Strengthening Business Performance Management in Economic Networks (SeBPEN)

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Industrial design cluster "Design friends"
BUSINESS PERFORMACE MANAGEMENT PLAN
Public Relations manager function

Final

The form developed and consulted by
Human capital research and development institute

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1. Cluster's/ function's aims and KPI

Cluster's title	Industrial design cluster "Design friends"	**Date: 08/2013**		**Version No:**	1
Cluster's mission	To form a value chain of innovative industrial design services and to help our customers build and maintain a competitive advantage through the introduction of innovative design processes such as *design thinking*.				
Cluster's objectives	1. To form a main governing board of cluster, regarding the need of a full industrial design cluster value chain. 2. To prepare the strategic plan for industrial design cluster. 3. To define a target market and create a well known brand of cluster for easy positioning of the new or existing cluster members' products/services. 4. To integrate *design thinking* method to a cluster activity processes. 5. To prepare the projects applications for EU and local funding. 6. To create an added value products through knowledge accumulated and consolidated competence in industrial design field. 7. To achieve the direct economic benefits for the companies involved in cluster's structure, consolidating potential of industrial design to create new products to the markets. 8. To increase the competitiveness of the cluster members in the local and external markets using the accumulated competences.				
Cluster's KPIs	1. 6 agreements with different business entities, creating a needed value chain for industrial design cluster. 2. 3 agreements in cooperation with institutions/ international associations and companies. 3. Defined 3 cluster's level strategic fields. 4. Defined target markets: local and 2 foreign markets. 5. Prepared description and rules for the use of *design thinking* method. 6. Created web site of industrial design cluster development and content maintenance. 7. Made up to 5 integrated presentations for a target market as an industrial cluster. 8. Participated in up to 2 exhibitions as an industrial design cluster. 9. Organized up to 4 training modules to workers of cluster members. 10. Prepared 1 project successful application for EU funding. 11. Prepared 2 projects successful application for local funding. 12. Created 5 new products 13. 600.000 LT value of industrial design services for economic subjects 14. 7 agreements in cooperation with institutions/ international associations and companies 15. The web site of cluster development and content maintenance 16. At least 2 participations in the exhibitions as cluster 10. 6 training modules to workers of cluster members 11. 4 presentations at national and international conferences				
Function represented	Public Relations Manager – STP "Technopolis"				
KPIs of the function	**Public Relations Manager:** 1. 2 marketing actions. 2. 4 publications, articles and briefings about the cluster's activities, members and etc. 3. Prepared 3 different promotional and advertising layouts for the cluster (service catalog, brochure, booklet or other).				

	4. developed marketing and sales function

2. Cluster's management/function's situation analysis by KPI and identification of the gap

B. FUNCTION level

CURRENT SITUATION of the function:	***Public Relations Manager:*** Preparing public relation's plan.		**DESIRED SITUATION of the function:**	***Public Relations Manager:*** 1. Prepared public relations plan. 2. Developed marketing and sales function
Performance indicators by KPIs of the function	**Public Relations Manager:** 1. Number of marketing actions. 2. Number of publications, articles and briefings about the cluster's activities, members and etc. 3. Number of prepared different promotional and advertising layouts for the cluster (service katalog, brochure, booklet or other).		**Objectives to improve performance indicators:**	**Public Relations Manager:** 1. 2 marketing actions. 2. 4 publications, articles and briefings about the cluster's activities, members and etc. 3. Prepared 3 different promotional and advertising layouts for the cluster (service catalog, brochure, booklet or other). 4. Set marketing and sales team 5. Performed customer needs analysis 6. Developed sales plan

3. Action plan to fill in the gap identified in the situation analysis (cluster or function level)

No	Action	Expected result	Impact on KPI	Responsible	Deadline
1.	To establish marketing and sales team	1	4	Manager	2013-12-31
2.	Carry out customer needs analysis and organize marketing actions	2	2, 5	Marketing manager	2013-12-31
3.	Develop sales plan	1	6	Sales manager	2014-01-31
4.	To prepare and publish publications, articles and briefings about the cluster's activities, members and etc.	2	4	Public relations manager	2014-12-31

5.	To prepare different promotional and advertising layouts for the cluster (service catalog, brochure, booklet or other).	1	3	Public relations manager	2014-12-31

4. Financial implications to meet the action plan (cluster or function level)

No	Expenditure/ Action	# Units	Rate/ Unit	Total expenditure
1.	Organized meetings with the potential cluster members	12	100	1200
2.	Created cluster brand	1	3000	3000
3.	Created web site of cluster	1	2000	2000
4.	Organized meetings with the members of cluster in purpose to prepare and approve criteria list of cluster organization membership	5	100	500
5.	To prepare and made presentation for national and international market	2	500	1000
6.	To organize a discussions between cluster members in purpose to clarify and confirm the package of services	5	100	500
7.	To organize meetings with the representatives of national and international organizations in related fields.	2	1500	3000
8.	To prepare and publish publication on the industrial design topic	2	1000	2000
9.	To participate in international business missions	1	5000	5000
10.	To organize experimental - pilot *design thinking* sessions with at least 2 cluster members	1	500	500

11.	To prepare exhibit conception	1	1000	1000
12.	To prepare commercial offers in strategic cluster fields	24	50	1200
13.	To organize meetings with the clients	24	100	2400
14.	To prepare 1 project application for EU or local fund	1	2000	2000
15.	To organize marketing actions	2	2000	4000
16.	To prepare and publish publications, articles and briefings about the cluster's activities, members and etc	2	500	1000
17.	To prepare different promotional and advertising layouts for the cluster (service catalog, brochure, booklet or other).	1	500	500

5. Schedule of the actions (cluster or function level)

SCHEDULE OF THE ACTIONS 2013			
JANUARY	**FEBRUARY**	**MARCH**	**APRIL**
MAY	**JUNE**	**JULY**	**AUGUST**
			6 organized meetings with the potential cluster members; Signed agreement between cluster members.
SEPTEMBER	**OCTOBER**	**NOVEMBER**	**DECEMBER**
3 organized meetings with the potential cluster members; Formatted governing board; Creating cluster brand; Creating web site of cluster; Organizing 3 meetings with the members of cluster in	3 organized meetings with the potential cluster members; Created cluster brand; Created web site of cluster; Organizing 2 meetings with the members of cluster in purpose to prepare and approve criteria	To made 1 presentation for national and international market; To organize 3 discussions between cluster members in purpose to clarify the package	To made 1 presentation for national and international market; To organize 1 meeting with the representatives of national and international organizations in related fields;

purpose to prepare and approve criteria list of cluster organization membership;	list of cluster organization membership; Approved criteria list of cluster organization membership; To prepare 2 presentation for national and international market; To organize 2 discussions between cluster members in purpose to clarify and confirm the package of services;	of services; Confirmed the package of cluster services; To organize 1 meeting with the representatives of national and international organizations in related fields; To prepare and publish publication on the industrial design topic; To prepare exhibit conception; To prepare 12 commercial offers in strategic cluster fields; To organize 12 meetings with the clients; Preparing 1 project application for EU or local fund; To organize marketing action; To prepare and publish publication or article/ briefing about the cluster's activities, members and etc.; To prepare different promotional and advertising layouts for the cluster (service catalog, brochure, booklet or other).	To prepare and publish publication on the industrial design topic; To participate in international business mission; To organize experimental - pilot design thinking session with at least 2 cluster members; To prepare 12 commercial offers in strategic cluster fields; To organize meetings with the clients; To organize 12 meetings with the clients; Prepared 1 project application for EU or local fund; To organize marketing action; To prepare and publish publication or article/ briefing about the cluster's activities, members and etc..

Annex 1. Design cluster annexes.

1. Mission – Vision – Core Values

1.1 Mission

Help organizations build creative culture and the internal systems required to sustain innovation and launch new ventures. Provide to businesses an innovative end-user oriented product design and product development services, with responsibility and professionalism connecting international creative and technological competences and experiences. Help our clients develop innovative products and services creating impact through design.

1.2 Vision

In 5 years become a well-known design cluster in the Baltic region, providing creativity, knowledge and technology-based product design and product development services.

1.3 Core Values

Innovation & Creativity

Human cantered approach

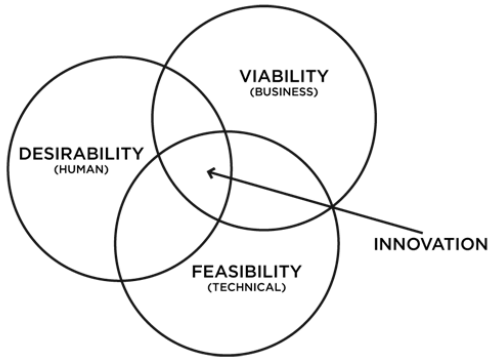
Professionalism

Reliability

2. Foundation Objectives

2.1 Product Design Cluster Business Results?

New, innovative products, services, avenues for that are grounded in business viability and market desirability. Higher profit for cluster members.



2.2 Members and Membership Policy

Our members are companies or organisations working in:

marketing, branding, visual communication, graphic, product, interior design, retail furniture, exposition equipment, digital print, advertising & web development, engineering, innovation & technology transfer, public media, law for intellectual property, patenting, product and service certification fields.

Criteria for the member's selection and participation:

Not less than 3 year old company;

Focused on the chosen specific field

International co-working possibilities

Innovative attitude

High level of HRM and organisational behaviour

Human cantered approach

Trust – reliability.

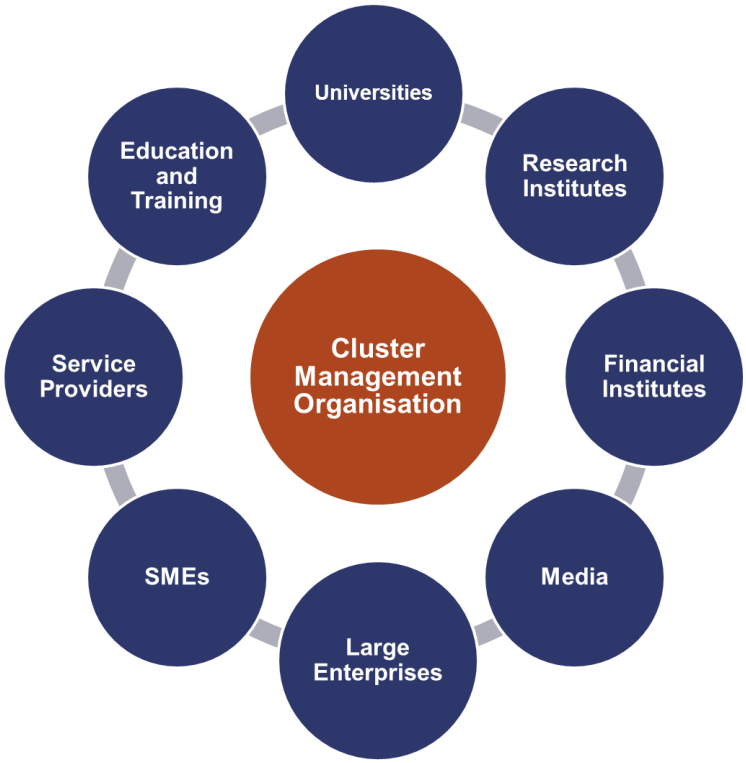
There are different participation roles and levels in the cluster:

Cluster governing board

Cluster manager

Cluster members

In any case cluster structure avoid as more as possible of the hierarchy system is oriented to the development of ecosystem.



2.3 Member Benefits

Bigger profits, innovative projects of wider range and bigger volume, collaboration and technical support from the partners, labour division, sharing experiences, personel experience development. Easier output to foreign markets (common marketing system).

2.4 Member Issues

Our members are of different areas of development. They also differ regarding geographical position. There are international entities that have worldwide acknowledgement and there are young local companies that are small but innovative and other local companies with bigger experience. All cluster members are chosen regarding the same point of view – trust, cooperation, sharing experiences and knowledge, co-working.

- Each of cluster members is engaged in the participation of the project activities regarding the project's needs.
- Each of cluster members is engaged in cluster activities – each member must delegate a representative for cluster activities

3. Strategic Objectives

- To create a design project project managing system for the cluster activities.
- To create a sales platform, including sales networks, e-commerce tools, marketing tools and information tools for the product trading.
- To develop a new cluster brand for easy positioning of new or existing cluster client's products and services.

4. Business Service Evaluation

Business Services	You	Your Members
Marketing	3	10
Branding	10	10
Visual communication	10	6
Graphic design	10	10
Web design	10	10
Product design	10	1
Interior design	4	10
Retail furniture & exposition equipment projects and production	3	10
Furniture production	1	10
Laser cutting production	1	10
Digital print, offset, polygraphy services	1	10
Engineering	1	10
Advertising (projects & production)	3	10
Web development	1	10
Mass Media	2	10
Prototyping and testing	2	10
Patenting	0	10
Certification	0	10
Project management	2	10

Service design	2	10
Fund raising	8	5
Legal services (intellectual property)	2	10

5. Member Value Stream

Member's Services	Operations	KPIs
Marketing	Marketing projects for new products/services	Number of projects made.
Branding	New brand creation	Number of brand's created
Visual communication	Visual communication, information projects	Number of projects made.
Graphic design	Graphic design projects	Number of projects made.
Web design	New internet site web design	Number of web designs created
Product design	New product concept workshops, new product design. Prototype	Number of workshops made, number of product designs created
Interior design	Interior design project. Interior project management.	Number of projects made and realized.
Retail furniture & exposition equipment projects and production	Retail furniture & exposition projects and production	Number of projects made and realized. Number of furniture units sold.

Furniture production	Furniture production	Number of furniture units sold.
Laser cutting production	Laser cutting operations	Number of operations made.
Digital print, offset, polygraphy services	Print services	Number of services provided.
Engineering	Technical projects	Number of projects made.
Advertising (projects & production)	Advertising projects & advertising unit production	Number of projects made, number of advertising units sold.
Web development	Web development projects	Number of projects made.
Mass Media	Publication articles, organizing events, fairs,	Number of articles written, events, fairs organized.
Prototyping and testing	Prototype production, testing services	Number of units produced, number of services provided
Patenting	Patenting for new producs and brands	Number of patents made
Certification	Certificating products and services	Number of certificates aprooved.
Project management	Managing the product design and development projects (managing clusters projects)	Number of succesfull projects delivered
Service design	Service design projects	Number of working services.

Fund raising	Proposals for investors Application for EU funding.	Number of investors attracted, number of EU funding aprooved.
Legal services (intellectual property)	Consulting, ligitation	Number of consulting and ligitation actions made.

6. Organisation Value Stream

6.1 Value Stream

Member's Services	Operations	KPIs
Innovative product design	New product design projects	Number of successful product designs / patents made.
Product development	Product / service development projects	Number of successful products or services developed.
Critical mass creation in product design and development field.	Acquiring different members into one organizational society. Creating database of product design and development	Number of new members; groth percentage of database.
Membership in different international design and technology agencies, organisations.	Taking part in international action of product design and development field. Getting professional contents and possibilities for the cluster members.	Number of memberships made, number of actions made.
Contracting	Signing contracts with core clients	Number of contracts made.
Fund raising	Proposals for investors Application for EU funding.	Number of investors attracted, number of

		EU funding aprooved.
Development of infrastructure for product design and product development activities.	Application for EU funding for infrastructure.	Number of EU funding aplications aprooved, number of infrastructure units created
Development of product design and development ecosystem.	Application for EU funding for projects.	Number of EU funding aplications aprooved, level of communication between members achieved.

6.3 Competitive Advantage

The main competitive advantage is the possibility to provide a wide range of design and other needed services to create and present the product to the market.

Benefits for the members: lower competition, cutting costs, higher profits, innovative projects of wider range and bigger volume, collaboration and technical support from the partners, labour division, sharing experiences, personal experience development. Easier output to foreign markets (common marketing system). International professional community membership's, bigger export possibilities.

6.4 Competitor Evaluation

Product – industrial design is a mass - produced items artistic design and engineering implementation. Field of industrial design can be directly linked to creative industries.

Creative Clusters is a multifaceted and complex phenomenon, which definition has not yet been fully established: wide and in various positions in the creative cluster analysis of the scientific literature, different interpretations of applied nature of the design material.

There are different cultural industry organisations in Baltics, such as "Menu spaustuve", "The republic of Uzupis", "Klaipeda Economic Development Agency (KEDA)" in Lithuania, The pilot project "kim?", Hub Riga, in Latvia, The Tartu Centre for Creative Industries in Estonia. All these mentioned activities are oriented more to creative industrines, but not exeptionally

to product design and product develoment. There are also a lot of separate design companies and freelance professionals. The design cluster gains competitive advantage regarding them because of value chain, cutting costs, internationalisation and other advantages.

7. SWOT Analysis

7.1 Strengths

Advantages of proposition

- A coplex of product design and development services.
- Resources:
- EU funding,
- Tangible assets:
- Infrustructure and producing capabilities of the partners.
- Wide laboratory range in KTU for research and prototyping
- Non tangible assets:
- Innovative and young Lithuanian specialists, experienced Italian designers.

Innovative aspects

- Usage of innovative creative methods in research and design processes

Location and geographical / Cultural, attitudinal, behavioural

- Good location and cultural aspects making knowledge transfer from Italy to east countries or Great Britain. A cultural bridge between different cultural behavioural.

Philosophy and values

- Human centered point of view
- Rialability

7.2 Weaknesses

- Teamwork not always effective.
- Leak of good project management and entrepreneurship (Good results require lots of HR
- and high level of skills and good HRM in the cluster management.)
- No cash budget at the moment.
- No cash flow, start-up cash-drain.
- No well known brand as a cluster at the momet.
- Weak positioning of state assistance for design.

7.3 *Opportunities*

Competitors

- None of the local companies are able to give such interdisciplinary and wide range of services for innovative product development.
- None of the local companies can give such time and cost efficiency.
- None of the local companies can mix an affective Italian design knowledge and local young creative potential.
- Developing of technology demands new product development.

Global influences

- Members from Italy, good designers with high experience value.

Geographical, export, import (of intellectual property)

- Export – Russia, Great Britain, USA
- Import – Italy, USA

EU funding

- Ministry of Economy carries out active promotion of clustering and networking activities. One of the tools that is dedicated to the promotion of clusters: Inokalster LT. This tool is designed for cluster organization. And InoklasterLT +, which is designed to cluster infrastructure.

7.4 *Threats*

- Big competition in design field – there are huge supply of graphic, interior design companies and specialists.
- Not enough perception about design added value tof product design development to the companies economy and success in local the local market's companies – that influence less demand of product design.
- Poland competition with high quality product design services.
- Loss of creative force during the process – creative members inefficiency, missing deadlines.
- Possible certification problems.
- China market competition.

9. Root Cause Analysis

Symptom	Primary Root Cause	Additional Drivers
Not effective or no Teamwork	Leak of cooperation between members.	Members do no dedicate time for communication between other cluster members. Different point of view and attitude.

Leak of good project management.	Weak personal in the cluster in management, weak project managing system.	Cluster is in the phase of planning/foundation.
No cash budget at the moment, any cash flow, start-up cash-drain.	No payment fee for cluster members. Unverified budget plan.	Cluster is in the phase of planning/foundation.
No well-known brand as a cluster at the momet.	There is no clear agreement between cluster members about the cluster positioning.	There are no clear roles for positioning in the cluster.
Weak positioning of state assistance for design and creative industries.	There is no research made at the ministry of culture on creative industries impact on states economy. There are no clear indicators defined for measuring the impact of creative industries on states economy.	Leak of qualified personal in the ministry of culture. Leak of cooperation between different state ministries.
Leak of foreign competition analysis and contracts of collaboration.	Unverified cluster internationalisation plan.	Cluster is in the phase of planning/foundation.

10. Risk Analysis

Threat Identified (from SWOT analysis)	Specific Risks & Chance of Materialising	Impact on Operations
Big competition in design field – there are huge supply of graphic, interior design companies and specialists.	Little companies working at their specific field can be more flexible.	Loss of functions in cluster value chain. Loss of exclusively creative projects.
Client prejudice - not enough perception about design added value of product design	Critical mass of companies that do not value innovative product and business development can impact	Less activity for the cluster members.

development to the companies economy and success in local the local market's companies – that influence less demand of product design.	other surrounding companies' point of view.	
Poland competition with high quality product design services.	Neighbour Polish product design market is evolving quickly because of the state's production growth demand. It is possible big competition of design clusters from Poland.	Loss of clients and possibilities for expanding to foreign markets.
Loss of creative force during the process – creative member's inefficiency, missing deadlines.	Creative members not meeting the deadlines.	Loss of client trust.
Possible conflicts between cluster members.	Few different types of cluster members are possible not to get along in one integrated project.	Projects undelivered, cluster system failure.
Possible certification problems	Possible certification problems because of cluster member's certification capabilities.	Need to search for additional partners, budget loss, causes of not fully developed products.
China market competition.	Possible china market competition offering huge range of services including product design and developing. Taking into account big projects, it can be more efficient for the client to work with china market.	Loss of the biggest clients.

Key Issues and Challenges to stimulate Product design and development

Cross-cutting nature

High Interdisciplinary

Many heterogeneous sectors under one umbrella

Lack of shared identity and low degree of lobbying

Work forms and business models

Project related work forms

Time-limited projects

Addressing niche markets

Highly specialized business models

Innovation

Some design sectors with less established links to research institutes

is innovative but the concept of innovation is not well defined

High qualification

Access to financing

Lack of public and private financing

Investors lack awareness for special needs

Projects often difficult to understand

Creative members lack business skills (therefore difficult access to markets)

Key issues and challenges of the cluster

Framework conditions

Accessibility of existing support programmers for CCI

Industry and Business structure

Interdependency between major and small enterprises

High share of small businesses

High share of freelancer

High share of semi-professionals

Main drivers

Intrinsic motivation to create idealistic goals

Less profit-oriented and lack of business orientation

Non-linear employment histories

Annex 2. Finance

Project Income

Add project income and expenditure by linking to a new project template

Project Income	2013	2014	2015
Project 1	0	294.117	411.765
Services	25.000	150.000	150.000
Project 3	0	0	0
Total Income	25.000	444.117	561.765

Project Expenditure	2013	2014	2015
Project 1	0	317.400	211.600
Project 2	0	0	0
Project 3	0	0	0
Total Expenditure	0	317.400	211.600

Project Gross Income	25.000	126.717	350.165

Annex 3. Marketing

Annex 4. Internationalisation

Economies of Scale

Common problems of Cluster members:

Member **mobility** challenges

Inclusivity-contributing to an evolving society vs. traditional (private sector/class/hierarchy)

Need a realistic, thought through approach across members - Employer engagement/Widening Participation/lifelong learning/graduate attributes

Internationalisation differences of different members of a cluster

Different member forms

National

The business cluster or enterprise provides national coverage, e.g. members based nationally; sales and distribution points offering
national coverage

European

- involved in technological cooperation with a foreign partner.

- foreign subcontractors
- subcontractor to a foreign partner.

Membership type	Explanation
Cluster partners	Europe enterprise network, CCB – Cormack Consultancy Baltic, Italian Chamber of commerce, ADI – associazione design italiano.
Cluster members	Technopolis, dizaino draugai, Kaunas university of technology Companies working in marketing, branding, visual communication, graphic, product, interior design, retail furniture, exposition equipment, digital print, advertising & web development, engineering, innovation & technology transfer, public media, law for intellectual property, patenting, product and service certification fields.
Cluster specialists	Individual professionals working in creative and technology sector.
International members	Scuola Italaina design, ddn – design diffusion news.