

WHY WORK WITH YOUR COMPETITORS? CASE STUDY - THE OMNIPACK CLUSTER



OMNIPACK

In the Hradec Kralove region of the Czech Republic, about 100 km east of Prague a group of 21 companies involved in all aspects of the packaging industry have come together with their suppliers and the local university to create the Omnipack Cluster. The company behind the creation of the cluster was PolyPLASTY s.r.o who received a grant from the Hradec Kralove regional council to undertake a cluster mapping exercise. Funding for the grant was provided by the Operational Programme for Industry and Enterprise, part of the ERDF structural funds programme managed by the Ministry of Industry and Trade.

Interview with project manager Ing. Petra Vseteckova of PolyPLASTY s.r.o.

WHY DID POLYPLASTY BECOME INVOLVED IN THE CLUSTER MAPPING EXERCISE??

The initial impetus was the existence a voluntary association of the Omnipack companies operating in the area of packaging production. Thanks to mutual cooperation, we discovered that the individual companies could jointly undertake significantly larger and technically more demanding orders, as well as those that require the cooperation of other producers. We demonstrated that we are able to work together and that it is beneficial for those involved. Some of these companies, however, decided to cooperate in other areas, such as promotion, marketing, market research and education within the future cluster. The mapping exercise helped us to identify other firms engaged in the production of not only plastic packaging, to find out their interest in cooperation within a potential cluster and, above all, to determine the areas in which they are willing to cooperate and share information.

TO RECEIVE A GRANT TO MAP OR DEVELOP A CLUSTER, COMPANIES NEED TO INCLUDE UNIVERSITIES IN THE EXERCISE. IN WHAT WAY DO YOU PLAN TO WORK WITH YOUR UNIVERSITY PARTNERS?

We cooperate with several universities and each one brings particular strengths to the cluster. The main partner is the Faculty of Economics and Administration at the University of Pardubice, which I consider one of the most active members of the project. This university has taken on the task of educating future participants in the cluster and has also proposed many other forms of future cooperation. The university will deliver professional seminars on current topics, and has offered solutions for specific research and development problems according to the needs and requests of the future cluster membership. One of the most important tasks of the university will be to help us to develop innovative solutions in the area of packaging technology. We are also very successfully cooperating with the University of West Bohemia in Pilsen on a proposal for the organizational structure and legal form of the cluster.

IN YOUR OPINION, WHAT IS THE MAIN STRENGTH OF THE CLUSTER?

We see the cluster as a group of companies that do business in a common field and compete with each other, but whose production programmes can be mutually complementary. Together they are able to meet the more complex and demanding requirements of their customers. The cluster creates the conditions for increasing competitiveness of primarily small and medium-sized companies. Currently, the cluster enables better and faster responses to market dynamics and, thanks to the cooperation with universities and research institutes, it is able to support innovation and faster introduction of new technologies. Informal ties between individuals working in different cluster members facilitate fast exchange of information and greater effectiveness of supplier-customer relationships.

WHAT DO YOU CONSIDER AS THE MAIN BENEFITS OF CLUSTER MEMBERSHIP?

Our members feel that there are many benefits. They include:

- Economies of scale and reduced costs thanks to mutual cooperation, for example in the area of joint promotion, market research, exporting and research and development..
- Better and faster access to information.
- The opportunity to exchange knowledge and information from the field and thus better and faster respond to changes in the market.
- Stronger negotiating power in purchasing and sales.



- More effective supplier-customer relationships among members of the cluster.
- More effective identification and exploitation of new market opportunities.
- Mutual support for exporting and international business development.
- Greater potential to receive support for co-financing from Structural Funds and other funding sources.

WHAT IS THE MAIN OUTPUT OF THE CLUSTER PROJECT?

"The member companies understand that, thanks to the cluster, they can develop cooperation not only in production, but also in the areas of innovation, support for export and professional education, marketing, promotion, and joint purchasing. Joint projects were defined within the cluster that determine the basic direction of the activities associated with the cluster's future business focus in selected operations of the cluster. Joint projects include short-term projects with immediate and visible goals, as well as medium-term and long-term strategic projects and action plans. The first concrete results are the joint website at www.klastromnipack.cz, provision of consulting services and joint participation in the International Engineering Trade Fair 2005 in Brno.

WHAT IS THE FUTURE PLAN OF THE OMNIPACK CLUSTER?

The aim of the cluster is to support and coordinate cooperation among its members in order to become more competitive and innovative and thus increase profits, grow exports and penetrate new markets. In turn this should enable companies to develop and offer products with higher value added.

There are four key cluster priorities:

1. Promotion of the Hradec Kralove, Pardubice and Vysocina regions as an important centre packaging excellence and OMNIPACK as the leading brand offering a comprehensive packaging and logistics service.
2. Support for innovation in the packaging industry through stronger ties between scientific research organizations and industrial companies within the cluster.
3. Grow exports and increase the international competitiveness of the cluster and its members.

4. Development of social and business activities that strengthen ties between the cluster's members.

WHERE IS THE CLUSTER TODAY?

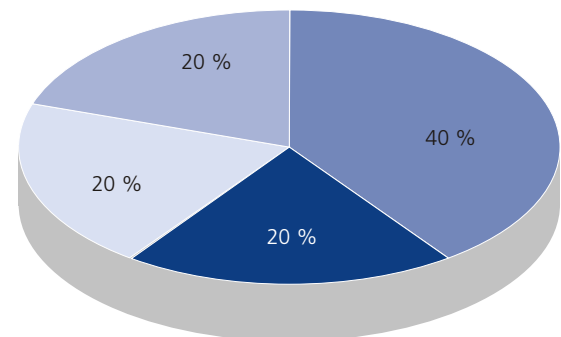
On 15 September 2005, a founding membership meeting took place with the participation of 21 founding companies. The statutes were approved and the Cluster of Packaging Producers was established. The cluster will be a cooperative in accordance with the Commercial Code. This newly established legal entity will afterwards submit an application to participate in the second phase of the OPIE Clusters-Cluster Foundation and Development programme.

PROJECT COSTS

Total costs of the project	CZK 1 430 000
Of which total eligible costs	CZK 1 200 000
Grant amount (75% of eligible costs)	CZK 900 000
Of which from the EU:	CZK 675 000
Of which from the state budget:	CZK 225 000

CLUSTER CORE

– by production technology



- Plastic packaging, production and processing of plastics
- Production of metal packaging, metals production
- Production of cardboard packaging, cartonnage and processing of paper
- Production of wood packaging, wood production



CLUSTERS PROGRAMME - Support provided by the programme is divided into two phases:

	Phase I – Cluster Mapping	Phase II – foundation and development of a cluster
Form and amount of support	<ul style="list-style-type: none"> ● Grant of CZK 0.2 – 1 mil. ● Maximum 75% of eligible costs 	<ul style="list-style-type: none"> ● Grant of CZK 3 – 45 mil. ● 1st year – maximum 75% ● 2nd year – maximum 65% ● 3rd – maximum 55% of eligible costs
Recipients of support	<ul style="list-style-type: none"> ● Region or organization designated by the region ● Tertiary education institution or research institute 	<ul style="list-style-type: none"> ● Legal entity in accordance with Section 18 of Act No. 40/1964 Coll of the Civil Code, established for the purpose of support for innovation and increased competitiveness in the field
Required conditions	<ul style="list-style-type: none"> ● Statement of interest in conducting mapping study of a minimum of 10 firms and by the regional administration and university ● Focus on innovation and increased exports 	<ul style="list-style-type: none"> ● The cluster must contain at least 15 individual organizations ● SMEs and tertiary education institutions must comprise a minimum of 60% of the members ● Expected viability of the cluster and focus on innovation and increased exports
Eligible costs	<ul style="list-style-type: none"> ● Costs for organization of working meetings ● Salary and travel costs ● External supplier costs ● Publicity costs 	<ul style="list-style-type: none"> ● Rental and equipment of offices ● Salary and travel costs of cluster employees ● Consulting services ● Research of markets and competition ● Promotion of the cluster and its activities

FOR MORE INFORMATION

- write us to programy@czechinvest.org
- visit the websites www.czechinvest.org, www.mpo.cz