

Emiliano Duch

## **The Environmental Industries Cluster in Västra Götaland Region (Case C)**

### **Better turnout and good buy-in**

Since last meeting, a few more companies have been added to the database, especially end users. As a result of that a total of 129 companies were invited to the second cluster meeting, and 29 persons from 18 companies and 6 institutions attended. The participants represented a good mix of all the agents in the value chain, with more emphasis closer to the end users.

The attitude towards the projects was clearer than during the first phase. Some companies are really willing to participate in the project and realize the interests of such an initiative, while other companies don't feel at all concerned, especially the small installation companies.

The cluster initiative process leaders presented a rather strong view of the future during their presentation in the second cluster meeting, and most of the audience was engaged in that vision.

Basically the message was that the traditional HVAC business was losing attractiveness for Swedish players, in front of low cost competition, while a new strategic segment, which added the variables of air quality and energy efficiency was growing. In this segment the cluster companies had a clear leadership, only challenged by Finish competitors, and they could build in some sustainable competitive advantages.

But to compete in this new segment the whole cluster value chain needed to reorganize itself. Customers will end up buying quality air as a service, the same way that today they buy the water or electricity. In order to respond to that challenge the companies will need to design vertical collaborative arrangements, and come up with innovative ways of providing that service in the near future.

If they build their excellence in an early and sophisticated demand in Sweden, they could very well be positioned ahead to take over the European market later on.

This case was prepared by Emiliano Duch on 2004 based on a real experience in the Region of Västra-Götaland (Sweden), as the basis for class discussion rather than to illustrate the effective or ineffective handling of an administrative situation. Some situations, characters and companies have been disguised to preserve confidentiality.  
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## **How to pass from sharing ideas to joint actions**

Even though the strategic analysis was globally well accepted, the action lines that could be developed from this analysis were much less clear for the different actors. Every one of them had different interests:

- The industry wanted to get some pilot project paid by the Region in order to explore this new way of supplying the service.
- The research institutions wanted to build on these tendencies to investigate further on the concepts of what good quality air and how to measure it.
- The regional government was excited about the ideas, but was afraid that will end paying the bill for all that.

Additionally, the short time since the project started (the last meeting was scheduled for February 4th) had not allowed for the industry to organize itself, and it still did not have any representative organization. The responsible project leader from the region was concerned that the whole thing could stall, or whiter away.

- How could we translate those lightly shared ideas into common actions?
- Who should take the lead to do that?
- Who will have to finance it?
- What should happen after the meeting of February 4th?