



CBI

Sensemaker Guide

# How can good leadership in clusters and places drive regional and national growth?

Wednesday 13th July 2022,  
16:00-18:00

KPMG, Birmingham

In partnership with



## How can good leadership in clusters and places drive regional and national growth?



Clusters bring together businesses, suppliers, universities, and research organisations so that they gain a competitive advantage over other places. They drive innovative behaviours and help attract world class talent.

The CBI will explore how we use clusters to drive economic growth in every region of the UK – to really achieve levelling up and deliver investment and opportunities across the country. We want to develop practical answers and solutions for business leaders that will help take clusters from good to great, to play a critical role in our economy and to be genuinely world leading.

Strong leadership is central to the success of clusters. The role of business, as leaders of place in the regions and nations of the UK, in how devolved powers can be used imaginatively to drive growth, investment and strategic economic policy is crucial. They can also play a pivotal role in generating the right balance of public sector 'pull' and private sector 'push' and drive collaboration between Town Hall and Whitehall. We'll be seeking to gain insight, best practice and ideas on where these models of leadership are working and what can be learned from them and also what can be translated to business leaders across the country in order to maximise their engagement in shaping their cities and regions.

### Today we will be focusing on:

- The characteristics needed for effective place leadership across businesses, including balancing collaboration versus competition
- How businesses can understand the stakeholders within a place and bring alignment to drive growth and cluster development
- What 'good leadership' needs to look like in a cluster
- How businesses can better engage with local and regional economic policy, including devolution, to get the right outcomes to drive cluster development


### Cluster Success Measures

The CBI hypothesis is there are some key success factors for clusters. Through our roadshows, gathering insights, evidence and case studies we are looking to develop the practical ingredients of success.

The success factors are:

- Shared economic prize – unifying outcomes and stake in success
- Anchor institutions – strong organisations that others gravitate / coalesce around
- Storytelling – strong place narrative, USP
- Strong leadership / figurehead – go to 'place' leader
- Great partner collaboration
- Supportive policy - the right policy levers that make a difference

## How can good leadership in clusters and places drive regional and national growth?



Levelling up is the defining political and social issue of our time - without fixing it, raising the UK's long term growth rates looks a tougher bet. Clusters are a tried and tested method for improving productivity with examples of success in countries and regions around the world.

There are a number of success factors for clusters but one of the most fundamental is leadership. The leadership can come in different forms – a Metro Mayor, a FTSE CEO, a collaborative group, an anchor institution – but what we know is that leadership underpins the ability to take places and clusters from good to great. The government have recognised through the Levelling Up white paper that local leaders with the right powers can have a real impact.

There are numerous regional examples, two of the most cited being Greater Manchester which has benefitted from strong leadership and collaboration over many years, and the West Midlands in short succession with an influential private sector leader taking on the Mayoral role. What has not been as well defined is the role of business in sharing the role of 'place leader' and stepping up to shape the vision of their region. How do more businesses take on this leadership role and what is needed for it to succeed?

In our previous ThinkIns we have found that leadership has been shown when innovating, pioneering individuals who are leading the way to forming relationships that generate opportunities for innovation and clusters to flourish. A 'neutral broker' was also recognised as someone providing strong leadership – this can be fulfilled by business leaders who have invested in a place and have become part of the fabric of a location.

### Challenges

The success factors are:

- Strong leadership is a skill set in short supply across the UK and one which is often cited as holding us back from growth and productivity
- Our eco-systems and structures are not aligned in a way that makes leadership at a place, system or cluster level easy – often driven by different incentives, company cultures, lack of clarity on common outcomes
- Strong leadership is often founded on having a clear vision and shared view – this often takes time to develop, alongside the need to develop strong relationships
- Not all strong leaders have the necessary levers to be successful
- Our understanding and therefore upskilling of 'place or system leaders' is new and yet to be fully understood and embraced

## Insights on Place Leadership



A lot of success will depend on visibility: businesses talking about what they're doing; the initiatives they're proud of; realising how they can do more of the same and where to take it to next – as they see what other businesses are doing too. Business can help define the story of a place and articulate their vision – and that's what's needed to attract investment."

**Stephanie Hyde, CEO, JLL UK and Chair, CBI Thriving Regions & Nations National Committee, May 2022**



Since their introduction, and despite their limited powers, England's mayors have begun to address many of the problems holding back their regions. Mayors are not directly accountable to business leaders in their area, but it is important that the private sector has a strong voice in shaping and challenging their activity."

**Onward, 2022**



Reinforcing successful business clusters will be central to kickstarting this regional revival. This means building on distinctive local strengths to forge a clear USP for investment in towns, cities, regions and nations in all corners of the United Kingdom. Cookie-cutter solutions are no solution at all if levelling up is to be a success."

**Tony Danker, DG CBI**



Internationally, local leaders play a key role in coordinating industrial policy as a "negotiator-in-chief," by articulating the economic vision for an area, picking up the phone to key investors and businesses, and supporting key clusters in areas of comparative advantage."

**Brookings Institution, 2017**

