

The Compass of Local Competitiveness Pocket Guide

The Pocket Guide for Compass of Local Competitiveness is a methodology designed by Mesopartner and GTZ during 2005.

The pocket guide is ideal for facilitators to use while facilitating a compass workshop. Please print this guide from page 2 to 8 on thick paper (120 g/m² or thicker) and cut them on the grey dotted lines to give you cards that facilitators can easily carry in their pocket.

Each card feature a step with a guideline to the time allocation for the step. You will see it in the heading: for example Step 1 -- 15' – Presentation, meaning this step usually takes 15 minutes.

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Step 2 -- 10' -- Objective

Explain that the objective of the workshop is to look back and to look ahead

Oral, supported with cards or flipchart (preferably not multimedia projector)

Explain that the objective of the workshop:

- Track progress on developmental activities in a location, or a subsector in a location, or a value chain
- Define additional activities

Explain that a Compass is a device that tells you where to go.

Can be done by local champion or by facilitator

Don't use technical language

Refer back to PACA Exercise or other events that initiated local activities

Before starting: Engage participants who arrive early – welcome them personally, and then have a conversation with them, or invite them to do a little brainteaser, or show some video

Step 1 -- 15' -- Presentation

All participants present themselves

Mesocard

3 cards per person: name, organisation, involvement in LED

Good opportunity to introduce the basic Mesocard rules: 1 statement per card, write legibly, 3 lines per card

Step 3-- 5' -- Schedule

Explain the structure of the workshop

Flipchart or mesocards

Point out the different steps in the workshop.

Quickly go through the steps, don't get lost in the detail

Step 4 -- 5' -- Compass

Explanation of the Compass

Oral and flipchart

Briefly explain the background of the Compass in the balanced scorecard method.

Keep a flipchart with an explanation of the 4 Quadrants visible throughout the workshop

Step 5 -- 15' -- Framing

Clarify the object of the exercise: What precisely are we talking about in this workshop?

Statement by champion of the activity, alternatively by facilitators

Define two points:

- What exactly is X? Clarify the borders of X (system / environment)
- Who is involved in X? Clarify the actor structure (insiders / outsiders)

X = the object of the Compass, i.e. the LED initiative, or the cluster initiative, or sector initiative, or project

Put information on the object onto flipchart. Keep flipchart visible through the entire workshop.

Note actors on mesocards, organise them as insiders / outsiders

4

Step 7 -- 30' -- Overall Objective of the Development Effort

Clarify the vision and overall objectives and deliverables of X

1. Mesocard / 2 cards per person
2. Organise cards hierarchically

Question: Why do we spend time and effort on this initiative? What do we want to achieve?

Alternative: If in two years' time somebody enquires about X, what will we point at to indicate its success?

Don't use the term Vision. This leads to cloudy, fuzzy discussions.

Organise the outcome. Try to define a hierarchy, i.e. highlight the ultimate outcome and below it the factors that will contribute

Many cards will come that actually are critical success factors (CSFs) or key performance indicators (KPIs), and they should be written again at step 9

Assure that the "Vision" is visible during the subsequent activities

6

Step 6 -- 30' -- Look back

Look at activities and achievements since PACA Exercise or start of activity

Flipchart or mesocards

- What have we done so far?
- What have we achieved so far (= outcome and impact of activities)?
(If possible, try to capture data)

Option 1: Participants call out, facilitators note on flipchart

Option 2: Participants write on cards (does not give you stories!)

Consider capturing participants' statements as audio / video recording

5

Step 8 -- 5' -- Revisit framing

Verify the framing for the workshop

Open discussion

During the look back (step 6) and the vision step (step 7), it may have appeared that the frame was not defined or worded properly

7

Step 9 -- 30' -- Critical success factors (CSF)

Brainstorm on the factors that make or break X

Mesocard / no limit to number of cards per person

Questions (put them all up!):

- What are the factors that determine the success of X?
- What are the factors that decide the success of our effort to build a competitive location / sector / value chain?
- Which elements need to be in place so that we can build a competitive location / sector / value chain?

Check whether all four quadrants are adequately addressed. Often one of the top quadrants gets only few cards. In that case, explain the relevance of the quadrant and ask participants for additional cards.

8

Step 11 -- 10' -- Prioritise

Identify two to four decisive CSFs per quadrant

Pareto

Quadrant by quadrant

10

Step 10 -- 30' -- Critical success factors (CSF) into quadrants

Organise the CSFs into four quadrants

Facilitators, assisted by participants, organise cards into 4 quadrants

1. Economic / financial factors
2. External relationships (with non-LED-stakeholders / external actors / customers / ...)
3. Internal process and organisation of LED inside and among involved organisations
4. Knowledge and learning (including research, training, ...)

Make sure that each CSF is clearly understood by all participants, possibly insert a step in the process to verify and rephrase each CSF. A CSF like "diversification" is useless because it is too unspecific.

One possible way of looking at the CSFs is by introducing Quadrants 1 and 2 as external factors and Quadrants 3 and 4 as internal factors.

9

Step 12 -- 30' -- Matching

Do we have activities going on that contribute to all CSFs?

Matrix

Create a matrix with the ongoing activities on the vertical axis and the CSFs on the horizontal axis. Verify, together with the participants, whether any given activity contributes to the CSFs. The assumption is that many activities will contribute to more than one CSF.

Proceed as follows: Every participant receives a card with the numbers 0 to 3 – 0 = no influence, 1 = weak influence, 2 = some influence, 3 = strong influence. You ask "Does Activity 1 address CSF A?" Each participant then indicates his/her score by holding up a number. The facilitator forms an average of the scores. Encourage discussion when participants come up with three or four different scores.

11

Step 13 -- 10' -- Identify gaps

Verify: Which CSFs are not matched with activities? Add up the scores in each column. Probably all CSFs are at least somewhat addressed. Focus the discussion at those CSFs that come out with a low score sum, and in particular those that did not receive a single score of 3 (which means that no activity is really focussing at this CSF).

Oral discussion

12

Step 15 -- 60' -- Determine responsibility for implementation of activities

Pfeiffer's six questions on each activity

Mesocards

Six questions:

1. How exactly will we do this? (unpack activities)
2. Who takes responsibility?
3. Who has to collaborate?
4. Which resources do we need?
5. When do we start?
6. How do we know that the activity started?

It may be useful to create working groups for this step.

14

Step 14 -- 30' -- Brainstorming on activities

What are the activities that we need to implement to make progress with respect to the CSFs?

Mesocards. Various rounds of brainstorming / cluster / Pareto / brainstorming on highest priority

You need to make sure that participants prioritise activities that are doable. For instance, you can distribute red dots so that participants can mark those proposals they deem unrealistic before doing the Pareto.

13

Step 16

End of workshop

Thank the participants for their time and inputs. Explain what will happen next.

Make sure that you have a clear communication structure, so that every participant can easily track the progress of implementation.

15

What is a Critical Success Factor?

A CSF is factor that defines the success of your LED initiative. "Critical" means that the factor really, really should be there, since otherwise you would fail.

What is a Key Performance Indicator?

A KPI is an indicator that measures your progress in improving your performance with respect to a CSF.

Structure of a Compass Workshop

1. Participants present themselves
2. Explain the objective of the workshop
3. Explain the structure of the workshop
4. Explain the Compass (keep flipchart with explanation visible at all times)
5. Framing: What exactly are we talking about? (keep result visible)
6. Look back: What have we achieved so far?
7. Objective: What are the overall objectives of the object of the Compass?
8. Revisit framing
9. Brainstorming on and organisation of critical success factors
10. Organise CSFs into quadrants
11. Prioritise CSFs, quadrant by quadrant (Pareto)
12. Matching
13. Identify gaps, i.e. CSFs that are not addressed with activities
14. Brainstorming on activities related to each CSF
15. Action planning

What are the SMART Criteria?

Specific & Sensitive: specific to the issues which are intended to be changed, and sensitive to the changes induced

Measurable: measurable, objective and unambiguous - not easily blown off course by unrelated developments, and not easily manipulated

Attainable & Applicable: attainable by the policy measures, and applicable to measure progress towards achieving objectives

Relevant: measuring factors which are related to the policy and reflect the objectives

Time-bound & Trackable: Varying over time, reflecting at what point in time changes can be expected and do happen. Indicators can be easily tracked, preferably the required data are already and frequently available, or are not too costly to track

After defining the critical success factors (CSFs)

Option 1 – if participants are familiar with the concept of formulating indicators:

- Define no more than three, preferably 1 or 2 key performance indicators (KPIs) for each CSF
- Matching: Looking at current LED activities, do we actually make progress to all KPIs? Or do we need to define additional activities?
- Brainstorming on activities
- Action planning

Option 2 – if participants are not familiar with indicators:

- Matching: Are our current activities related to all CSFs? Or do we need additional activities?
- Brainstorming on activities
- Action planning

Structure of a Top Level Compass for LED

<p>Economic outcome (growth, business growth, start-ups, employment, ...)</p> <p>What is the impact we need to deliver to keep our voters / our citizens happy?</p>	<p>Relationships with external players</p> <p>How do we need to interact with other stakeholders (other local stakeholders outside LED, external investors, customers/tourists, funding agencies, ...) to make LED a success?</p>
<p>The learning perspective (alignment of understanding of LED, alignment of expectations, role definitions, ...)</p> <p>How can we make sure that we constantly upgrade our understanding of our economic reality and of LED?</p>	<p>The local process perspective (interaction between core players, governance pattern, ...)</p> <p>How do we have to organise our LED process and effort internally to assure its effectiveness?</p>

Structure of a Sector Compass

<p>Financial (access to credit, cash flow, ...) and economic factors (market share, growth, profitability, ...)</p> <p>What is the result that we need to deliver to keep our shareholders, investors and creditors happy?</p>	<p>Relationships with external players</p> <p>How do we need to interact with customers and stakeholders to succeed in the market? Which support services do we need to pull in to improve our performance?</p>
<p>The learning perspective (upgrading of companies and supporting institutions, market intelligence, ...)</p> <p>What can we do to better understand our business and our market?</p>	<p>The local process perspective (interaction between core players, governance pattern, ...)</p> <p>How do we have to organise our upgrading process and effort within and between firms and organisations?</p>