Toward a 'New' Strategic Leadership of Place for the Knowledge-Based Economy

A report for the Academy for Sustainable Communities

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Preface

This study draws upon research and experience related to knowledge-based economy (KBE) policy to initiate a discussion about the new leadership of place. We develop initial ideas to provide a platform for the subsequent development of a more comprehensive approach to the leadership of place, which takes account of the KBE. The approach enables the development of a more effective and fine-grained account than currently exists, of what leadership of place will entail in the future, and how the new leaders of place can best be prepared for these roles.

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Executive Summary

This project forms part of ASC's research and learning activity concerned with improving the leadership, managerial and technical skills of policymakers and practitioners.

The report starts from the premise that the development of the knowledge-based economy (KBE) involves a **new leadership task** that is not well-specified in the existing research and practice literature, and not yet well-articulated by those involved in it. This new leadership involves a **networked** and **relational leadership** that grows out of more traditional leadership styles but has become distinctive. It crosses a number of traditional boundaries and requires a **different set of skills and practices** than are often associated with leadership.

The report develops the concept of a new leadership of place through reference to **literature, discussion with practitioners** and material from **six case studies**. It examines the strategic leadership 'experience' associated with formal KBE place-shaping initiatives and presents a refreshed understanding of the new challenges of strategic leadership. The report considers the role of strategic leadership across six KBE case study areas:

- Birmingham (UK)
- West Midlands (UK)
- Shropshire (UK)
- Grenoble (France)
- Styria (Austria)
- Medicon Valley (Denmark/Sweden)

Finally, the report sets out an agenda for the development of effective approaches to leadership and indicates how to move the agenda forward through further research and the development of learning materials.

Structure of the report

Chapter One: Introduction and context

Chapter Two: Draws on and references the key leadership, KBE and place-shaping literatures and outlines what this suggests in relation to the strategic leadership of KBE places.

Chapter Three: Sets out the key definitions and observations that have informed the project.

Chapter Four: Brief accounts of the six KBE case studies and synthesis of the findings. The key themes addressed in the case studies are working across:

- Organisational boundaries
- Thematic boundaries
- Territorial boundaries
- With local communities
- Professional disciplines

Chapter Five: Sets out an agenda for the development of effective approaches to the leadership of place, and indicates how to move the agenda forward through further research and the development of learning materials.

Chapter One:
Introduction and context

This project forms part of ASC's research and learning activity concerned with improving the leadership, managerial and technical skills of policymakers and practitioners.

There is currently considerable investment in teaching and learning activities designed to raise awareness of regeneration and sustainable communities. This is particularly targeted at schools and colleges, including undergraduate and postgraduate training. This project aims to complement these developments, and bring new ideas to thinking about the leadership of regeneration and sustainable communities.

The project starts from the premise that we need to equip a new generation of leaders operating in **complex policy environments** - working across institutional, thematic, territorial, community and professional boundaries - and with **long-term, vision-led agendas**. These agendas are designed to transform places so that they develop and are maintained in ways that attract and sustain knowledge-based economic activity.

In our view, this presents a different challenge than that addressed by existing leadership programmes and prescriptions. There is much that is valuable in the existing approaches and we should draw on these; however, their focus on the leadership and management of organisations is insufficient for the next generation of leaders in economic regeneration.

We need to strengthen the leadership perspective to take full account of the challenges associated with **transforming particular places** as well as organisations; of **working across boundaries** and with **new networks** over extended periods in which the environment for policy changes; and of addressing the issues associated with the **knowledge-based economy** rather than the economic activities associated with previous decades.

Essentially we need to rethink approaches to leadership that will address current and future challenges associated with specific policy and place contexts.
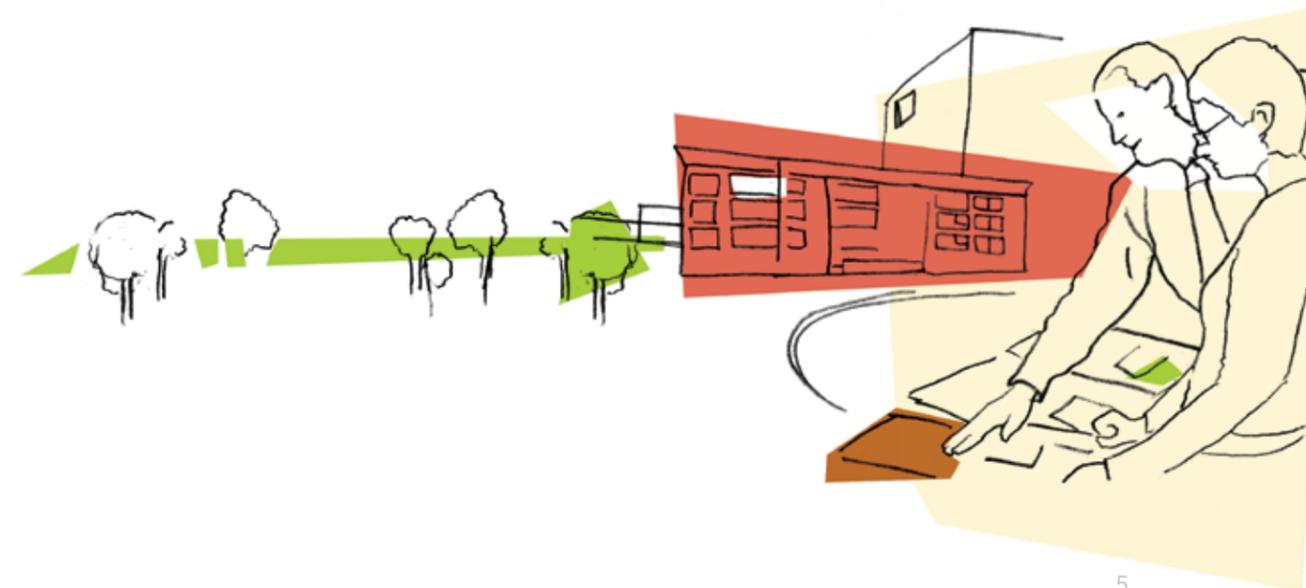
Overall aims of the project

In this research and development project we are looking to better understand and explain the critical features and dynamics of strategic leadership, in the context of KBE economic development, planning and regeneration activity. We have explored the extent to which strategic leadership contributes to securing positive outcomes for urban and rural places in the complex multi-level, multi-disciplinary policy environment of the KBE.

Our overall aims are to:

1. advance our **understanding of the key features and dimensions** of the leadership of place in the knowledge-based economy.
2. specifically **address the gap** between theories of leadership and place-based economic development, planning and regeneration policy.

3. **develop a new framework** to research the leadership dimensions of economic development, planning and regeneration policy.
4. **carry out research across Europe to identify examples** that can help to develop new perspectives on effective leadership in different places, and which can generate stimulus and learning materials.
5. identify the **key dimensions of the new approaches** being adopted towards the leadership of place, in the context of the KBE and regeneration.
6. propose **further steps** to build on the initial perspectives that are developed, and to develop activities to disseminate and share experience.

Methodology

The project comprised a mix of desk-based and case study research work with economic development, planning and regeneration professionals.

The methodology has included five discrete but interconnected work packages:

Work Package 1

A review of the literature on place shaping, the KBE, and the mainstream leadership literature relating to economic development, planning and regeneration. This was a desk-based research exercise.

Work Package 2

The synthesis of the literature review findings and the development of a 'refreshed' literature-informed framework for researching the strategic leadership of place in the KBE.

Work Package 3

The engagement with economic development, planning and regeneration professionals through two formal events, to find out their perspectives on the changing nature of their task and their expectations for the future.

In association with colleagues at ASC, a workshop was held with economic development, planning and regeneration leaders. This UK-based workshop took place in Leeds in January 2008. At this event, the research team was able to consider and discuss current leadership issues - and key leadership challenges going forward for economic development, planning and regeneration policy.

A semi-structured 'round table' format was adopted. Invitees from the ASC leadership network received a brief presentation of the research project aims and provided their views on the initial findings.

The initial findings from the study were also discussed at a second workshop organised jointly by ASC and the Council of Europe on the theme of 'Effective local leadership' in Strasbourg in April 2008.

Work Package 4

Six case studies were conducted. The purpose of the case study element of the project was to allow the research team to explore the strategic leadership dynamics of 'KBE places' - across a variety of geographical scales (rural area, inner city neighbourhood, a metropolitan area, a technology corridor, a city-region and a trans-border region).

Team members 'profiled' each case and then conducted a number of field interviews around a semi-structured questionnaire with the leaders involved in the design and delivery of KBE development agendas. The discussions with strategic leaders in each of the case study areas further informed and explored the key dimensions of the literature that had emerged from the synthesis of work packages 1, 2 and 3 above.

Some 30 policymakers and CEO-level/senior executive practitioners were interviewed across the case study areas, at board and/or strategy level. It was felt advantageous to have European as well as UK examples.

The final case study selection included:

UK	Elsewhere in Europe
Digital Shropshire	Grenoble (MINALOGIC)
Eastside 'Creative' Regeneration Birmingham	Øresund 'Medicon Valley', Copenhagen/ Malmö
Central Technology Belt, West Midlands	Styria region, Austria

The purpose of the case studies was to identify general as well as specific insights into the strategic leadership experience – and to reveal lessons that might be relevant to other areas engaged in the development of KBE initiatives across Europe. A broadly common format was adopted for each case study – but with encouragement for researchers to capture the distinctive features associated with each area.

Work Package 5

The synthesis of findings and conclusions. This final work package drew together all the elements of the project and identified key findings, conclusions and next steps.

Research team

The study was undertaken by an interdisciplinary research team at the University of Birmingham School of Public Policy and was coordinated by John Gibney.

The team included Alan Murie, Austin Barber, Caroline Chapain, Chris Collinge, Stuart Copeland, Tim Freeman, Carol Yapp and Stewart MacNeill.

Acknowledgements

We are grateful to a wide range of leaders, policymakers and academic colleagues who have spared much of their valuable time to be consulted as part of this study. A number of colleagues at

ASC have provided much helpful guidance and support throughout this project. Naturally, any errors in this report are those of the authors alone.

Chapter Two:
New perspectives on place shaping

Background

Throughout the 1970s and 1980s - with some local exceptions - economic development, planning and regeneration policy in England followed a relatively **hierarchical** approach. The policy process was largely informed by a **linear project management view** of:

- land assembly and reclamation;
- the development of hard infrastructure;
- the construction of iconic capital projects;
- inward investment attraction activities; and
- limited SME support programmes.

Although the idea of a less hierarchical, more inclusive and 'relational' model of local economic development and regeneration partnership working was beginning to evolve, the leadership of economic development and regeneration policy continued to rely heavily on the expertise, capabilities and territories of particular **professional 'silos'** within local authorities (planners, architects, surveyors, housing professionals, highways engineers, treasurers, legal services and so on).

The leadership requirements and skills were **disciplinary** and **departmental** - leading and managing

an in-house team. Delivery and implementation targets related to the parts of the project that particular actors were responsible for and not to the policy or programme as a whole, or to any wider outcomes.

Contemporary ideas of trust building, ideas sharing, partnership building and network construction were not a day-to-day requirement. The related leadership skills were therefore often poorly developed among the professions above.

As the structure of local economies and of the growing sectors within these economies changed, so these approaches were challenged. The shift in policy towards **public/private sector partnerships and joint ventures**, changes in the nature of local politics and in approaches to **participation and accountability** also altered the environment. A new emphasis on the **competitiveness of cities and regions** and on the combination of factors that make places more or less successful was stimulated by the emergence of the **knowledge-based economy**. Ideas associated with **networks** and **cross-boundary** models have resonated with this agenda.

Increased social and economic inequality and the failure of trickle-down effects also increased concern over issues of **social segregation and social cohesion**, and the focus on **outcomes from policy** rather than inputs or outputs. The need for **'joined-up' government** increased, with the view being taken that the fragmentation of policy effort was a key reason for the failure of regeneration policies to tackle deprivation.

All of this means that urban and regional policy has experienced a fundamental change in emphasis over the last two decades. The policy focus of the 1970s and 1980s has largely given way to measures to support:

- **entrepreneurship** and the creation of firms;
- **collaborative networking** and **innovation**;
- **knowledge** and **learning**; and
- **institution building**.

In England, new policy approaches have consistently urged 'joined-up' thinking and **holistic, integrated approaches** that cross boundaries within the public,

private and voluntary sectors and also between them (from the Single Regeneration Budget, City Challenge, neighbourhood renewal and social exclusion, to the strategies formed by regional development agencies and the recommendations of the 2007 Lyons review).

These new approaches have **emphasised the importance of place** and the **importance of outcomes** in terms of the attractiveness of neighbourhoods, cities or sub-regions. They have given rise to the idea that the development of competitive, sustainable and inclusive places needs to be underpinned by new forms of strategic leadership.

A new perspective: place shaping and the KBE

Our neighbourhoods, towns, cities, sub-regions and regions are complex. More than simply the sum total of their 'materiality', the places we live and work in are characterised by interdependent, and yet constantly evolving, 'softer' economic and social relations - ultimately 'everything is connected'.

Consequently, the 'activity' of place shaping is also complex. The key issue that emerges is how to enable the coming together of diverse knowledge, experience and aspirations to encourage the development of competitive, inclusive and sustainable places.

The **strategic leadership challenges** in the context of KBE-led change are therefore **significant and diverse**, and **vary in their intensity across and between places**. They relate to the ways that any

locality acts as a nexus for identifying, growing and liberating latent KBE talent and capability - whilst at the same time avoiding the inherent economic and social dangers of parochialism. They also involve the question of how to achieve all of this ahead of international competitors while ensuring that benefits are spread across the local community as a whole.
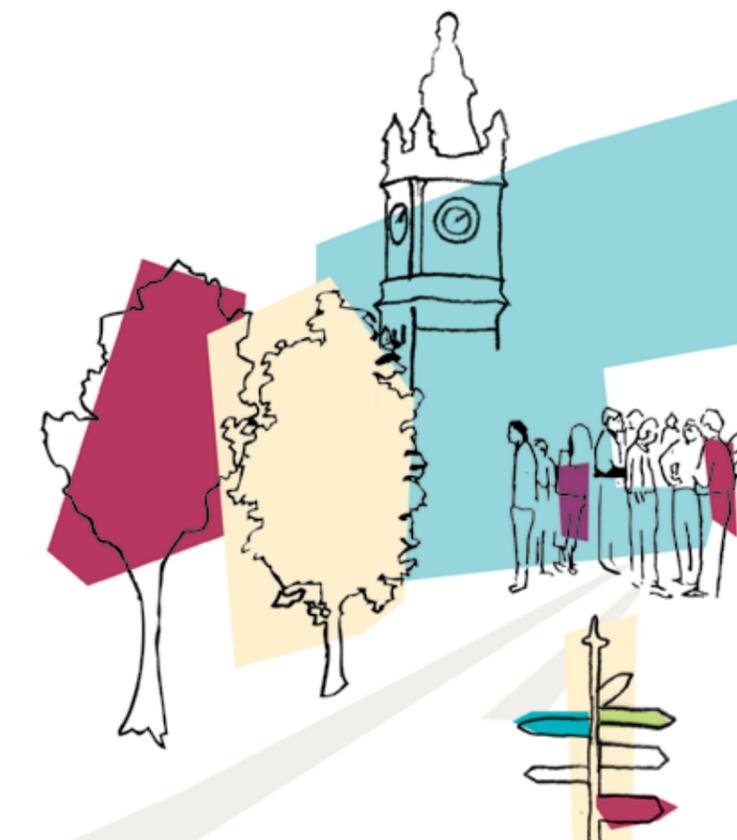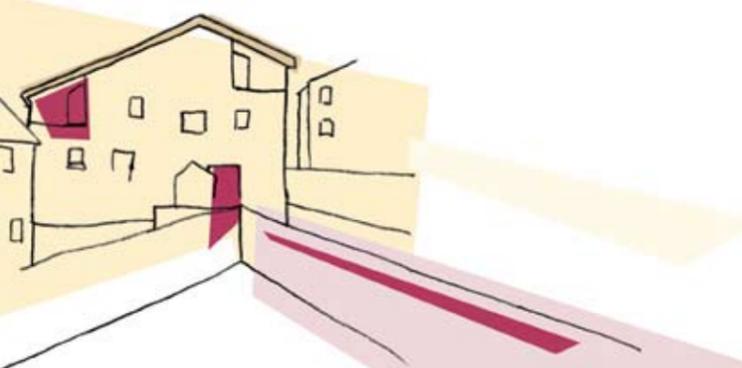
Place shaping in the KBE and leadership implications

While earlier phases of economic development involved innovation and the use of knowledge-based processes, there appears to be general agreement that, at the very least the **pace** (the speed at which we are now creating and deploying new knowledge); the **scale** (the breadth/volume of what is known to us and is becoming known); and the **depth** (the level of detail) of our knowledge exceeds anything that has gone before.

At the same time the development and application of innovation is less dependent on land, raw materials, a plentiful supply of labour and even capital than in the past. The balance between knowledge processes and other factors critical in economic development has shifted.

In this environment there is increasing emphasis, in both the academic and policy communities, on the need for regions and cities to accommodate the virtuous and self-reinforcing cycles of **knowledge creation** and **knowledge exploitation**. These KBE processes are themselves dependent on the performance of **networks**.

The 'plausible confluence' of ideas and resources in the KBE has influenced a move from viewing the policy or economic development process as largely **linear** (where traditional **hierarchical leadership** and professional project management skills are critical), towards an emphasis on more fluid '**relational**' processes (where **association, interaction and collaboration** between individuals, institutions, firms and other community-level groups are what makes things happen).

These new relational processes are complex, as they involve a host of agencies, firms and communities that are operating interdependently at different spatial scales - **local, national and global**. The processes involve developing and sustaining work over **an extended period of time** with agencies that are not directly controlled by each other, and where different internal and external pressures will constantly change the basis upon which previous agreements were reached. Moreover, the increasing emphasis on **science and technology**-driven economic development adds a further layer of leadership complexity. This is not to say that 'traditional' corporate, technical and managerial skills are no longer relevant. But it does mean that urban and regional policymakers must, in addition to being effective managers in the traditional sense, adapt to the contemporary model and engender and sustain more intense forms of **cross-boundary working**. From the leadership perspective, this change brings with it a host of challenges as new institutional players, disciplines, professions and communities are brought into the policy environment.

The requirement to lead these more complex policy processes rather than retreat into familiar 'silos' is driven by the recognition that innovation and major opportunities for change lie in working successfully across existing **functional and thematic boundaries**. The major opportunities for change and improvement require 'leaders of place' to develop and guide **inclusive coalitions of institutions and firms** over extended time periods.

Leading these new forms of complex **transboundary networks**, where varying institutional environments and professional styles come into play, requires new types of both relational and technical leadership attributes.

In summary, the strategic leadership of place for the KBE is concerned with:

- Facilitating interdisciplinarity across **institutional boundaries, technology themes, sub-territories and professional cultures** to promote the development of innovation across the public and private sectors.
- Ensuring the comprehensive engagement of local communities so that they can both contribute to and benefit fully from the outcomes (avoiding the danger of exacerbating social polarization).

Leadership studies and place shaping

At this stage it is important to consider how far the existing literature which informs leadership training and provides advice on 'how to do it' addresses this new agenda.

Leadership literature is abundant, wide-ranging and also **highly fragmented**. It has grown out of research and observation in different contexts and eras - there is no overarching theory of the leadership of place and only relatively limited empirical work has directly addressed its challenges. Given that the evidence base is 'thin', we are not yet fully in a position to explain the 'whys' and 'hows' of the new leadership dynamics or, from the practitioner's perspective, to answer the question 'How should we go about it?'

An important perspective is the view that the influence of '**managerialism**' on existing leadership theory and practice has been pervasive. This is especially true in relation to the **leadership of public sector organisations**, and in the context of the increased collaborative working between public and private organisations since the 1970s.

Public sector leaders have become less circumscribed by legal-professional rules and increasingly adopted (and been urged to adopt) managerialist practice and ideology, such as **transactional leadership**. However, as the origins of this management theory directly relate to a particular (modernist) phase and form of mass production, it is at odds with what is needed for post-modern leadership. A different phase and form of economic development requires more attention to be given to **collaborative learning cycles**.

New Public Management (NPM) focuses on a **senior individual** holding regulatory and processual power in a **hierarchical, top-down organisational structure** (as opposed to leadership being held by and throughout the organisation). However, managerialist theories are not able to provide a conceptual framework for the leadership competences required for leaders who are **collaborating across organisations, themes, territories, communities and professional disciplines**, in order to achieve outcomes for a KBE place.

Developing **networks** that are based on **trust** has been seen as the way to promote cooperation and collaboration. We suggest that leadership for a KBE place needs to maintain a post-modern concept of trust between collaborating leaders. This is opposed to the 'blind trust' of transactional leadership or the deference to authority guaranteed by a hierarchical organisational structure. The trust that place-shaping leaders may need to build could be seen to be **inclusive, open** and **equitable** for collaborative knowledge engineering, generation and sharing.

Managerialism also frames the leader's role within an 'industrialised' chain of command and control hierarchy, where the leader becomes embroiled in both **operational** and **strategic** responsibilities. This suggests that **accountability** must become part of the leadership routine, over front-line professionals and administrative structures. This increased responsibility for operational, planning and accountability reporting may unintentionally diminish the leaders' capacity to attend to more strategic matters of leadership for a KBE place, and may also diminish the front-line professionals' scope for action.

Nevertheless, there is a growing consensus among theorists that **management and leadership might overlap**, albeit that they constitute something very different: management focusing more on **efficiency outputs** and **regulatory behaviour,** while leadership focuses more on **catalytic change and motivating followers**. They argue that a 'managerialist' style of leadership for a KBE place need not imply rigid, unresponsive and unaccountable bureaucracy.

One test of this is whether practitioners believe a managerialist approach provides them with the necessary competences and tools to effectively work across institutional, thematic, sub-territories, local communities, and professional boundaries. **The case studies referred to in the rest of this report suggest that practitioners feel more is needed and that there is something new going on**.

So where does this leave leadership for KBE places, and what can we learn from the dominant 'managerial' theory of leadership?

- Managerialist leadership within traditional unitary purpose organisations is bounded by **hierarchy, function and geographical place**.

- It is no longer adequate in view of the emergence of **global capital,** the **knowledge-based economy**, the growing commodification of our intimate spaces as public places, the end of the age of deference and the **expansion and fragmentation of urban life** (not least through the technological developments of radio, television, and now the internet).

- Managerialist leadership has been unable to work through the cross or overlapping boundaries of interest beyond the single organisation.

So by moving beyond the dominant 'managerialist' theory, which explains leadership as held by an individual in a hierarchical top-down (command and control) organisational setting - and by embracing a **multiple-theory approach** to frame the new leadership of place - we may be better able to re-align theory with practice. By avoiding any single explanation, we might provide better answers to the question of 'how they should do it', which leaders in KBE places are currently struggling with.

One example of an alternative theory is where the leader is viewed as a '**boundary-spanner**', whose role is to form relationships with other leader 'boundary spanners'. As collaborative working depends partly on the supra-organisational dimensions of leadership, then leadership becomes **dispersed** between collaborator leaders so that they are able to take on different/multiple roles (such as convener, advocate, critical friend, facilitator, financer etc).

Another theory views leadership as not necessarily being the role of a senior manager, but the role of middle management through what is known as a '**middle-up-down leader**' or a '**changer agent**' proposition. Leaders are framed as '**knowledge engineers**', operating in the space between senior manager ideals and front-line realities.

This idea of **distributed leadership** can also be found in post-modern networking and collaborative leadership theory – broadening the leadership perspective vertically as well as horizontally to people and processes at other levels. However in order for this to be successful, all stakeholders must have equal influence, to allow the exploration of differences through continuing debate. Such '**holographic leadership**' can offer the opportunity to examine 'difference' as a means of improving practice (where managerialist leadership would strive for consensus or conformity).

Conclusions

Where does all of this leave us? It seems clear that **no single theory should dominate** in terms of what should, and what should not, be considered relevant to the task of leadership for a KBE place. And there is, as yet, no convincing alignment of the contemporary leadership theory for place shaping and the KBE that will allow us to accommodate its new complexities.

At its worst the managerialist literature can be drawn on to suggest a style of leadership that is hostile to the requirements for effective leadership of place in the modern economy - at best it falls short of achieving the right mix and balance between competing dimensions in a leadership portfolio. We should not regard the 'managerialist' leadership literature as having no relevance, but it is important also to look beyond it.

Rather than a narrow theory constraining how we see, examine or advise the leadership of place, we need an approach that can accommodate the multifaceted nature of continuously evolving leadership tasks. As an introduction to our ongoing thinking we set out below the **key dimensions of the change in leadership model** that is the central theme of this report.

In order to capture the key changes in perspective we set out two ideal type models that focus attention on differences: a '**traditional**' model and a '**new**' model of leadership. The 'traditional' leadership model is broadly based on the practice of territorial economic development, planning and regeneration in Britain before the present KBE age (pre the PC and internet revolution) - in other words before the early 1990s.

Table 1: Differences between 'traditional' (modern) leadership and the 'new' (post-modern) leadership of place

'Traditional' leadership	'New' leadership
One function/ one organisation	Cross-boundary
Hierarchical	Collaborative/relational
Linear	Composite
A specific problem/task	Integrated vision
Leader leverages personal networks	Brings together diverse networks
Time limited	Time extensive
Commitment to one cause/idea	Holistic
Focus on the 'materiality' of place	Focus on people and on knowledge
Patriarchal/closed - assuming no conflicts of interest	Open/inclusive – recognising conflicting interests to be addressed
Centralist	De-centred
Output focused	Focus on wider impacts and outcome focused

Adapted and extended from Henton et al (2002), Williams, (2002) and Stough (2003)

The contemporary policy challenge in planning and economic development, and in strategies to improve both **competitiveness** and **wellbeing**, increasingly relates to **places** and emphasises the need for **integrated and holistic approaches** to policy and service delivery. This shifts the emphasis for leadership away from leadership of an organisation or measures of output towards outcomes. And **outcomes** will not be achieved through the efforts of any one stakeholder: indeed the efforts of any one actor can be undermined (by design or more usually default) by others. In this context the existing leadership literature offers some relevant insights but does not fully engage with the dynamics of the 'new' strategic leadership of place in/for the KBE.

We are therefore left with a significant conceptual 'gap', and the empirical work that has addressed the leadership of place within the context of the KBE remains 'thin on the ground'. To date, few contributions on leadership have addressed in any detail the leadership dimensions of KBE place making. Going forward, what we need is a **more insightful and comprehensive conceptual**

framework related to the leadership of place that takes account of the shift occurring in economic development, planning and regeneration studies.

It is not our purpose to suggest the reinvention of the literature that addresses the leadership challenges for single organisations, or is related to change management in those organisations. We argue that the **collective learning** associated with the KBE, the **timescales** associated with successful leadership to change places and the **different situations involved** (urban, rural, city centre and periphery) present new challenges which the existing literature has not focused on.

These new challenges are about **promoting collective endeavour, interdisciplinary and cross-professional working** and sustaining **cross-organisational working over a long period of time**. In our view this suggests that we need some new perspectives appropriate for different contexts, and to support the development of more effective leadership in such contexts. The central issues for leadership in the new social, economic and political context (and where the ambition is to realise longer-term visions and achieve outcomes for different stakeholders whose activities come together in places), appear principally to relate to **working across boundaries**:

- working across organisational boundaries;
- working across thematic boundaries;
- working across sub-territories;
- working across local communities;
- working across professional boundaries; and
- working across the timescales associated with budgetary or political arrangements.

# Chapter Three:
Organising our thinking

Introduction

The shifting economic development context for cities and regions - including the emergence of the **creative city** and the **knowledge-based region** - places a new emphasis on the importance of **interdisciplinary processes** that stimulate the creation and the exploitation of knowledge.

Despite the radical transformation of society associated with globalisation, shifting patterns of demography and the revolution in information and communication technologies over the last two decades, we remain profoundly attached to place in economic, social, cultural and emotional terms. The idea of sustainable place shaping has made its way to the heart of the debate on the form and delivery of integrated policy (economic development, planning, housing, regeneration, transport and health) for our neighbourhoods, towns, cities and regions. **Place shaping has become a more complex interdisciplinary leadership task** - and there is now a requirement for a 'refreshed' approach to the leadership of the area-based processes of **collective learning** and **'associational' working**.

Effective leadership of these more complex **localised policy processes** requires an increasing recognition that innovation and opportunities for change and improvement in the delivery of public and private services involve **working across existing boundaries** (functional, thematic, territorial, community and professional). These same interdisciplinary opportunities for change and improvement require 'leaders of place' to develop and guide **inclusive coalitions** of institutions, communities and firms in order to identify, nurture and exploit these cross-cutting features over **extended time periods**. Delivering policy innovations across a raft of varying institutional environments, technical themes, sub-territories and professional styles requires 'leaders of place' with new types of attributes and leadership competencies.

In Chapter Two, we suggested that there is a lack of alignment of thinking in the policymaker community around leadership, place shaping and the stimulation of the knowledge-based economy. In this study we aim to build these connections and an important part of this is to set out clear definitions used in the study.
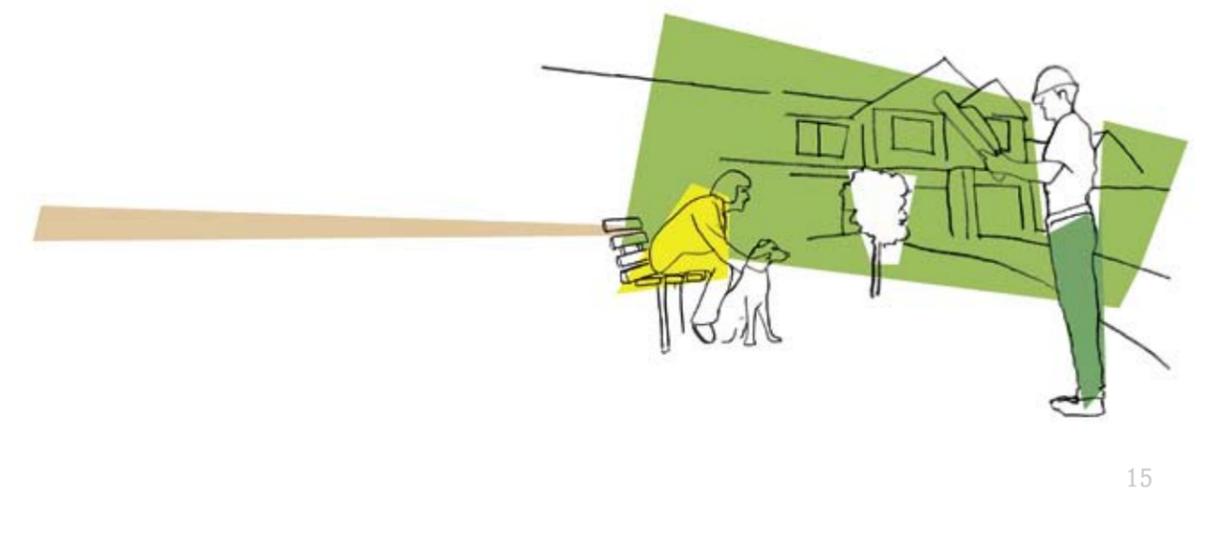
Some working definitions

What is the knowledge-based economy?

It is widely accepted among policymakers that a new pattern of economic development has emerged over recent years, based particularly upon the **generation and exploitation of knowledge**. Various concepts have been put forward to describe this change and its consequences, including the 'new economy', the 'knowledge economy', or the 'knowledge-based economy'.

The former Department of Trade and Industry in the UK (now the Department for Business Enterprise and Regulatory Reform) defined the knowledge-based economy as '*one in which the generation and exploitation of knowledge has come to play the predominant part in the creation of wealth*'.

Similarly the Organisation for Economic Cooperation and Development (OECD) observes that knowledge-based economies '*are directly based on the production, distribution and use of knowledge and information*'.

For the Asia-Pacific Economic Cooperation (APEC) forum, a knowledge-based economy is '*an economy in which the production, distribution, and use of knowledge is the main driver of growth, wealth creation and employment across all industries*'.

The knowledge-based economy, with its emphasis on the importance of **interdisciplinary processes** that stimulate **knowledge creation** and the **exploitation of knowledge**, provides a new leadership context for cities and regions. Knowledge-based economic development and regeneration aspirations increasingly imply the **skilful integration of economic, political and social life** – the facilitation and stewarding of group-based learning and innovation.

Capitalising on the potential for cities and regions to create and exploit knowledge for productive purposes and ensuring that all local communities can benefit, requires an approach to place-based leadership that underpins processes of collective learning and 'associational' working. This implies processes which are **interdependent**, **reciprocal** and involve the **pooling of resources** over an **extended period of time.**

What are 'KBE places'?

For this project, we define KBE places as those neighbourhoods, cities, sub-regions and regions where **a clear and deliberate effort is being made to develop new or enhanced knowledge-based capabilities and competencies** (ie formal policy intent has been expressed, and linked to a specified territory).

What do we mean by 'strategic leadership for the KBE'?

For this project, we consider the strategic leadership for KBE places as:

'The leadership of, and for, the new types of relationships that are emerging in the KBE. It is a form of leadership that seeks to **generate, renew and sustain the collective learning cycle**. It is not time-limited but **time-extensive** – it is leadership that is able to look beyond the short-termism of performance goals, the 'statutory' and the 'contractual'.'
(Gibney et al, 2008)

Who are the strategic leaders in KBE places?

We have initially defined strategic leaders in this research project as drawn from:

- Regional and local (elected) political leaders.
- Appointed officials (as opposed to elected) who are operating at chief executive and senior executive level.
- Individuals holding the equivalent of board-level or cabinet-level positions in:
  (i) Public, private or para-public institutions, agencies, development companies and similar strategic vehicles that have been directly charged with developing knowledge-based capabilities in a given place (high-technology corridor companies, competitiveness poles, science city, creative and digital city management entities and so on).
  (ii) Public (democratic or executive), private or para-public institutions or organisations that are called upon to contribute their material, workforce and intellectual resources to the development of knowledge-based capabilities in a given place.
  (iii) The 'third sector' where third sector bodies are leading the process or are key partners.

For the purposes of this project, we have not included 'informal leaders' such as those involved with special issues groups or trade unions.
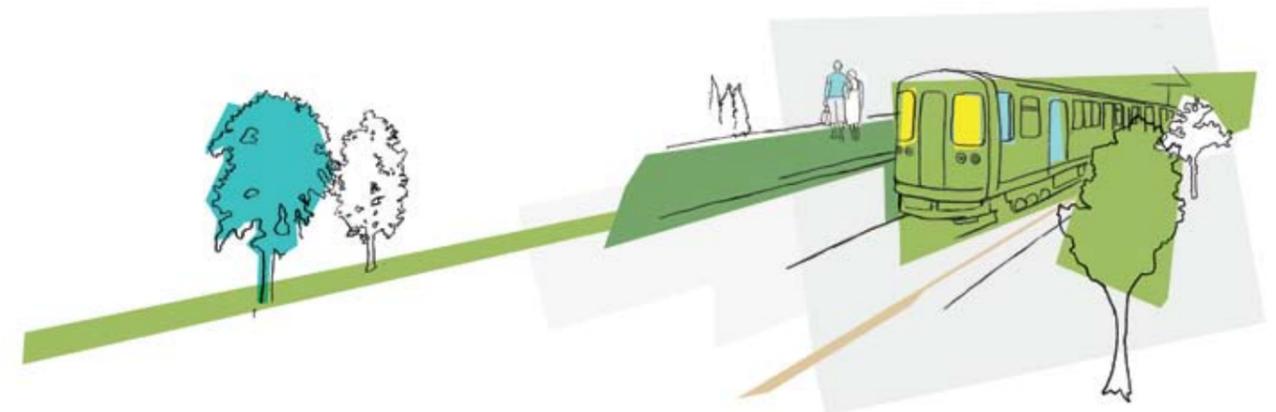
Chapter Four:
KBE leadership in action

In this chapter we provide brief accounts of the six KBE case studies and synthesise the key leadership learning they offer. The themes addressed across the six case study areas are working across:

- organisational boundaries;
- thematic boundaries;
- territorial boundaries;
- local communities; and
- professional disciplines.

The 'pen-sketches' of the case studies set out below provide only a very brief overview of the findings from each case. For reasons of confidentiality, the full case analyses are not included in this report.

Case Study 1:
Birmingham Eastside: the development of an urban creative industries quarter

Origins of Eastside

The Eastside regeneration quarter is a largely industrial urban area of 130 hectares immediately to the east of Birmingham's city centre core. Since the 1960s it had been cut off from this core by the elevated inner ring road, which created an imposing barrier to pedestrian movement and a poor environment in the immediate vicinity.

The area was largely untouched by the regeneration activity which took place in other central districts of the city in the 1980s and 1990s. The city council presented initial proposals for regenerating the newly-termed 'Eastside' area in 1999, building upon some general planning principles outlined in the early part of the decade.

The Eastside development vision and process

Proposals
The initial general proposals for Eastside and their further refinement in the *Eastside Development Framework (2001)*, the area's statutory planning framework, are anchored around the themes of **learning, technology and heritage**, with a less specific, but prominent, ambition to see the district grow as one of Birmingham's main two creative or cultural quarters, alongside the more established Jewellery Quarter.

The main focus of public master planning and policy intervention is the part of Eastside that lies to the north of the railway line connecting Birmingham to London. Initial efforts have focused on breaking down the ring road barrier adjacent to the city core and on progressing development processes on individual sub-sites within the overall area. While Eastside explicitly continues the momentum of expanding the city centre, the express intention was that it should complement rather than replicate the form and function of development that has emerged elsewhere in the city centre.

With regard to the knowledge-based economy the stated intention is to create a **high-technology, creative district** linked to the provision of appropriate **learning opportunities.**

In practice this has several dimensions:

- Building upon existing seeds of a high-technology, creative economy in the area - most notably Aston University and science park, and hubs of creative businesses at the Bond and the Custard Factory.
- Providing physical premises for new high-technology and creative businesses.
- Attracting supporting facilities - HE and FE educational institutions, research facilities, and other learning-related activities such as a new city library.
- Creating an environment and quality of life offer that would help to attract and retain knowledge and creative workers - this ranges from provision of new public spaces and housing to leisure and day-to-day amenities.

Process

The development and planning process in Eastside is driven to a large extent by two key public sector factors:

- the city council's Eastside team; and
- the RDA Advantage West Midlands.

The city council's Eastside team

This was set up in 1999 and expanded to 18 people at its peak, operating at arm's length to the main development directorate. Its principal function is to act as the main coordinating body for the overall Eastside development process. The team is an enabler and facilitator of regeneration but it does not have a dedicated budget for major interventions.

The team's main tasks are to:

- lead in some land assembly projects through negotiations or compulsory purchase;
- dispose of sites to the private market;
- oversee master planning exercises (including the commissioning of private consultants); and
- pursue bids for external funding .

The Regional Development Agency Advantage West Midlands

This has contributed significantly to land acquisition and established specific joint ventures with the city council for pooling of land assets, master planning and eventual disposal of these sites onto the private market.

Despite the scale of the plans for Eastside there is no specific mechanism for advancing development as a whole. There is considerable fragmentation in the programme that is presented under the overall Eastside branding - in reality the project is more a disparate collection of sites that proceed at different paces in very different ways, guided by separate mechanisms.

Several of the elements are characterised by a high degree of uncertainty due to many factors – ownership complexities, funding issues, planning concerns, and developer confidence in what is happening elsewhere in Eastside and especially on adjacent sites.

By early 2008, the Eastside regeneration process had seen significant progress, with development completed or underway at several main sites, and land assembly and clearance achieved on others. But there have been major delays and disruption to proposals as well.

Challenges for the strategic leadership of place in Eastside

Leadership challenges in place shaping in Eastside arise from the area's particularly complex context – it's a **fragmented inner city district characterised by an industrial legacy yet located adjacent to a buoyant city centre core and associated property market pressures.**

The main challenges include:

- generating sustained investor confidence in a previously rundown, underinvested area;
- developing, articulating and promoting effectively a clear vision of the area's economic role and how the different elements of this might work in practice (as well as fully developed proposals for the spatial dimension of any cluster aspirations);
- attracting the 'right' kind of user and/or occupier – particularly with regard to target economic sectors, the type and size of business, and supporting organisations and institutions;
- overcoming complex physical barriers relating to the urban fabric (a hard landscape with a tight grid pattern street layout in many parts), the industrial legacy and remaining uses (often noisy and polluting), and weak connectivity despite its central location;

- managing the transition from an industrial to high-technology mixed use area, in particular the challenge of retaining and nurturing existing seeds of new economic activity – especially in creative, cultural sectors – while pursuing extensive redevelopment ambitions;
- achieving greater cohesion in the development process from a situation of fragmented land ownership and stakeholder interests;
- retaining and nurturing the distinctiveness of the area in terms of the built environment, uses and users;
- balancing economic uses against more diverse urban functions in the redevelopment, so that Eastside emerges as a sustainable, 'living and breathing' city district and not just a sterile, mono-functional business zone;
- responding effectively to the very different planning and development contexts to the north and the south of the railway tracks in the two halves of Eastside; and
- linking the extensive redevelopment of Eastside itself, and the many economic opportunities generated, with the needs and potential of inner city communities in the vicinity.

Overall, then, there are many links and tensions between these challenges. Together these reflect an **inherent tension between a leadership approach that wields the 'heavy hand' of regeneration versus a 'light touch' approach.** Ultimately, the wider challenge may be one of reconciling these two planning and place shaping cultures.
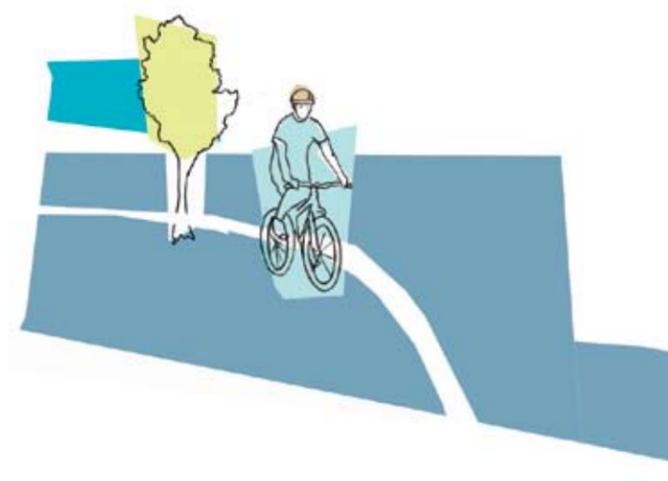
Summary of the key leadership lessons from Eastside

- Leadership is facilitated by a **clear planning vision** and supporting documentation. An essential prerequisite is for the redevelopment and regeneration process to have a **clear spatial plan** for the area that combines land use designation with a rich understanding of how this will be animated by economic and social activities and users. This implies **a planning approach that values the economic and social character of an evolving area**, takes the time to understand this and makes appropriate interventions early in the planning and development process.
- A strong leadership contribution to coordination through an **overarching development agency** equipped with the policy and financial tools to do the job. This is an important way of binding together the often disparate actors involved and should ideally be in a position to **pool land ownership** as thoroughly as possible.
- A **public sector involvement in leadership** with the ability to deliver key (often non-commercial) elements of the place shaping process with some certainty relatively early in process – it is critical that the public sector is adequately and dependably resourced, either through its own funding streams or through mechanisms that capture finance from other partners and the development process.
- An **integrated leadership structure** that has individuals representing economic and social interests embedded in the process from the beginning. The structure maximises the possibility of achieving an integrated, holistic form of regeneration that will ultimately lead to the strongest possible new economic district for the city. This is important so that the overall process is able to meet the wider challenge outlined earlier – to ensure that the process amounts to more than just a property development exercise with other elements bolted on later.

Case Study 2:
The West Midlands Central Technology Belt (CTB)

Origins of the CTB

The Central Technology Belt (CTB) has its origins in the sale of the Rover Group by BMW in 2000, and the firm's subsequent dismantling. This threatened the direct loss of some 9,000 jobs at the Longbridge plant in south Birmingham, and a further 40,000 jobs in the regional supply chain.

In an attempt to manage the crisis, the Government set up the Rover Task Force (RTF) which considered the potential impacts of Rover's closure and developed a number of measures to deal with any likely fallout. At the same time as overseeing a number of grant schemes on behalf of the West Midlands regional development agency (Advantage West Midlands (AWM)) and the Department of Trade and Industry, the RTF also commissioned a series of economic development consultancy reports focused on identifying novel ways to compensate for the possible loss of Rover employment and to diversify the local economy.

One of these, *Regenerating The West Midlands Region: A Study To Consider Opportunities For High Technology Corridors*, suggested that a '**corridor of regeneration**', based on spillovers from the region's science and technology knowledge base, could be developed along the A38 running from central Birmingham to Malvern in the south of the region.

The original Rover Longbridge site lies along the route of the A38 in Birmingham, together with the Universities of Birmingham and Aston and the new Queen Elizabeth 'super hospital'. Beyond Birmingham, the route runs south to University College Worcester (since 2005 the University of Worcester) and QinetiQ in Malvern, a former (now privatised) Ministry of Defence research centre.

The CTB development agenda

The objective of the CTB initiative is to restructure and diversify the sub-regional economy. It aims to do this by:

> '*building on the local knowledge and expertise, inherent in the region's universities, research centres, science parks and businesses, to create technology-rich business opportunities and bring about long-term economic benefits for people living and working in the region'.*
> *(CTB Company website)*

The CTB development framework centres around the idea that the local and sub-regional economy will be transformed over time through the combination of:

- the instigation of higher rates of science and technology (S&T) firm creation through exploitation of intellectual property (IP) held by local universities, NHS institutions and QinetiQ;
- the attraction of new inward investment (projects, joint ventures, alliances and other revenues) both from international and UK locations;
- the development of the existing high-tech firm base in the sub-region; and
- the promotion of knowledge-intense public sector activities and institutions.

This broad range of CTB activity is currently being delivered through a range of institutions and frameworks, including:

- the CTB Company Ltd three-year strategy and operating plan;
- AWM investments in new and enhanced higher education institution S&T platforms and related infrastructures, and regional industry cluster plans; and
- the NHS and other public bodies involved in S&T-type investment.

Initiatives pursued by these bodies include:

- the creation of new science and technology park infrastructures and facilities;
- tailored business support and networking services;
- infrastructural and transportation improvements along the corridor; and
- major public sector investment programmes (such as the new Queen Elizabeth 'super hospital' or the hydrogen energy project at the Universities of Birmingham and Warwick).

These actions are targeted at firms involved in high-tech activities including:

- medical and healthcare technologies;
- environmental technologies;
- advanced materials; and
- sensors and signalling.

The challenges for the strategic leadership of place in the CTB

The vision of a high-technology economy that can stimulate powerful regeneration effects on local areas and communities in high-technology corridors is one that implies the astute **integration of science and high-technology industry policy** with - at the very least - **regional and local planning, education, skills, housing and transport policy.**

In the specific case referred to here, the KBE capital and revenue-based development plans prioritise the creation in south Birmingham of highly skilled jobs in areas where residential communities have the lowest rates of educational achievement. The overall strategic leadership challenge is not only to get the balance within **strategy** and **delivery** right, beyond the narrow parameters of the CTB Company Ltd remit (the delivery vehicle established in 2003 to oversee the development of the corridor), but also to **integrate effectively** with existing budgets and mainstream activities and achieve appropriate adjustments to these.

In addition to integrating the various overlapping dimensions of a complex public policy environment at regional, city and south Birmingham level, the CTB Company is currently required to master a number of **science and technology themes** and to negotiate with - and bring on board - **a variety of investors and developers** across a range of SME and multinational businesses operating in and around these same core science and technology areas.

Summary of the key leadership lessons from the CTB

- The important role that strategic leaders play in engendering a commitment to (and delivery of) **generational change agendas** over e**xtended timescales.**
- The significance of leadership that can enable a **collective and generative vision of place.**
- The requirement for a (relatively) **non-aligned leadership**, that is able to champion and operationalise inclusive decision-making.
- A leadership that although very locally informed, is also nationally/globally aware.
- Leadership that is still required to be **technically capable** (or able to call upon technical input from others in a non-prejudicial fashion).
- Leadership that is aware of - and can exploit - the complex relational and **interdisciplinary** dynamics inherent in KBE place shaping.
- The significance of leadership biographies that allow for a sound understanding of **public and private business models**, and their varied and different modes of operation and styles.
- Leadership as ongoing **network mediation** and for **conflict resolution**.
- Understanding leadership as a **process of 'continuous navigation'** - rather than a time-limited or task-oriented mission.
- Leadership that leverages the power of **different networks** (local, national, and international) to exert influence on both crises and opportunities.
- The idea of **a leadership team configured for a particular/given developmental context** (complementary professional biographies, complementary capabilities, complementary temperaments and so on).

Case Study 3:
Switch On Shropshire - connecting rural communities to the digital revolution

Origins of Switch on Shropshire

Shropshire is an essentially rural county. It is England's second largest county inland, but the smallest county council in terms of population (280,000).

Immediately prior to the project launch in January 2004, broadband take-up in the county stood at 1%. Low demand, coupled with rurality and the low-density population meant that commercial providers were reluctant to invest in broadband infrastructure.

The Switch on Shropshire (SoS) project was designed to address this 'digital divide'. However, the aims were revised in response to significant changes in the market –changes that in fact led to the roll out of broadband infrastructure to the whole of the county. The initial aims being substantially fulfilled, SoS's focus moved to encouraging rural businesses to take advantage of the opportunities broadband access offered, and addressing the digital access divide within rural communities.

The policy intentions

Original policy intention: Phase 1
'Switch on Shropshire aims to overcome market failure and to stimulate broadband demand in levels of take-up that encourage the private sector to invest and roll out broadband infrastructure to all communities within Shropshire.'

These broadband availability issues were resolved by changes in the marketplace and interventions by BT and the regional development agency, Advantage West Midlands. The policy intentions consequently changed in Phase 2.

Changed policy intentions: Phase 2
'SoS became the vehicle for public sector intervention in two main areas:

- demand failure: addressing the SMEs that perceive no value in broadband and assisting SMEs to deliver economic benefits from broadband-enabled ICT; and
- social equity: minimising the digital divide between citizens who can afford broadband connectivity at home and those who cannot'.

The project lists the following as its achievements:

'Shropshire has bridged the broadband gap, from lagging behind regional and national averages in 2003, to taking a leading position by 2007.'

Across the community:

- 35 community Broadplaces created;
- 420 volunteers supporting their local community; and
- 15% of the eligible population visited a Broadplace.

Across business:

- 480 businesses advised about ICT;
- 250 businesses connected to broadband;
- 7% of eligible businesses advised; and
- 120 businesses supported with ICT equipment.

On completion, in February 2007, broadband take-up had increased to 35%.

The concept and establishment of Broadplaces was a major plank of the SoS strategy. Broadplaces are described as 'a facility within the heart of rural communities, such as village halls, community centres, or even the local pub, where everyone could access computers and a broadband connection'.

The project target was to create 35 Broadplaces. Advice and grant support was also offered to small businesses to exploit web-based development opportunities, and the back-office efficiency benefits that could be gained through the use of IT. SoS is presented as a major success story – a transformation in terms of 'hard outputs' for community and business ICT and broadband access, and with 'unexpected outcomes', particularly relating to community development. It is this community element of the project that seems to have captured the imagination of everyone involved.

Summary of the key leadership lessons from Switch On Shropshire

SoS is notable for the overall positive attitude of interviewees towards the project process and their collective view of its success. The factors that are perceived to relate to its success are many, and interlinked.

One key theme is the **multiplicity and complexity of the various boundaries** inherent in this KBE project. The ability of project leaders and organisational representatives to make effective contributions to the project seems directly related to their having the **full backing of their 'home base' organisation**; yet is also dependent on the **personal leadership characteristics** of the individuals concerned.

- Leadership that can create appropriate '**early conditions**' and processes that underpin longer-term success.
- Leadership that is '**boundary sensitive**' - the SoS project boundaries are multiple and complex and require sensitive navigation and active management.
- Leadership that recognises and plans for **mutually beneficial outcomes**, and can enable and progress emergent/opportunistic synergies across partnering organisations. This facilitates **collaboration**.
- Leadership that promotes a climate of '**no-fuss learning**' in order to help the project adapt to changing circumstances, overcome problems, and refine the effectiveness of operational approaches on a continuing basis.
- For **key leadership players** in SoS, their effectiveness seems to derive from a combination of their **personal attributes** and the degree of **organisational backing** they receive.
- There are **super-key leadership players** in the SoS case who have 'added' personal characteristics to those of the key players, and they are found at strategic, operational management and street level. These individuals inform the nature of project processes and plans, and **engender a mood of confidence**. Critically, they appear to be able to secure and maintain **freedom from standard organisational rules.**
- **Confidence controls** are necessary for maintaining strategic support - leaders must apply **clear and formal project management processes** with a regular reporting schedule through governance and accountability systems; confidence in and across the project is also generated by the super-key players.

Case Study 4:
High-technology in Grenoble: the MINALOGIC initiative

Origins of MINALOGIC

The MINALOGIC initiative is situated in the French city of Grenoble, which is widely regarded as a French high-technology success story.

The city is located in the French department of the Isère, part of the Rhônes-Alpes region. Rhônes-Alpes is the second most important French region demographically (behind Île-de-France) and the third in terms of its overall economic performance (behind Île-de-France and Provence Cote d'Azur).

Grenoble is a medium-sized city, with a population of some 155,000 within the city boundary itself and some 420,000 inhabitants in the urban agglomeration. The city is very much constrained by its alpine topography, and for some commentators, this has had a direct effect on the tendency towards the development of high value-added industries - **higher education institutions** and **research centres** are clearly an important feature of its economy. More generally, Grenoble's strengths lie in

- R&D
- Electrical and electronic components
- Other community, social, and personal activities and extra-territorial bodies
- Business consultancy
- Education
- Health

By the end of the 1990s, however, Grenoble was faced with **increasing competition in international technology markets.** It became increasingly clear to a number of local players that if Grenoble wanted to continue to compete globally in micro and nanotechnologies, then **further continuing improvements and advances were necessary.**

The critical challenge for the MINALOGIC initiative today is to be able to adapt to – and exploit – the innovation-led opportunities offered by a very rapidly changing global high-technology environment.

MINALOGIC: a 'world class' 'Pôle de compétitivité' (PDC)

In November 2004, responding to the challenges of global innovation and economic competitiveness, the French government issued a call for the establishment of territorial 'Pôles de compétitivité' (PDCs), to be submitted by local and regional actors. The policy followed a series of studies and discussions on the state of the French economy and the appropriateness of national industrial policy.

The French government's definition of a PDC was inspired by the idea of the **added value** to be gained from the **geographical proximity of a variety of economic players.** It has been described as
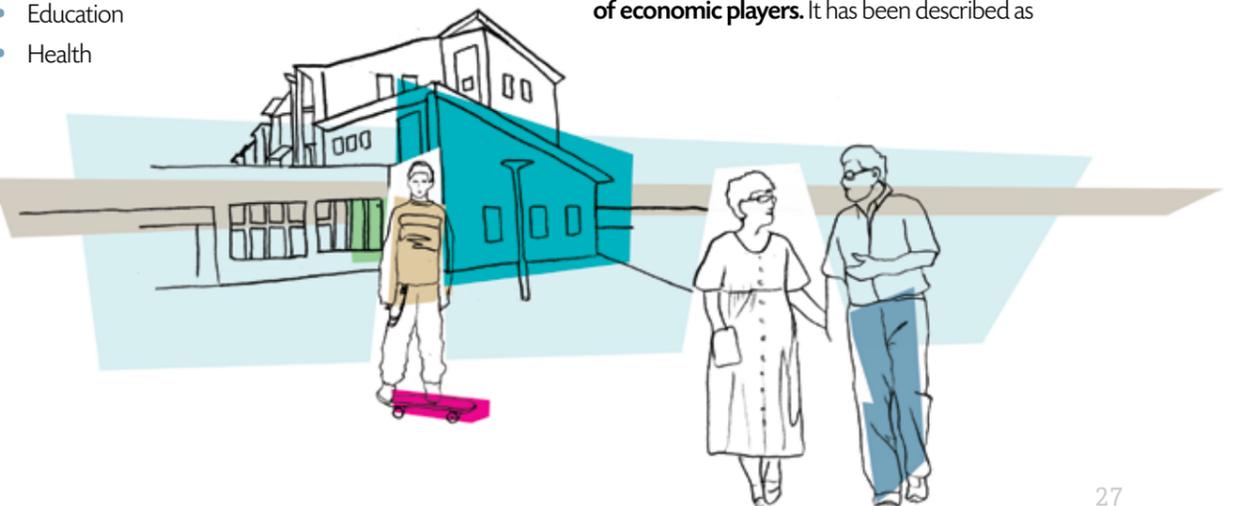
*'A **combination**, in a **particular locality**, of **firms, training centres and public research bodies** engaged in **developing synergy around common projects** that are **innovative** in nature. This partnership is organised around a recognised **science and technology market** and is charged with developing a critical mass that will be competitive internationally and have international resonance.'*
(Jacquet and Darmon, 2005
- our translation from the original)

The French government's current policy agenda regarding PDCs has been largely inspired by the Grenoble case, which was quoted as the only example of a successful working '*Pôle de compétitivité*' even before the formal national call for tenders was issued late in 2004. In MINALOGIC, Grenoble has one of the six PDCs across France that is designated as 'world class' by the French government.

In an interdisciplinary vein, local research partners in Grenoble had already developed a number of new technology platforms (such as METIS, NanoBio and Rhônes-Alpes Génopole) in order to stimulate collaboration between researchers, between researchers and firms or between firms drawn from a variety of other sectors. These other pre-existing technology platforms formed the basis upon which the MINALOGIC PDC proposal was subsequently developed.

The MINALOGIC project

The 2004 Blanc report has clearly been very influential in shaping the French government's overall approach to developing PDCs. Blanc (the former chairman of Air France), had for some time considered the various activities underway in Grenoble as a good working example of a successful '*Pôle de compétitivité*'.

Due to its existing high-technology reputation, there was some reluctance from central government to fund the MINALOGIC proposal when it was finally submitted under the national tender, since the area seemed to have little to prove. However, local and regional stakeholders were convinced that PDC status would serve to **further strengthen Grenoble's core capabilities in micro nanotechnologies.**

The challenge was '*to move from a playing field based on chip production costs to one based on innovation and value added to products and services*' (CEA - Commissariat à l'Energie Atomique). At the same time, local and regional administrations saw the PDC as an opportunity for securing funding in order to **formalise** 'in statute' the **raft of local initiatives**, notably in **technology transfer** between micro and nanotechnology. Moreover, it would facilitate the **engagement of more traditional local industries** such as textiles and paper in the Grenoble innovation system.

In order to become a member of the PDC, companies have to be part of its R&D 'zone', and must participate in one of its projects. Organisations pay a membership fee but are entitled to tax exemptions. At the time of writing (April 2008), the PDC had 115 partners:

- 77 companies of which 70% are SMEs;
- 12 research and education organisations;
- 16 local public institutions;
- 6 economic development institutions; and
- 3 private investors.

MINALOGIC is governed by a board with six members. Apart from the SME sector representative, the other board members are the initial founders of the PDC and they drive the initiative: the CEA (Commissariat à l'Energie Atomique), Schneider Electrics, STMicroelectronics, INPG (Grenoble Institute of Technology) and the Isère Department.

The MINALOGIC development agenda

MINALOGIC fosters research-led innovation in intelligent miniaturized products and solutions for industry. It has staked out a position as global leader in intelligent miniaturized solutions – a unique hybrid of micro and nanotechnologies and embedded software. The initiative's strategic objectives are to:

- build the first European centre (and one of the top three international centres) specialising in the development of '**embedded systems on a chip**' - by bringing together the innovation activities of firms, research and education institutions working both on **nanotechnology** and **software**; and
- promote the transfer of these technologies to other industrial sectors.

MINALOGIC works to bring together major corporations, small and mid-sized businesses, government agencies, and organisations from the public and private sector. The cluster's focus on innovation and its participatory governance model are designed to ensure 'efficient, **results-oriented cooperation** among cluster partners'.

Ultimately, the objective is to foster the economic development of the local and regional economy, by offering local and regional companies opportunities to compete internationally. The technological solutions being developed are applicable across a number of business sectors, including more traditional industries. The role of MINALOGIC is also to help the business community identify new value-added services that can be integrated into existing products, in fields such as health care, the environment, mobility, the media industries and the textile industry.
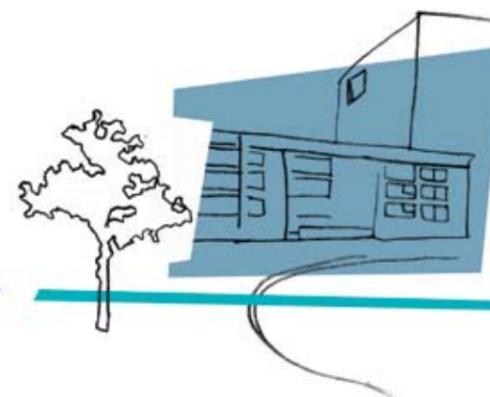
Summary of the key strategic leadership lessons from MINALOGIC

- MINALOGIC has a very motivated group of leaders drawn from **across the private and public sectors.** They assume complementary roles and are willing to **share leadership.** Their implicit motto is 'united we stand'.
- Leadership that champions the '**collaborative** paradigm'.
- Leadership that is keenly aware of the need to 'think beyond the horizon' – and formalises '**foresighting**' activity. This goes some way to countering the dangers of technological 'hubris' or 'lock in'.
- The **flexibility and openness** (personal attributes) of the leaders involved appear to be key components in the success of MINALOGIC.
- The leaders appointed at board level are also very influential in their own organisations locally (they can readily **secure local support and resources**) and have **international experience and reputations**. This facilitates connections between the local and the global.
- The importance of having **large companies** leading the development of research activities is well recognised by all – including the public sector partners who are comfortable with the idea that they will not always be in the public relations spotlight.
- Leadership that is aware of – and able to work across - a **variety of public and private sector business models and professional cultures.** It must mediate conflicting interests and models by convincing partners (on a continuing basis) of the added value benefits of collective working.
- Recognising that leadership plays a key role in generating the necessary and generalised '**climate of trust**' – but that this must be underpinned by more **formal contractual protocols.** There is a symbiotic relationship between the 'soft' relational, and the 'hard' contractual.

Case Study 5:
Diversifying Styria

Styria *(Steiermark),* in the south east of Austria, has been described by a number of authors and official reports as a success story of regional economic development. During little more than a decade (since the early 1990s) the region evolved from its former domination by 'old-fashioned' heavy industry into one of the 'motors' of the Austrian economy. In the words of the Styrian Business Promotion Agency *(Steierische Wirtschaftsförderung or SFG),* 'every third Austrian high-tech product comes from Styria – which has become Austria's model economic area'.

The challenges for leadership of place in the knowledge-based economy in the region have been to:

- turn around a declining region by **supporting, strengthening** and **modernising** the **existing manufacturing** sector;
- **develop new industries** by supporting **business** and the **R&D** base which provides the feedstock of people and knowledge; and
- provide support for
  (i) **Technology transfer** and interchange between the research community (public and private)
  (ii) **Business start ups**
  (iii) **Promoting** the province and attracting **inward investment.**

The **cluster policies** devised and implemented from the 1990s onwards by SFG are widely credited with being the catalyst of this economic change. Other initiatives, such as the development of the Austrian national programme of competence centres in the province, the development of local training initiatives and the provision of business locations have sought to build on the early work.

The Styrian Economic Development Agency and the development agenda

The main regional institution providing support for the development of Styrian firms is the Styrian Business Promotion Agency (SFG). This was founded in 1991 as an independent semi-public regional development agency, owned and controlled by the Land government. SFG has the objective of **facilitating economic development** in Styria and its sub-regions and **supporting the more disadvantaged areas.** It does this through support of projects in firms and research institutes, support to firms in difficulties and area-based support in sub-regions. SFG:

- offers **financial support** to enterprises – allocating funds provided by the province, the federal government and the EU;
- provides **consultancy and information services** on markets and market opportunities for potential investors;
- **facilitates links** among enterprises, the science, technology and research base and decision makers/politicians;
- fosters **project-based company collaborations** and the **formation of clusters**; and
- develops a **knowledge region** and fosters **technological strengths**.

Clusters

One of the policies generally accredited with bringing about Styria's dramatic economic change is the cluster policy introduced by SFG. The first cluster organisation set up was the **Automotive Cluster (AC Styria)**. This was developed by SFG as a network, but later became a limited company - it is seen as a best practice example for all Styrian clusters. The sector was transformed from its previous concentration on industrial and public service vehicles to the manufacture of a wide range of premium products.

By building on its **existing skills and knowledge base**, a relatively high (wage) cost economy was able to attract **significant inward investment**, particularly, though not exclusively, from German vehicle makers and in the process became the most important sector in the Styrian economy. Following the success of AC Styria, six other cluster organisations have been set up:

- **wood**;
- **human technology**;
- **materials**;
- **eco-cluster**;
- **tech for taste (food technology)**; and
- **creative industries**.

Each cluster organisation comprises SFG, private sector companies and other institutions such as universities. In broad terms, it has the role of:

- **strengthening cooperation** between public facilities, politics and the economy within the net product chain – a **public-private partnership**;
- providing cluster partners with 'first class' communication and an **information platform**;
- **promoting** the image of the cluster, and by doing so, promoting Styria more generally;
- developing **networks**;
- forming **interest groups** and initiating **cooperation projects**;
- making **technology and information transfer** possible;
- initiating v**ocational and educational programmes**; and
- promoting the middle-term **strategic orientation**.

Summary of the key leadership lessons from Styria

- The importance of leadership that generates a **climate of trust** partly as a result of its 'technical' credibility – a leadership that is seen to master its development portfolio.
- Leadership that recognises the local 'economic reality' and **builds directly upon existing capabilities** to create the 'new'.
- A clear commitment to – and effective operationalisation of – the **interdisciplinary model**.
- The effective deployment of a **well-developed evidence base** that avoids 'wishful thinking'.
- Leadership that is clear about its long-term goals and communicates these widely – **coherent strategic planning**.
- Able to leverage and 'meld' private and **public sector expertise and experience**.
- A strong **commitment** from leadership to the successful transformation of '**their place**' leverages engagement from a variety of disparate local and national actors.
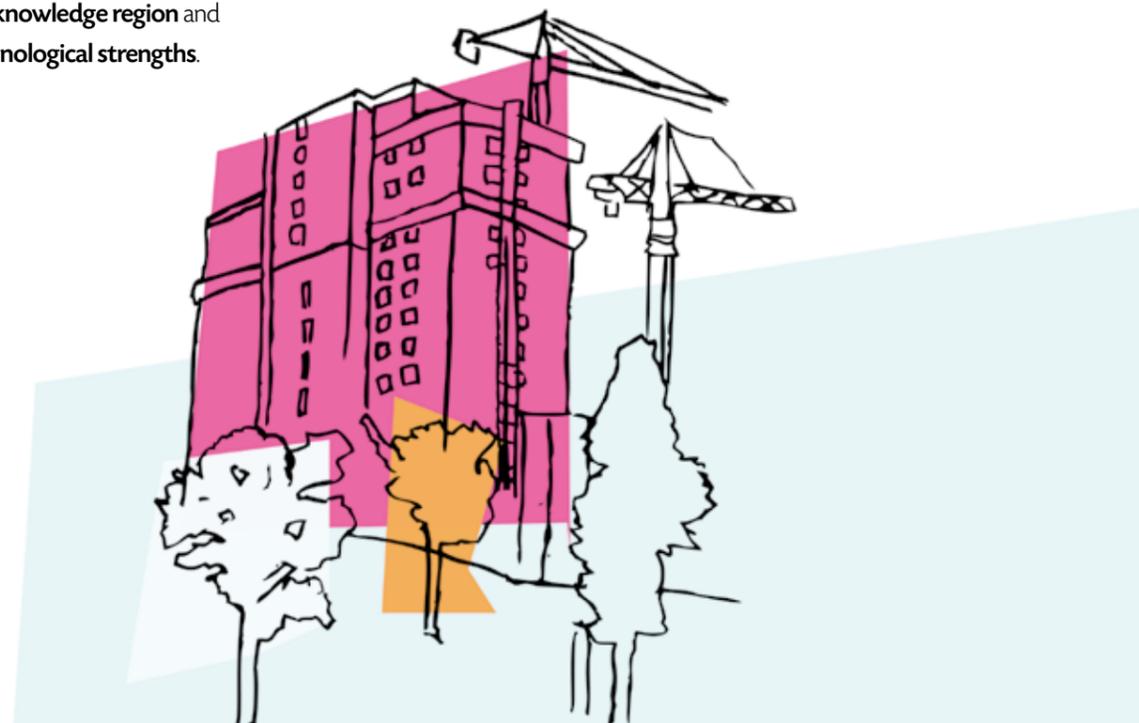
Case Study 6:
Medicon Valley Alliance and the Øresund Science Region

The Øresund cross-border region

The Øresund is a narrow straight that forms the border between the Copenhagen capital region of Denmark and the southern Skåne area of Sweden. In 2000, the border was crossed by the Øresund bridge, which carries both road and rail traffic and has helped consolidate the area as the most densely populated metropolitan region in Scandinavia.

The two regions on each side of the Øresund differ from one another in their respective national roles - Copenhagen being the political and administrative centre of Denmark, whilst Skåne has a somewhat peripheral position in Sweden (and was historically part of Denmark). These differences are perhaps reflected in the relative complementarity between their economies, with a greater focus upon trade, tourism, financial services and public administration on the Danish side, and a greater concentration upon agriculture, fishing and extraction activities, together with manufacturing industry, on the Swedish.

The life sciences cluster

At present, most of the region's value added is provided by relatively low technology sectors, but the region is developing as a high-technology area, and has a long-established cluster in **biomedicine**.

The origins of this cluster can be traced back to the development of AstraZeneca, Pharmacia and Ferring on the Swedish side of the border during the first decades of the 20th century. These large firms represent the heart of the cluster around which many smaller companies have grown up, creating a **pool of skilled staff**, often providing **direct investment into smaller firms**, undertaking **collaborative research activities** with universities and other businesses, and **investing in clinical research**. There is a high concentration of universities in the region (14, with 140,000 students) and a strong ICT infrastructure on both sides of the border.

Medicon Valley has been identified as one of the leading biomedical clusters in Europe, and is said to account for some 60% of all Scandinavian life science exports. It has also been identified as the 10th most productive European region in terms of its biotechnology patenting (1986-1997). A particular strength is the research activity which firms and universities and other bodies undertake - in terms of research publications, Medicon Valley is ranked in the top 10 European regions in biotechnology and applied microbiology, immunology and oncology.

Medicon Valley is considered to have potentially world-class R&D capabilities in four therapeutic areas; diabetes, neurosciences, cancer and inflammation. Furthermore, the cluster has a significant presence at every stage in the drug development value chain, from the identification of target products through to their clinical development.

Although perhaps the firms in this cluster do not cooperate as intensively with one another as might be expected from the idealised picture of clustering, they do apparently collaborate significantly around research, with strong linkages between firms and universities.

Medicon Valley Alliance and the Øresund Science Region platforms

The biomedical cluster across the Øresund border, especially the large pharmaceutical firms based in Skåne, had long-established links with the regions' universities. But in the early 1990s, with the prospect of the Øresund bridge in sight, there was a drive (led particularly by the Universities of Lund and Copenhagen) to **extend and deepen these linkages**, and to do so **across national borders.**

The Medicon Valley Academy was formed in 1997 as an EU Intereg II project, with the aim of **facilitating links** between business and research communities on a cross-border basis. By 2000, the Academy had brought together a **network of companies, universities, hospitals, and public authorities.**

In 2007 the Medicon Valley Academy changed its name to **Medicon Valley Alliance** (MVA), to indicate its business emphasis. The MVA is an association of firms, universities, hospitals and regional authorities based in the area, and includes not only biomedical firms but also business services and financial companies. It **hosts conferences, approves R&D projects** funded through the Øresund Science Region, and **coordinates research projects.** It is a not-for-profit organisation with a board of directors representing different stakeholders, and staff based in offices in Ørestad City, Copenhagen and in Lund.

Beyond biotechnology, the **Øresund Science Region** (ØSR) is the primary focus for knowledge-based economic development of the cross-border area, providing a **networking function** across a growing number of sectors.

The ØSR aims to **promote partnerships** between companies, universities and public authorities around the research process, and promote and disseminate findings. The Medicon Valley Alliance was the first of several 'platforms' to be developed, and the ØSR emerged as a methodology from this experience. Subsequently ØSR has established other platforms around:

- **IT**;
- **food**;
- **logistics**; and
- **environment**.

In the meantime, the MVA has moved on and become an independent and self-sustaining network.

ØSR has a board comprising university rectors, top politicians and CEOs from the region. This has an overview role - detailed discussions take place in the five different platform alliances, and in their numerous sub-networks. The ØSR secretariat supports these different platforms and sub-groups from their offices in Copenhagen and Lund, and they arrange meetings, prepare proposals and follow these up with partners.
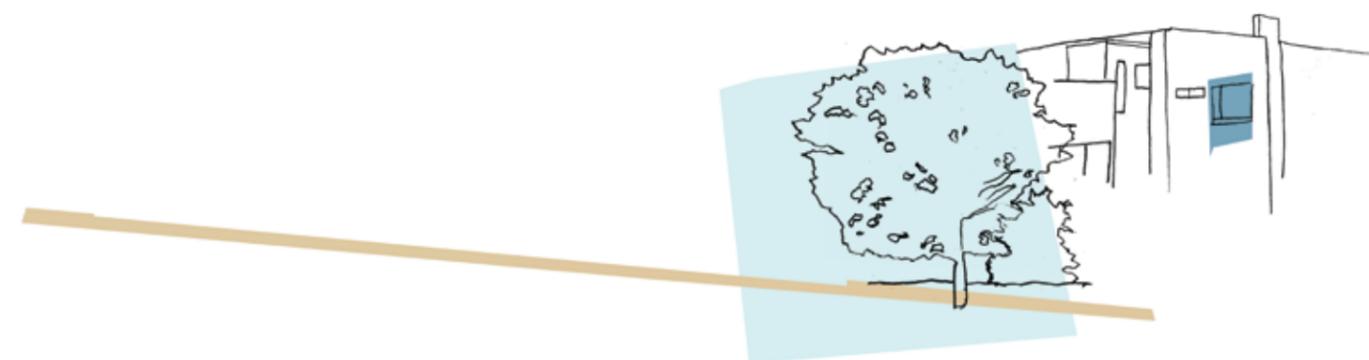
The ØSR was established by the region's universities and remains under the 'ownership' of the Øresund University. The leading role taken by the universities is very beneficial for ØSR, giving it a **non-partisan neutrality** that makes it attractive for business leaders, as well as for public officials.

ØSR works well because it has **little or no formal power over its members.** Indeed the absence of formal power on the part of the chair, the secretariat and the board is the basis of its strength. The statutes of the board assume majority voting, but in practice most decisions are made on a consensus basis. It has a very limited budget of its own, and so once an agreement has been reached the members must go back to their own organisations, and use their resources to deliver initiatives.

The rectors of the universities who chair board meetings, and the ØSR secretariat which facilitates them, are only effective in helping the ØSR to move forward to the extent that they are able to **command the confidence** of the other partners, on the basis of their personal qualities and their handling of relations, not because of the formal positions they occupy in the network.

Summary of the key strategic leadership lessons from MVA and ØSR

A number of leadership lessons can be derived from the experience of the Medicon Valley Alliance and the Øresund Science Region:

- University, business and client (eg hospital) communities value talking to each other in a **setting which they can structure for themselves.** They value the 'hosting' of this activity by a **network secretariat** that provides a kind of indirect second-order leadership, a leadership that allows others to lead.

- These discussions take place primarily and most productively on a day-to-day basis among **specialists from different branches of activity,** not at top management but at the **middle to lower ends of the hierarchy** in firms and universities and hospitals.

- The university sector can play a leading role in networking not only because of its knowledge, but because of its **disinterested scholarly identity** and its commitment to civic life. The disinterested identity of the university helps to inform a **non-partisan, non-commercial business model** for the network secretariat, so that members do not regard this as a potential competitor.

- The **absence of formal power** is a strength for this kind of leadership, placing it firmly in a nurturing or **broker role.** This forces decisions to be negotiated and to be consensual, highlighting the importance of collaboration, and preventing it from slipping into first order-leadership. Attempts to convert indirect into direct leadership will stifle initiative and be resisted by stakeholders.

- The key to the successful performance of the secretariat is the **building of trust** between its staff and the network members, which takes time and requires the secretariat to be well-embedded in the region and committed to its success. Staff may need the correct credentials to be taken seriously (eg a PhD) without needing to be experts in any one field.

- The ethos of networks such as these will be **cooperation over competition**, or possibly **competition through cooperation.** A **collaborative relationship** is therefore stressed between potential competitors both within the region and between regions; whilst competitive and conflictual inclinations are avoided by composing and handling meetings and decisions carefully.

Chapter Five:
Moving the leadership agenda forward

In this chapter, we draw together the lessons learned from the case studies and connect these with the wider debate about leadership and place shaping referred to in this report. From this we set out an agenda for the development of effective approaches to the leadership of KBE places, and indicate how to move this agenda forward both through further research and the development of learning materials.

The case studies

The case studies referred to in this report have all been included because they represent **active** and (relatively speaking) **effective initiatives.** None of them are yet completed and it is not possible to fully assess their impacts or how sustainable these will be. In selecting KBE case studies we also have a group of economic development-led examples and some of their limitations may stem from this. They do not all work across the whole spectrum of regeneration activity or, for example, engage with local and community groups as much as might be seen as desirable. To this extent they may be examples of **effective rather than best practice.** Nevertheless they are examples that we can learn from.

What is most evident about these cases is that they are very **different**. They operate in different contexts and have different geographies and ambitions. They involve different organisational and financial arrangements, and the participation or membership reflects all of these differences. Against this background, though, we can identify some important features:

- All have **clearly articulated visions** - but these tend to be about direction of travel and broad aims rather than highly specific and detailed statements.

- All work across some important **organisational and professional boundaries** but some more are ambitious than others in the extent to which they cross local administrative boundaries. Those which do not cross such boundaries may face different issues, and are likely to be viewed as a more traditional local initiative.

- There is **no common model of financial engineering** or of sharing and contributing different types of resources.
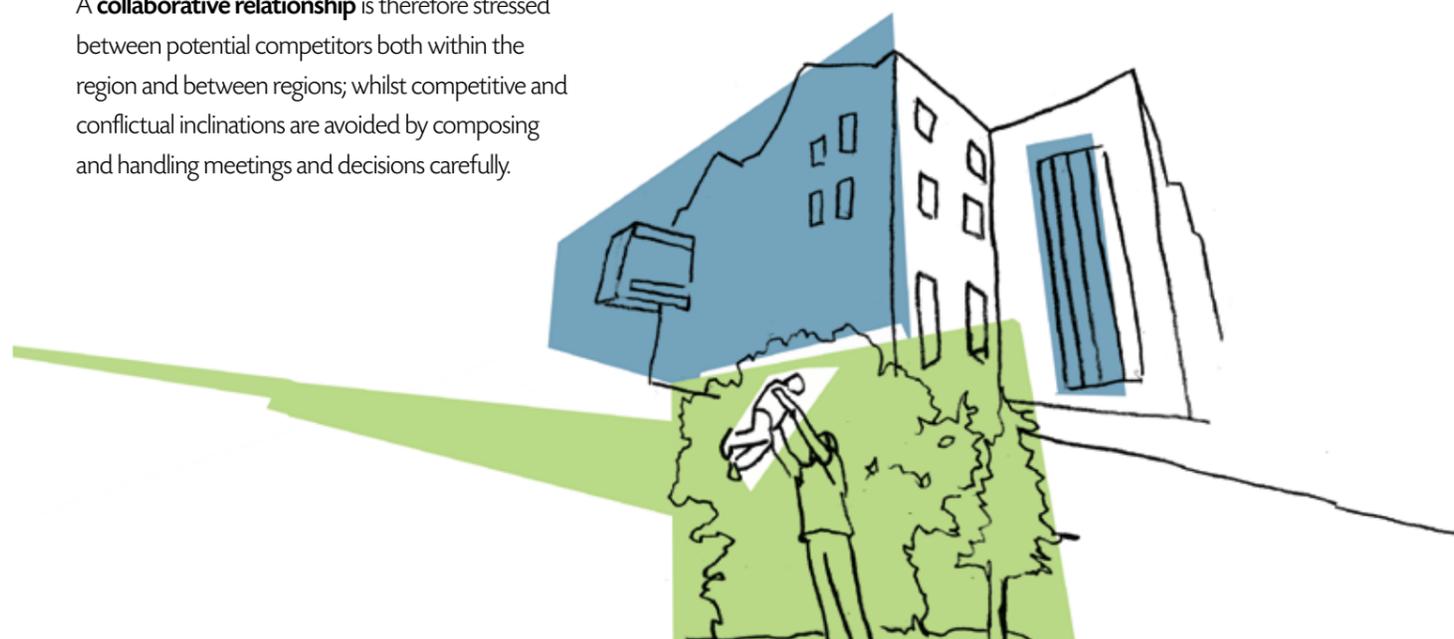
- Some have set up **special single purpose organisations** to lead or coordinate activity but there are issues around **resources and independence** in these cases - as well as for those operating in more **traditional frameworks.** The single purpose model means there is someone for whom leadership (of this) is their dominant or only task – in other cases it is one of many.
- All of the cases have passed through phases - from inception to maturity - and mostly have initially had a **strong public sector lead** but have evolved over time towards a **more relational approach.**
- Most of the cases have retained a **single or multiple public sector lead** and most have also had at least one s**trong private sector partner** (including universities).

The challenges faced include elements that relate directly to the nature of the project, but there are also some common challenges:

- leading without 'formal' power;
- leading the leaders;
- leading complexity;
- leading where outcomes are uncertain/unpredictable;
- having sufficient resources to make things happen;
- crossing the public/private (and sometimes community) divide effectively;
- maintaining commitment over time; and
- involving local communities and addressing local community benefits.

The implications, both of the differences and common challenges identified, are that it is **inappropriate to promote a single formal structure for the leadership of place or to suggest there is a best practice model that should normally be adopted.** However we can begin to identify a practice that is appropriate for the new leadership and the new context within which it takes place.

The initial elements in this practice are as follows:

- understanding the nature of the development process and the new leadership model;
- conceptualising the place shaping and leadership task;
- adopting a clear but broad vision and base documentation;
- adopting a flexible development model (organisational and financial) that does not constrain innovation and possible changes in emphasis in the future -
  (i)   whether to establish a special vehicle or not?
  (ii)   whether to avoid a single dominant public sector lead?
  (iii) is there a need for a budget that is controlled by the network?;
- being able to accommodate a community dimension; and
- building in the expectation of change over the life cycle of the programme.

These elements can each be exemplified by reference to a number of cases, and through this it is possible to begin to communicate a **different practice** associated with the leadership of place and based on **more effective and appropriate premises** than existing approaches to leadership.

Taking stock

Throughout this report we have referred to the importance of aligning a number of interconnected themes and ideas emerging around **leader development** (the development of individual leader skills), **leadership development** (how leaders operate within wider organisational systems) and the **broader context of the KBE** place shaping model being applied at any one time, and in a given locality.

We can identify a number of starting points - these are evident in the existing literature but are strongly reinforced by the case studies summarised earlier:

- effective strategic leadership in and for KBE places (as we have defined them in this study) derives - at least in part - from the **judicious combination of the 'individual'** (world view, life experience, biography and talent) and a **variety of cross-boundary and network competencies**;
- however, there is no single model that can be taught or applied to leadership in and for KBE places. **There is no 'off the shelf' leadership recipe**;
- the **leadership context is different** (and **organisational dimensions are bespoke**) across the varied localities we have looked at in this study;
- in order to design, and to organise for, leadership development in and for KBE places, there are a number of **contextual dynamics** we need to understand:
  (i)   the point in the life stage of any given 'KBE place' (aspiring, growing, maturing, maintaining, declining);
  (ii)   the nature of local human resource capabilities and capacities;
  (iii) the type of institutional arrangements;
  (iv) political and statutory frameworks and the precise nature of the KBE development model being applied; and
  (v)   the extent of territorial coverage.

- leadership development in the context of KBE place shaping needs to help local leadership think through the appropriate combination of '**soft**' (relational) and '**hard**' (infrastructural) approaches within the context of the needs of '**particular places at particular times**'. It is clear from this research that leaders in and for KBE places are, to different extents, aware of the wider social impacts and potential 'unintended consequences' of their activities across a given territory; and
- the 'idea' of **sustainable place shaping** - along with its developmental implications and technical requirements - is still emerging and needs to be better understood by those leaders formally engaged in KBE initiatives.

Leaders of KBE initiatives - certainly where they are officially tasked with ensuring wealth spread across localities and communities - need to develop a much **broader 'palette' of leadership skills.** This needs to be both in terms of the '**technicalities**' (a good understanding of the underpinning dynamics of integrated place shaping in the context of S&T-led economic development) and in terms of the '**softer**' relational skills required to transcend organisational, thematic, territorial, community and professional boundaries.

At the individual level, leaders of place can be helped to develop this broader palette of technical and relational skills – and to explore the **symbiotic and continuously shifting relationship between these two dimensions** that will vary greatly in 'tone' and intensity according to the local context.

Leadership development in the context of the place shaping agenda needs to focus on **integrated working across a whole leadership team.** No one individual, no single agency, institution or firm alone can bring about the extensive generational and transformational change required for localities to accommodate and exploit the opportunities afforded by the KBE.

Although **some leadership skills may be deemed generic** (developing personal credibility and the development of trust, for example), **integrated working requires leadership teams to be configured for** - and their capabilities developed to accommodate - **widely varying and very particular place-based requirements** (rural, city, urban neighbourhood and periphery). This is in addition to the development of the broader palette of skills in individual leaders who need to move seamlessly between their single organisational leadership roles and collaborative cross-boundary place shaping leadership.

Having said all of this, there are more particular insights that we draw from this study concerning firstly, leader and leadership development; secondly, the need to broaden the leadership development agenda beyond KBE place shaping; and thirdly, the nature of the R&D effort required to provide a more comprehensive evidence base for thinking around leadership development going forward.

What do the six case studies of strategic leadership in KBE places suggest for **leader and leadership development?**

The idea that processes such as **interdisciplinary working, collaborative learning, cooperation, reciprocity and trust** are at the heart of the KBE development model suggests that leader and leadership development programmes might usefully address the following:

Is there a particular leader 'worldview' required for KBE place shaping?

The idea (albeit provocative in some circles) that human advancement is the product of collaborative endeavour. Other key themes/ideas might include:

- Getting the balance right on the continuum between cooperation and competition
- Making conscious choices in setting up and organising the network
- A sense of social responsibility and fairness
- The commitment to continuing innovation
- Non-judgmental mindset; comfortable with a climate of 'no-fuss' learning
- The idea of working for 'generational change'
- Thinking beyond the immediate organisational/thematic/territorial/ community/professional boundaries
- Inclusive thinking (all parties have something to offer)
- A 'continuous navigation' approach
- Integrated/holistic thinking
- Commitment to the idea of generative 'place shaping'
- Open minded
- People oriented

Is there a particular 'technical' biography required of aspiring leaders of KBE places?

Key themes/ideas might include:

- visioning/framing: developing and progressing a widely anchored vision for the localities concerned;
- KBE: familiarity with the overall model and the related/supporting development models/arrangements;
- managing (KBE) complexities;
- international experience (investor attraction and management);
- cross-cultural experience;
- communicating across boundaries;
- operating at the interface of public/ private development models;
- mediating the local and the global for innovation purposes (policy, process and product); and
- understanding the 'materiality' of place and how it can be shaped.

Is there a particular set of relational attributes that are required of individual leaders – or that might require developing?

Key attributes might include:

- providing the 'tone'/'framing ambience' (eg openness, transparency and non-alignment);
- empathy, and an ability to accommodate 'the other';
- ability to generate credibility and trust;
- influence and advocacy skills;
- conflict resolution;
- handling the political; and
- interpreter/translator of ideas in/ for multiple settings/audiences.

Standing back from the study reported here it is evident that we need to broaden the discussion around the leadership agenda beyond the question of place shaping for the KBE – and beyond the role of formal strategic leadership to account for informal leadership.

In terms of the many messages contained within this report for our sponsor, the Academy for Sustainable Communities, this begins to raise the question of how to develop an approach to leadership that promotes representation, participation and inclusion in the wider place shaping endeavour. We need to develop competitive KBE places but also sustainable and inclusive KBE places. At this stage we suggest a number of areas for further work:

1. Both in KBE and other contexts we need some **strong examples of how leadership tasks** and **challenges change over time** and examples of transition and key events that shape leadership responses. This implies some longer-term or longitudinal case studies.

2. It is important to draw upon the experience of **leadership in contexts where the agenda is less explicitly concerned with developing the KBE** but more about connecting places or communities with the KBE or indeed other parts of the wider economy. There are issues of leadership of place in new development (eg growth areas or eco-towns), in regeneration and in other rapidly evolving contexts. While the logic is that, for example, regeneration needs to embrace a holistic and integrated approach and not be solely property or community or economy-led, different initiatives will start with different assumptions and priorities. **It is important to broaden our understanding through a focus on a wider set of leadership of place examples.**

3. Finally there is a need to find ways of **sharing experience and developing a debate about leadership of place.** We need to foster the **development of learning hubs** across England and explore their development across Europe. Learning hubs will provide a focus to develop the evidence base, capture the rich variety of place shaping experiences across England and the rest of Europe, explore ways of thinking which shift the balance of power within different contexts and further test the traditional versus the new leadership of place model.

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