

# **PREPARING FOR THE SBI ‘DREAM’ AND ‘DESIGN’ PHASES**

**Bob Doppelt, UO Resource Innovations  
for Mayor Piercy’s Sustainable Business Initiative**

# **SBI ‘DISCOVERY’ PHASE IS NOW COMPLETE!**

## **Schedule For Completing ‘Dream’ & ‘Design’ Phases**

**February 28:** Jump start the ‘Dream’ phase by assessing ‘themes’ identified in ‘Discovery’ phase.

**April 4:** Complete most of ‘Dream’ phase (identification of what we want to achieve)

**April 20 Retreat:** Complete ‘Dream’ phase and most of ‘Design’ phase (strategies for achieving goals)

**April 25 Half-Day:** Complete ‘Design’ phase

**May 23:** Review first draft of recommendations

**During June:** Share draft with TAC, local officials, city

**June 27:** Finalize draft recommendations

**Summer:** Release draft for public review

**September/October:** Incorporate public comment, release final recommendations

# KEY QUESTIONS OF THE AI DISCOVERY, DREAM, & DESIGN PHASES

*What are we striving to create?*

*What is our theory of success?*

# Two Approaches To Major Challenges:

Establish a “Program” or Create a “System”

## Program

A single set of (often short term) actions or set of actions intended to influence something outside of itself (firm, community, organiz).

Examples: Water and air quality programs, crime enforcement programs, workforce training programs

## System

A set of interrelated parts that, over a long period, work together to perform a continuous function inside itself.

Examples: An ecosystem, transportation system; communications system; automobiles; human body

**Programs Are Simple and Direct:**

**They confront a narrow problem head-on.**

**Systems Are Complex and More Indirect:**

**Goals are accomplished as a natural consequence  
of the existence of the system.**

## Examples

- A crime prevention *program* mandates that enforcement agents directly intervene at taxpayers cost.
  - A crime prevention *system* reduces crime as a byproduct of many inter-connected actions such as public education, community policing, deterrent penalties, job opportunities etc.
- 

- An educational *program* teaches one subject through class room instruction, reading etc.
- An educational *system* enhances a broad range of emotional, intellectual, and physical capacities through many inter-connected actions such as class room instruction, campus culture and events, the built environment, involvement of parents etc.

**Programs accomplish *one thing* (intentionally).**

**Systems accomplish *many things* as a natural consequence of their existence.**

---

**Programs *consume money and resources*—they are entropic**

**Systems can be *self-supporting*—they are synergistic**

---

**Programs tend to be *reactive***

**Systems tend to be *preventative and creative***

---

**Programs operate *within* systems**

**Systems are *catalysts and enablers* of programs**

**No single policy, program, or technology will set a firm, industry or community on a sustainable path.**

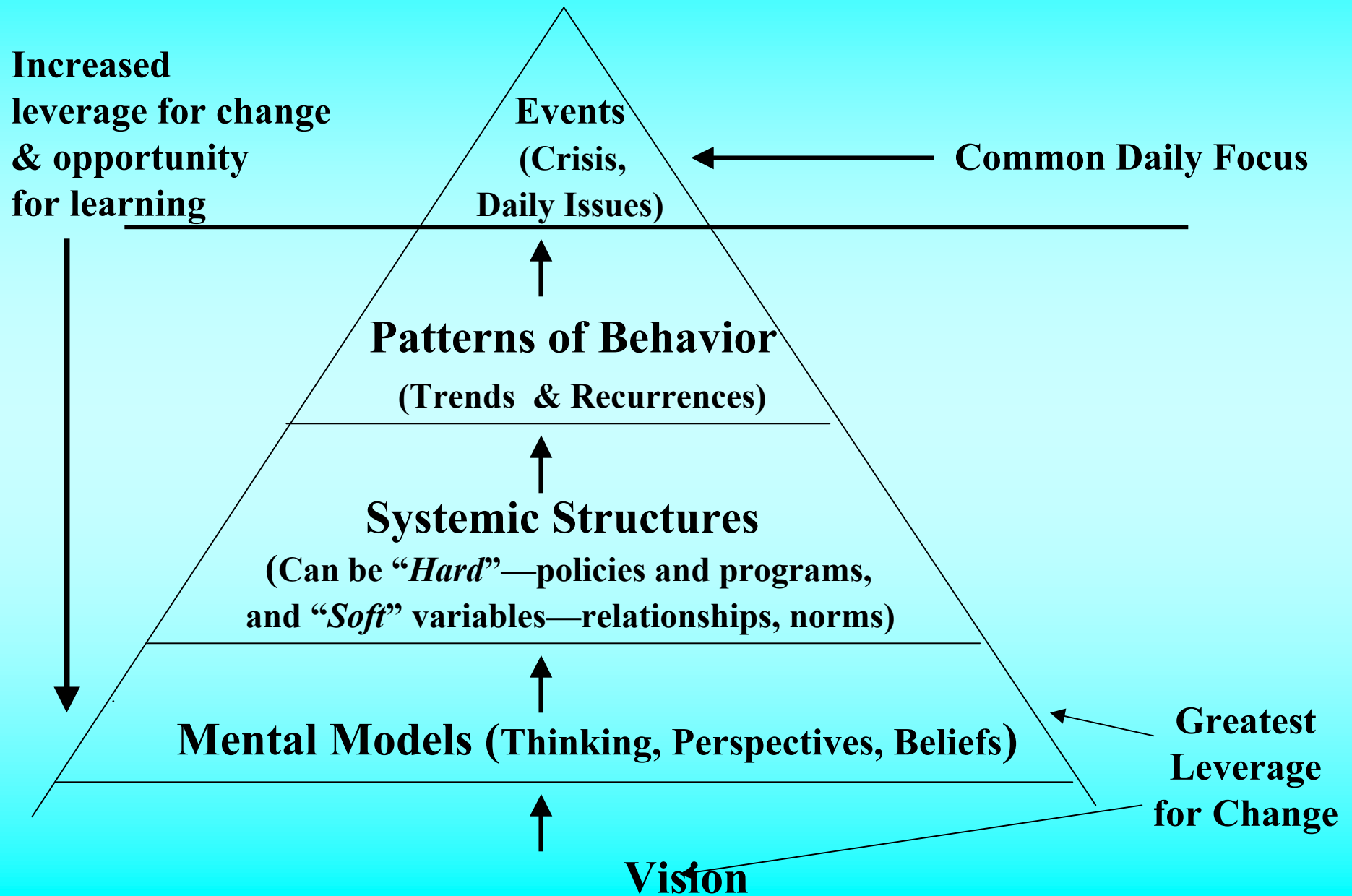
**It will require:**

- 1. A long term effort**
- 2. Multiple elements that continually reinforcing each other**

**In short, retaining, growing and creating sustainable business and jobs requires a**  
**SYSTEM**

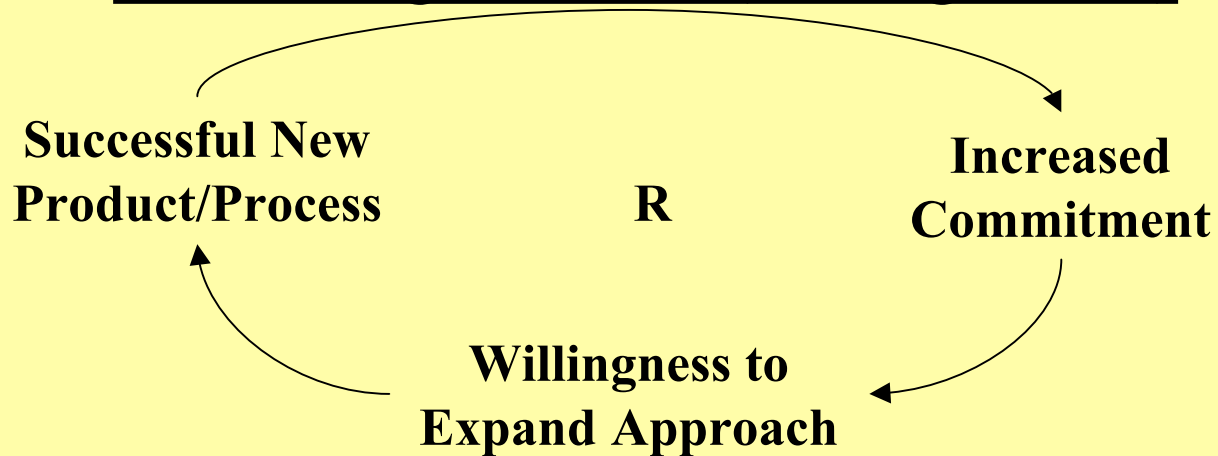
# A STARTING POINT: SYSTEMS THINKING

*Like an Iceberg, the big important structure is hidden below the surface*

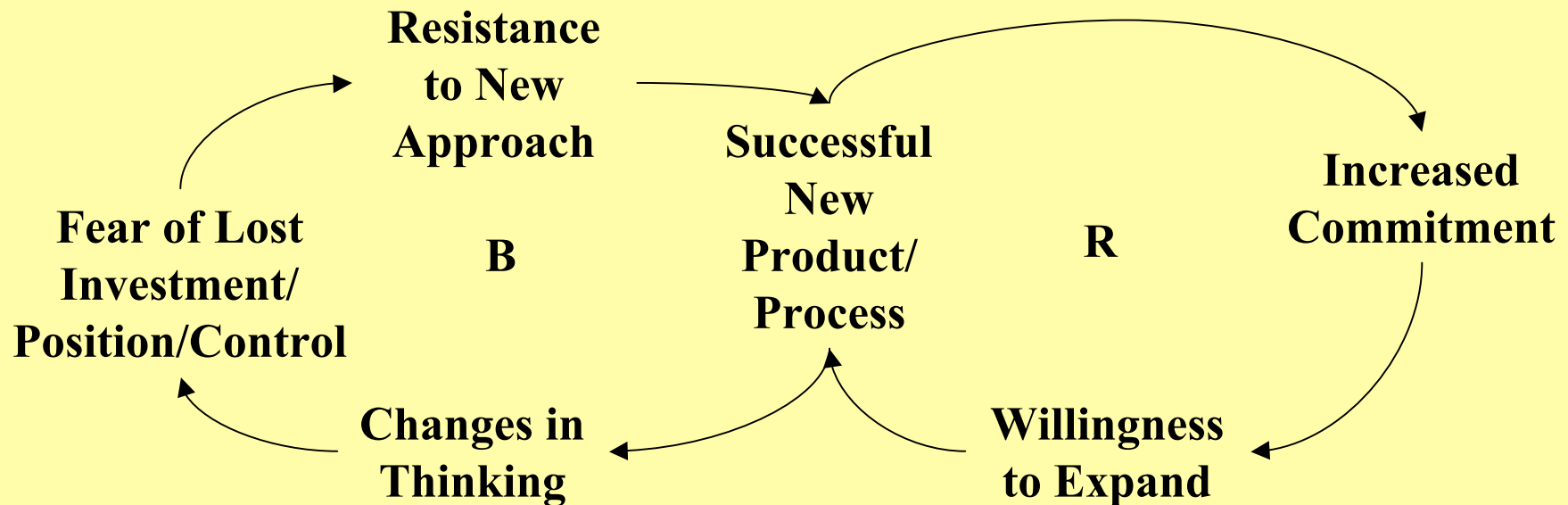


# BASIC BUILDING BLOCKS

## Reinforcing Processes (Driving Forces)



## Balancing Processes (Resistance Forces)



**All Economic Prosperity Depends on *Increasing Productivity* in the Way Resources Are Deployed**

**Increased productivity results only from *continual innovation and upgrading***

*“Economic progress depends on continual upgrading competitive advantage in existing industries and developing the capacity to compete successfully in new, high productivity emerging industry segments.”*

**Michael Porter, *The Competitive Advantage of Nations***

**Many experts believe sustainable practices, products and services are the next wave of dramatic increases in productivity.**

**Sustainability expands the traditional labor focus to include enhance *environmental productivity...***

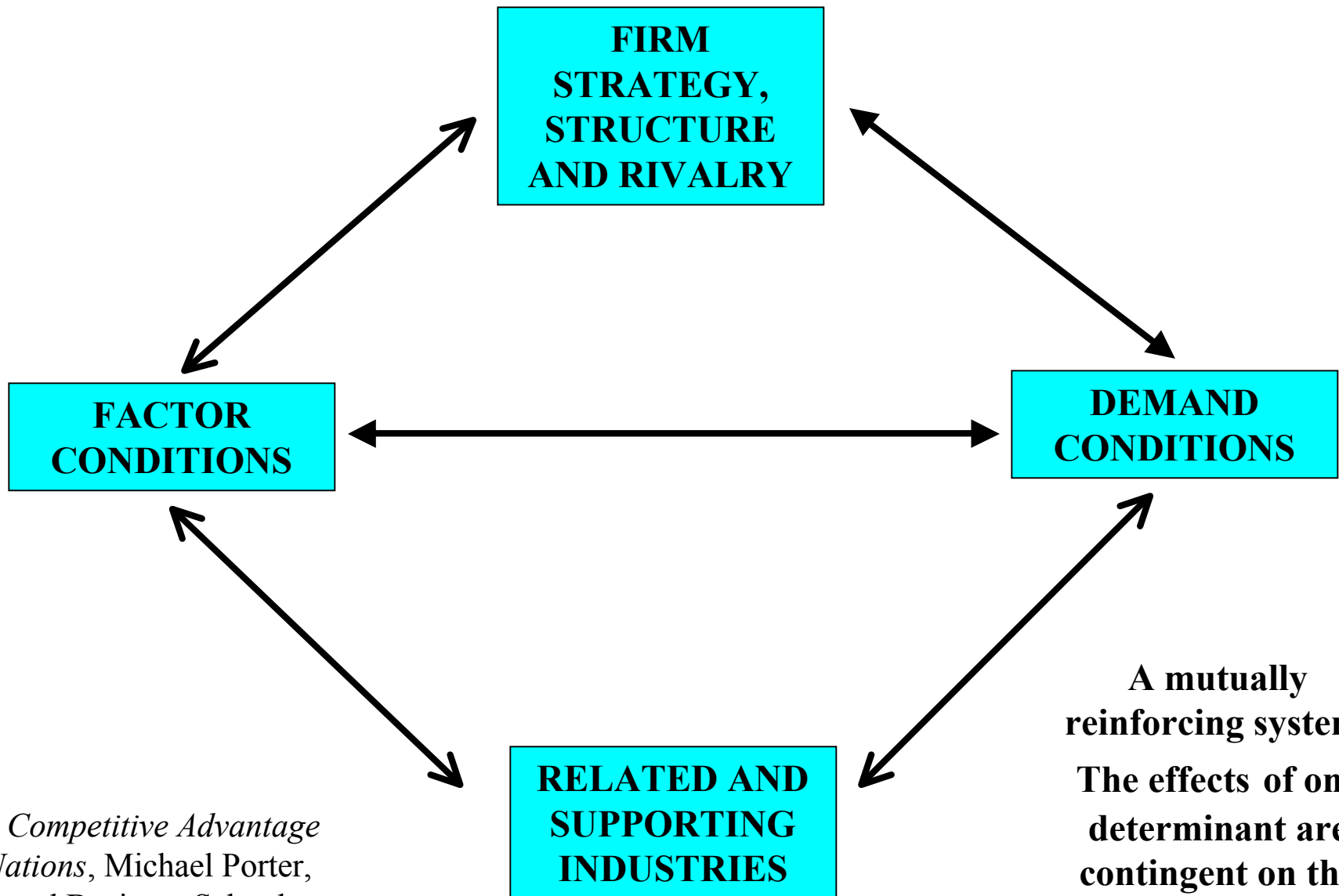
**& shifts to *new* (or old) *views* of labor productivity.**

**KEY QUESTION:**

***Are we going to establish the mechanisms requires to spur innovation and upgrading or fall behind?***

# THE “DIAMOND” OF COMPETITIVE ADVANTAGE

A Systems Approach to Business and Job Development



A mutually reinforcing system. The effects of one determinant are contingent on the state of others

*The Competitive Advantage of Nations*, Michael Porter, Harvard Business School

## DESCRIPTION OF THE “DIAMOND”

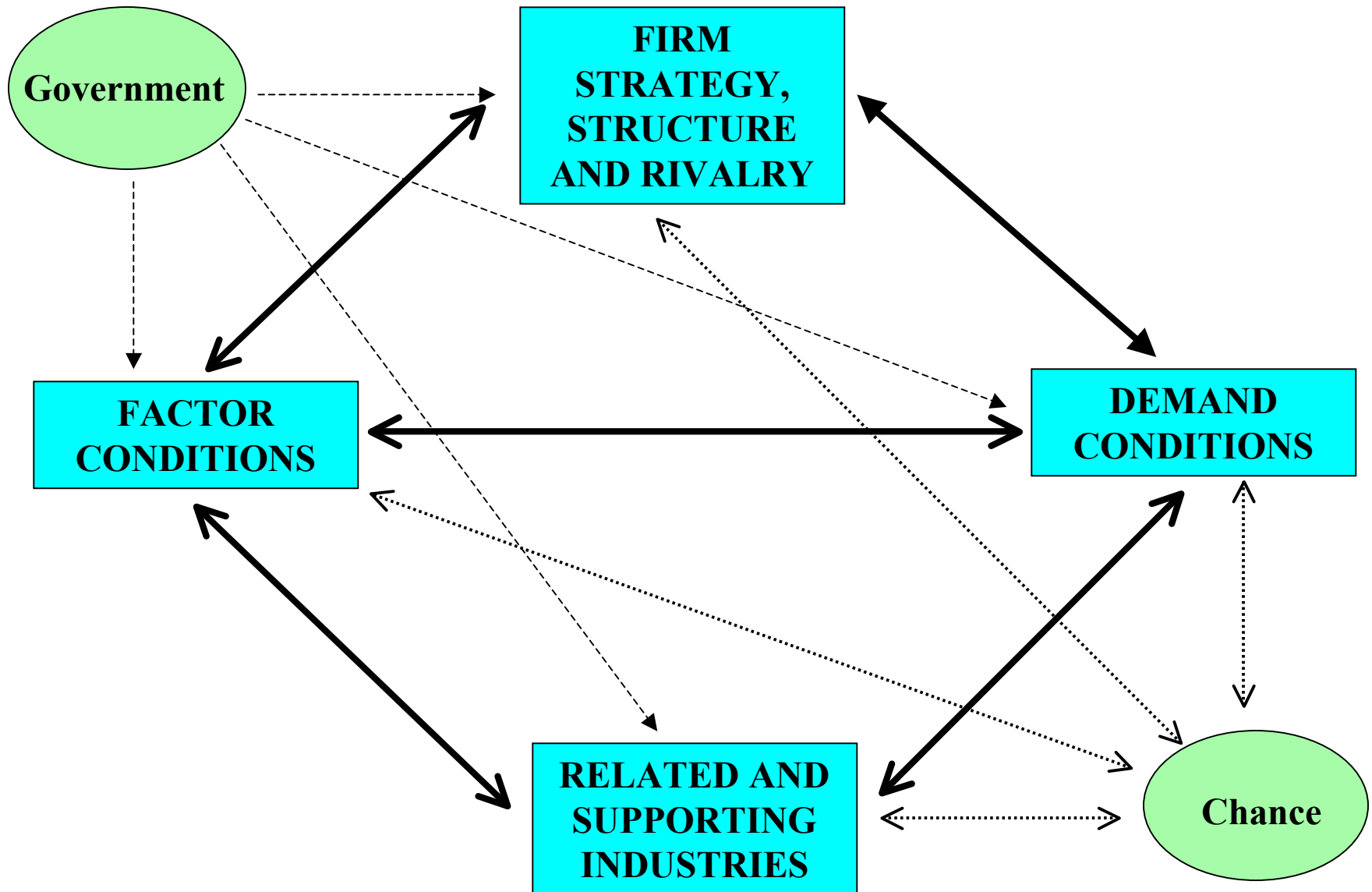
**Factor Conditions:** *Basic and advanced inputs necessary to compete in any industry.* The quantity, skills, knowledge, and costs of labor, physical resources (land, soils), climate, capital resources, infrastructure (communications, transportation, health care etc). Factors conditions are *inherited* (climate, soils) and *created* through (often public) investments .

**Demand Conditions:** *The size and make-up of knowledgeable and demanding local customers.* Three key factors: the composition & nature of buyer needs; timing, size, and growth of home demand (e.g. worker purchasing power); and mechanisms by which local customer preferences are translated to external markets (i.e. to traded industries)

**Related and Supportive Industries:** *The presence or absence of suppliers and companies in closely related industries.* Local suppliers provide efficient, early, and sometimes preferred access to the most cost-effective inputs. Related industries are spin-offs, start-ups, or relocations drawn to area due to dynamism of industries. Close communication between local firms, suppliers, and related industries increases information flows & spurs innovation and continual upgrading.

**Firm Strategy, Structure, And Rivalry:** *The context in which firms are created, organized, managed and compete.* Of special importance is *firm rivalry*. Rivalry creates pressure on everyone to continually innovate and upgrade (i.e. improve quality and service, and create new products and processes). Rivalry also stimulates new rivals through spin-offs, creates and attracts factors such as skilled workers, and expands home demand.

# THE ROLE OF GOVERNMENT AND CHANCE



# THE ROLE OF GOVERNMENT

To Porter the most important role is as a *pusher* and *challenger*.

*“Governments proper role is to encourage and even to push firms to raise their aspirations and move to a higher level of competitive position even though this may seem to be an unsettling and even unpleasant process.”*

Michael Porter, *The Competitive Advantage of Nations*, Page 681

1. *Signaling* priorities is one of the most important roles
2. Setting *high goals and standards* (via incentives, regulations etc)
3. Supporting and creating *basic and advanced factor conditions*
4. Influencing *demand conditions*—especially early demand
5. Encouraging *firm rivalry* (e.g. via purchasing policies etc)
6. Realize the diamond is a *system* and all areas *interdependent*.  
The weakest link *constrains the entire system or industry*.

## Government Shapes All Aspects Of The “Diamond”

- *Influences Factor Conditions* via policies & investments in education, training, health care, built infrastructure and communications, capital markets, incentives and subsidies etc.
- *Influences Demand Conditions* via its standards (especially those that anticipate standards that will spread globally and nationally), purchasing policies, local product standards, regulations that mandate or influence demand et.
- *Influences Related and Supporting Industries* via business recruitment, investment decisions, support for local entrepreneurs and new businesses, regulations and other.
- *Influences Firm Strategy, Structure and Rivalry* via purchasing policies, influence on capital, tax policies, land use laws, and high standards or regulations that spur innovation and competition.

## **THE ROLE OF “CHANCE EVENTS”**

**Wars, climate change, oil shocks, major innovations, major political changes, storms (hurricanes) etc.**

**Those with a more favorable “diamond” are most likely to withstand the chance events and even turn them into competitive advantage**

# THE ROLE OF BUSINESS

Business plays *the key role* in all aspects of the diamond.

## Background

- Firms compete in industries. Competitive advantage is achieved at industry level.
- Ultimately, firms gain advantage when their home base is the most dynamic and challenging and stimulates & prods them to upgrade & widen their advantages.

## Key Roles

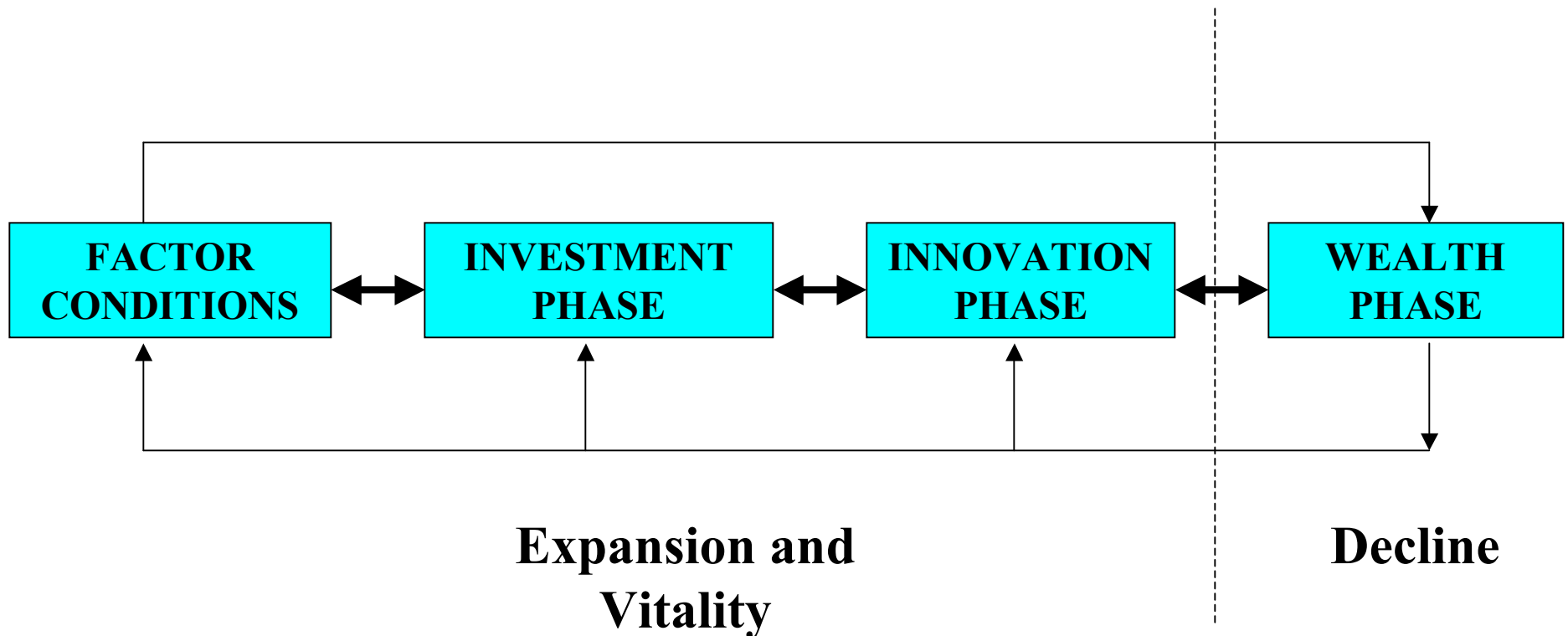
- Private sector must *use basic natural factors at high levels of productivity* (e.g. upgrading raw materials, labor) and *help create advanced and specialized factors*.
- Firms must seek to *understand and act on local buyer needs*, and *anticipate demand accruing around the globe* due to emerging trends.
- Greatest competitive advantage is achieved from *value-chain wide approaches* that requires *close contact & problem solving* with suppliers & related industries.
- Companies have a vested interest in having many *capable, home-based competitors* because they are *vital to stimulating innovation and upgrading*.

# CLUSTERS

## *A Way of Thinking About the Economy & Means for Catalyzing Change*

- Competitive industries are *not evenly distributed across the economy*. The systemic nature of the “diamond” promotes the *clustering of competitive firms*.
- Clusters are firms in the same or similar industries in *close geographic proximity* that think about *cross-company and industry linkages*.
- Clusters bring government, producers, suppliers, distributors, and even local customers together *around a common agenda*.
- When clusters form, the whole group of industries becomes mutually supportive. *Benefits flow in all directions*.
- Information flows freely, common problems are resolved, customer awareness increases and demand grows, innovation and upgrading ensures, while all the while companies *compete aggressively with each other*.
- The cluster of competitive industries is therefore *more than the sum of its parts*. As clusters grow, resources in the local economy flow toward them. *Everyone—producers, suppliers, customers, households, government—benefits*.

# THE PROCESS OF COMPETITIVE DEVELOPMENT



***Of major importance in success is a forward-looking view:***

**Is the focus on understanding future trends and emerging competition and demand, or on past requirements of success?**

# The “Diamond” Provides A Framework For Assessing the Strengths and Weaknesses of Local Industries and Prioritizing Efforts

## RELATED & SUPPORTING INDUSTRIES

- Do a sufficient number of local suppliers and related industries exist?
- How would entry by new suppliers or related industries affect firm innovation, upgrading & survival?

## FACTOR CONDITIONS

- What is the status & trend of factor conditions?
- What factors are key constraints to prosperity?
- Which limits could be turned into comp advantage?

## DEMAND CONDITIONS

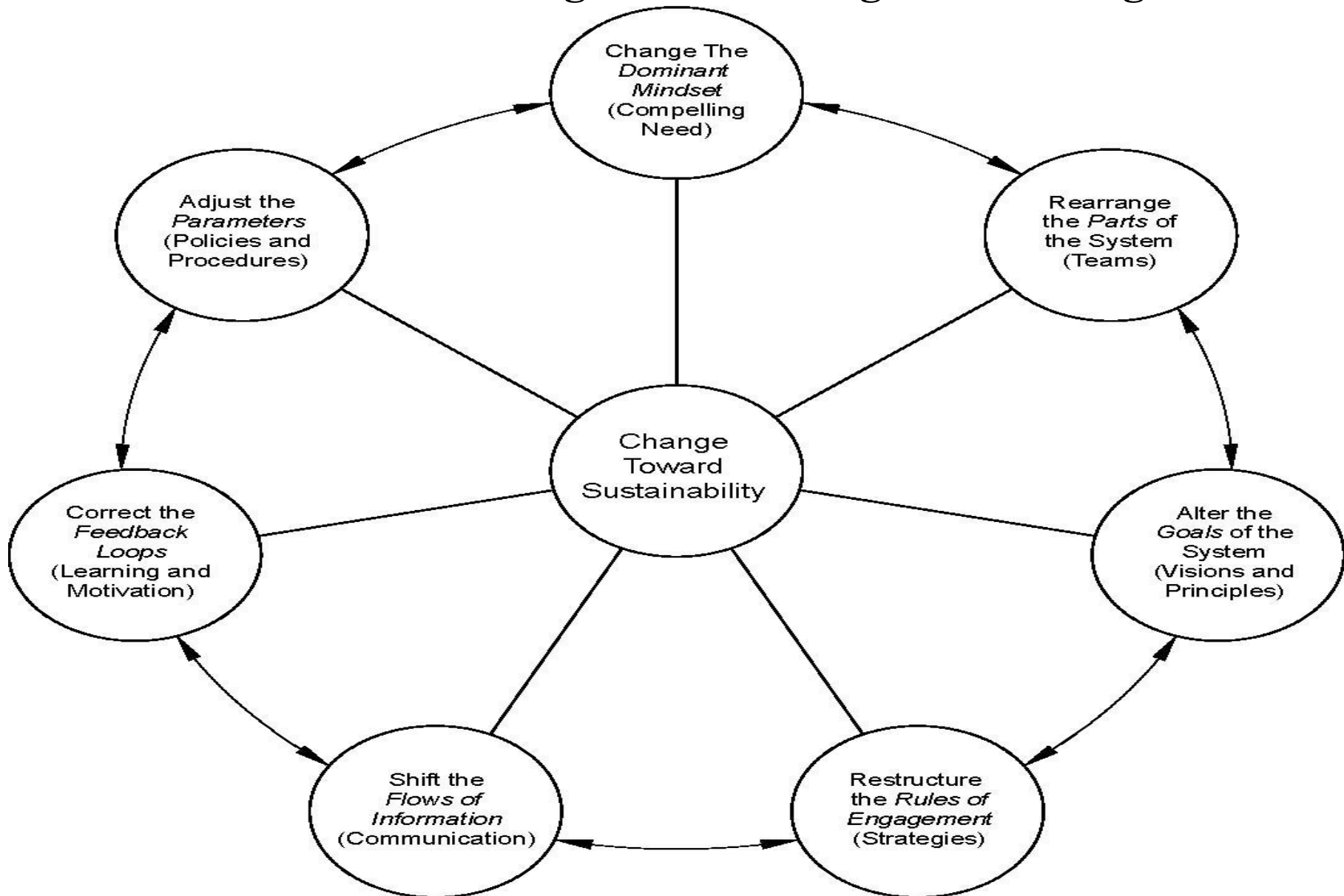
- Does sufficient local demand exist?
- Are local buyers knowledgeable?
- Are global trends influencing demand and shaping company perceptions of new products and processes?

## FIRM STRATEGY, STRUCTURE & RIVALRY

- How do the goals of local firms shape their time horizons, strategies and market goals?
- Does sufficient local rivalry exist to pressure firms to innovate & change?

# The Wheel of Change Toward Sustainability

## A tool for assessing factors of large scale change



# THE ROLE OF LEADERSHIP

*Leaders believe in change.*

**They possess insight into how to create competitive advantage and do not accept constraints in doing so.**

**Leaders energize entire organizations and communities to keep their eye on the future.**

*Above all else, leaders set high goals and create pressure to motivate continual innovation, upgrading, and change.*



# **‘DISCOVERY’ THEME IDENTIFICATION**

- 1. Form small groups, choose a discussion leader and a recorder.**
- 2. In your groups, each person suggest 3-5 (or more) key ‘themes’ you heard from the information gathered in the Discovery phase regarding *vision, barriers, and recommendations*.**
- 3. Write the themes on the flip chart. Do *not* combine themes.**

*A ‘theme’ is an idea, concept, activity that has the greatest clarity of purpose, biggest opportunity, greatest sense of success, or is very important to people.*

# THEME IDENTIFICATION CHART

**Vision Themes**

**Dots**

|           |  |
|-----------|--|
| <b>1.</b> |  |
| <b>2.</b> |  |
| <b>3.</b> |  |
| <b>4.</b> |  |
| <b>5.</b> |  |
| <b>6.</b> |  |

# THEME IDENTIFICATION CHART

**Barrier Themes**

**Dots**

|    |  |
|----|--|
| 1. |  |
| 2. |  |
| 3. |  |
| 4. |  |
| 5. |  |
| 6. |  |

# THEME IDENTIFICATION CHART

**Recommendation Themes**

**Dots**

|    |  |
|----|--|
| 1. |  |
| 2. |  |
| 3. |  |
| 4. |  |
| 5. |  |
| 6. |  |

**4. Each person now should take 3-4 dots. Working alone, each person decide which of the themes in the vision, obstacle and recommendation charts seem most important to you and should be included in the Dream Phase.**

**Put each dot on a separate theme.**

**5. Each group should now observe their chart and discuss the themes that seem most important to the group.**

**6. Each group should now share their key themes with the larger group (if time allows everyone will take 10 min. to walk around the room and look at other group themes).**

**Note: *Every theme is important.* This is not a prioritization process. It is an opportunity for the group to see what is important to everyone as a whole.**

### Sustainable Business and Job Development Priorities in Eugene

(Responses From Public Survey: 219 respondents, unlimited responses)

