide and Singapore. South Australian airfreight exporters of high-value perishable produce such as seafood, meat and dairy were able to export their products to international markets following successful negotiations with Singapore Airlines. The flight was supported by the Australian government's International Freight Assistance Mechanism. The Airbus A350-900 aircraft carried more than 30 tonnes of chilled seafood, tuna, lamb, chicken meat and eggs, as well as wine, cosmetics, mining equipment, commercial flavours, cider and a range of other consolidated items. The cargo shipments made their way to Singapore before being distributed and transported to Hong Kong, Thailand, China, Vietnam and the US.



Adapting services and communication within the cluster members and across the cluster ecosystem.

By Bluewater Wood Alliance, Ontario, Canada

The Bluewater Wood Alliance, created an online communication hub to timely help members and start reflecting beyond the crisis by using a decision-tree to look ahead on how to repair value chains, develop new skills and secure finances. The interest in the cluster activities grew exponentially with regular participation of main industry players and local administration officials.



Facilitating digital payment to local commerce.

By Financial Services Cluster, Ecuador

The cluster pushed for the fast adoption of digital payment solutions activated and adapted to serve proximity services and shops, mainly in city center neighborhoods; a need during restrictions that will stay after lock-down. 1000+ small shops have adopted digital payments solutions. This initiative further expanded to fresh markets to reduce cash circulation and the cluster is now in conversations with the Shopkeeper Ecuadorian Network and the National Association of Food & Drinks Manufacturers to extent the benefits of digital payments to boost sales and secure health.



#CLAUTwithyou A meeting point and joint voice of the automotive industry.

By Nuevo Leon Automotive Cluster, Mexico

The cluster led early surveys to cluster members that helped companies to take decisions in difficult times based in data from the industry in real time. The also provided timely information to public authorities as a trusted voice in the industry. A continuous dialogue with CEOs, even in a whatsapp group allowed direct interaction among high level decision makers in these difficult times.





A trusted and best positioned partner to lead the textile ecosystem reconversion in Medellín.

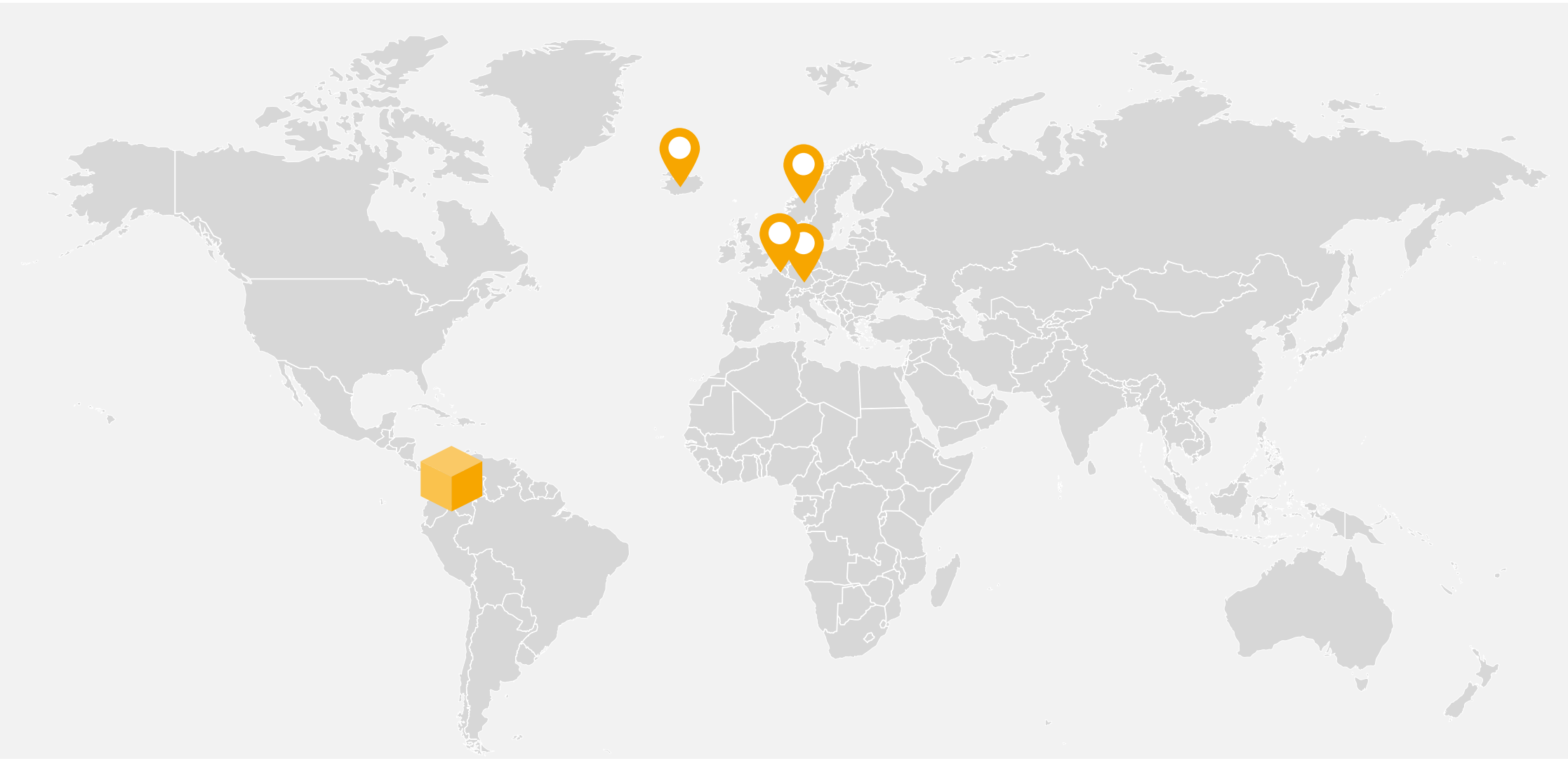
By Medellín Fashion and Advanced Manufacturing Cluster, Colombia

A large number of textile companies in Medellín that traditionally produced casual wear fast reconverted into producing specialized sanitary garments and accessories to face Covid-19, thanks to the articulated work led by the Fashion Cluster with research-educational institutions, laboratories, government entities, quality certifiers, textile and clothing manufacturers and B2B, B2C platforms. This allowed the early re-opening of companies with favorable economic and labor effects and on-time market response with technical products. Additionally some companies included new products in their catalogues and developed anti-viral casual wear.



TRACKING GLOBAL CASES ON COVID-19 RESPONSE.

PHASE 3: Igniting sustainable growth





Redefining the regional cluster strategy in Bogotá.

By the Bogotá Chamber of Commerce, Colombia

The Chamber is taking this opportunity to reflect and redirect the strategic focus of the cluster initiatives that it is leading, through a new diagnosis and strategic focus and through the identification of new projects and actions. Each of the 17 cluster initiatives in Bogotá region is putting in place a specific agenda for economic reactivation with a focus on 4 strategic axes: safe back to work, new business models, digital transformation and sales reactivation.



Rethinking innovation in Denmark

By Cluster Excellence Denmark

Since day one of the crisis, the 40 Danish clusters have adapted their services to the new needs for innovation among the over 18.500 companies they reach out to. The clusters have responded to a huge pressure from the companies and other cluster members for more digital innovation and solutions in different segments like life sciences, retail and food logistics. Furthermore, they have started a range of new R&D projects in response to the identified needs, applied for more short-term funding for these projects and facilitated more interaction within the cluster to uncover new solutions. For igniting new growth, they also changed their methods for matchmaking to be more online which has led to more participants in the activities and with better outcome due to the online efficiency.

In this process, Cluster Excellence Denmark has facilitated the knowledge sharing among the clusters through webinars and shared experiences on how to rethink innovation, digitalise globalisation, and new ways of matchmaking, by designing infographic material for the clusters' further professionalisation.



Increasing North-Rhine Westphalia's competitiveness post COVID-19.

By Metropole Ruhr Business, Germany

Metropole Ruhr Business is building strategic alliances with global partners to critically rethink competitiveness in the region, through new perspectives and reorientation of the cluster strategy. Among the areas to review, changes in value chains with reduction of global linkages, green transition along economic recovery and social cohesion, skills development to bring digital transformations to a next level, rethinking and reorganizing public administration towards completely digital, and implementation of a Smart Specialization Strategy.



Restart Tourism in Iceland.

By Iceland Tourism Cluster, Iceland

The cluster set up in the early days of the breakout this umbrella for innovation and sustainable tourism in Iceland. Activities include, a think tank through zoom meetings, webinars and online workshops, for the use of travel tech and digital transformation.



ÍSLENSKI
FERÐAKLASINN
Iceland Tourism Cluster



Flanders Logistics Resilience Taskforce.

By VIL Logistics Spearheadcluster in Flanders

The Flemish Government decided to create a taskforce to support the logistics chain, an essential industry under high pressure during the crisis. The cluster is the central actor in the 'logistics resilience task force' to keep logistics running in difficult times and to prepare for 'after crisis' work. Actions on human resources, on digitalisation in logistics and on the way to speed up connections to regulatory bodies. The initiative lead to a better communication between stakeholders, sector organisations, government representatives, transport mode representatives (nautics, cargo, rail freight, road transport) and allowed to take actions based on consensus. Three main actions are, 1) weekly questionnaire how logistic firms observe and act during the crisis, 2) testing social distancing tools in real life logistis operations, 3) development of 'digital marketplace', a tool to connect offer and demand related to employees, storage and transport capacity in order to support logistic operations to come or stay profitable. The taskforce is starting a strategic working group to reflect on how logistics can become more resilient in the future.



OPERATING AN ECONOMIC DEVELOPMENT ORGANIZATION OR CLUSTER ORGANIZATION UNDER COVID

The COVID crisis does affect not only what economic development organisations and cluster organisations need to do. It also affects how they operate and sustain themselves, and who their most critical partners are. Many of the operational challenges facing firms during the pandemic also apply to economic development organisations and cluster organisations, and pose challenges to their leadership as they do to company leaders.



| LEADERSHIP PRIORITIES



Ensuring the **personal safety and health** of your team and yourself is paramount; adopting safe operating practices as recommended by the health agencies is a given, but you should also ensure there is mentoring and other support available to deal with the psychological pressure of the situation, including for you in your leadership position.



Communication is critical; the more uncertain the times, the more important to ensure that individuals feel and are heard, and are informed about what is happening. This is both more challenging and more important in a working-from-home environment

| ACTIVITIES, OPERATIONS, AND PARTNERSHIPS



The key value you provide during the crisis and its aftermath will differ from your 'normal' activities; this is what this playbook aims to help you manage. You will need to **align your activities with the new expectations from companies** working with you:

- More general information in an uncertain time
- Dialogue with and mentorship from you and from peers when the pressure on them as leaders is intense; you provide a key human support network
- And fast actions to deal with pressing short-term needs, from financial support to organizing collaborations across firms to access to other government agencies



| ACTIVITIES, OPERATIONS, AND PARTNERSHIPS



Going digital is a given, and feasible for a wide range of activities conducted by economic development organisations and cluster organisations. But it requires your team to have the right tools and the right training. Going digital does not only mean doing the same things online. There can be higher frequency, shorter duration, more work-in-progress, easier access for speakers and participants not physically close, etc. This is a different way of working with its own opportunities and challenges.



Cluster organisations in particular will need to rethink their **core partnerships**:

- Firms in the cluster remain your core constituency to serve and mobilize; this is where you have established relationships and trust
- Cross-cluster collaboration is likely to be even more important than before. Cluster boundaries are shifting in the emergency response but likely also in the medium- and long-term economic adjustment. New operational practices and general crisis management solutions are also likely to be cross-cluster
- Regional and other functional government agencies will administer key government programs more critical as the role of government is growing during the crisis



| BUSINESS MODEL



Here the issues are obviously radically different for government agencies compared to organisations and initiatives relying on project funding, membership fees, and sold services. If you are **reliant on external funding**, the lessons given to firms apply to you as well: assess your current funding streams, assess and control your cost base, and look for new revenue opportunities. Government funding agencies have in some cases become much more flexible in the rules surrounding the use of grants; a close dialogue with them is critical.



Economic development and cluster organisations will have to address these issues as they operate during the pandemic. But their approach towards dealing with them will likely also have a profound impact on their operating model in the post-COVID world.



Outlook

Fighting COVID-19 is not like fighting a war, it is a test of our human nature and resilience. It is also not simply like a natural disaster. Despite the human and economic devastation that come in the wake of the pandemic, our physical infrastructure remains in place, our skills and institutions can be used, and our relationships and ingenuity is there to be tapped.

Economic development organisations and cluster organisations have shown their relevance in the early phases of this crisis. Their close, trusted relationships with the business community, especially SMEs, are a critical asset to both help

and mobilize companies in such an emergency. They are a critical partner to ensure the effectiveness of many of the vast fiscal and monetary policy measures that have been taken.

Economic development organisations and cluster organisations will be a critical pillar of the post-COVID recovery. They are needed to ensure that large demand stimulus programs will not get trapped in supply-side bottlenecks, but can drive new economic activity. And they are needed to channel spending into investments that can be the foundation of prosperous and sustainable economies, not a short-lived bonfire of consumption.





Economic development organisations and cluster organisations will need to carefully consider their role and operating models as they face these tasks. As a community, the TCI Network wants to be a resource to its members and partners during this time. We invite you all to draw on this resource, and contribute to it.

Contributions

In this TCI Recovery Playbook we have integrated concrete contributions and short cases from the TCI Network on how Economic Development Organisations and Cluster Organisations are responding in practice to the crisis needs. We thank all the contributors for the many motivating conversations along these months. We are all in this together.



- ▶ Annie **Renders**
- ▶ Antonio **Novo**
- ▶ Ásta **Sigurjónsdóttir**
- ▶ Beatriz **Velásquez**
- ▶ Cristina **Solis**
- ▶ Daniel **Hernández**
- ▶ David **Fernández**
- ▶ Emily **Wise**
- ▶ Gerd **Meier zu Köcker**
- ▶ Hofmann **André**
- ▶ Joan **Martí**
- ▶ Juan **Domingo Olabarri**
- ▶ Kristianne **Paasche**
- ▶ Manuel **Montoya**
- ▶ Marco **Llinas**
- ▶ Mike **Baker**
- ▶ Mirjana **Prica**
- ▶ Rubén **Valencia**
- ▶ Tony **Lin**
- ▶ Tracy **Scott-Rimington**
- ▶ Werner **Pamminger**





A PUBLICATION BY:

TCI Network

129 Passeig de Gràcia

Tel: +34 93 3094834

E-mail: info@tci-network.org

This publication is free
of charge for the members
of the **TCI Network**
It can be downloaded on



TCI NETWORK