

4. ACTION PLAN

4.4 The action plan document

A comprehensive *action plan document* consists of the following sections:

- 1) *Cluster status prior to intervention:* This section should provide a brief description of the product range, turnover of principal firms, size distribution and institutional set-up of the cluster prior to intervention. The product range, turnover and size distribution guides the spread of an action plan, ensuring that it covers various categories of firms present in the cluster. The institutional set-up serves as a baseline data for (a) planning the introduction of new linkages and (b) assessing the social capital generated in a cluster. (This section should take about half a page.)
- 2) *Vision:* This section presents the vision of the cluster. It is a constant guide for the CDA and the stakeholders regarding the overall long-term objective of all activities in the action plan. (This section should take at most a few lines.)
- 3) *Major outcomes:* This section presents a summary of major outcomes achieved in the previous years of project implementation. Past achievements show how the project is making a difference; identified obstacles can be rectified in the current action plan. This section is also very useful for roping in other support institutions, as past outcomes are often a better indicator of future outcomes than any list of proposed activities, no matter how detailed. (This section should take one to two pages)
- 4) *Description of past activities:* This section contains a table of past activities with respect to output, coordinating institution, stakeholders involved and linkages developed in the process. This table throws light on the maturity level of an implementing organisation (network, BDS provider, or support institution), the likely partnerships that can be created among stakeholders for present or future activities and the effectiveness of past activities in terms of their expected outcomes. This section provides vital clues with respect to the right choice of activity, implementing institution, and stakeholder composition for the current year. (This section should take one to two pages.)
- 5) *Overall cluster development strategy and objectives for the current year:* A review of strategies adopted so far to achieve the broad objectives and the direction in which they have pushed the cluster helps in

identifying the broad short-run objective(s) to be pursued in the year. An example is provided in Figure 9.1 (This section should take approximately one page.)

5.1 What is an action plan?

The vision statement¹ helps to identify the strategic objectives that need to be realized to upgrade an underachiever cluster. These strategic objectives in turn suggest a range of activities (based on the strategy adopted) that are required to achieve each of those objectives. However not all of these activities are immediately (at a point of time) implementable. Not all require joint efforts too. The set of implementable joint activities (for a strategic objective) at any point of time depends on the level of trust that exists among all relevant stakeholders and also the level of maturity of each stakeholder for each activity. Thus each long run objective gives birth to a short run objective (at a point of time), that consists of a few implementable joint activities. These short run objectives along with the respective implementable joint activities (along with other necessary detailings) forms the action plan of a cluster.

Assume for a cluster, an objective is 'to create new market linkages'. There can be various activities to achieve this objective, e.g. participation in international fair, training in marketing, understanding the need for proper marketing strategy through visits of successful marketing outlets, joint participation in local fair, joint participation in national fair, joint participation in international fair, creation of new products, location of new channels of marketing, creation of a common brand, etc. In a highly developed cluster with high trust level (due to already prevailing joint activities) one can start with joint design development and also target activities like joint participation in international fair, promotion of common brand, etc. However in an artisanal cluster with very low level of trust one needs to target activities like understanding the need for proper marketing strategy through visits of successful marketing outlets, training in marketing, joint participation in local fair, etc. and then go for an activity like joint design development. In no case an activity like finding a marketing person for a firm (which is a commercial activity) can be an activity of the cluster action plan.

¹ Which emanates out of the diagnostic study

Thus, the *action plan* is based on (a) the strategic objectives to be realized to achieve the agreed vision and (b) the existing linkages in a cluster, which give an indication of the trust levels.

It must be stressed that each joint activity in an action plan serves *at least* a dual purpose. The more overt one is the realization of the immediate objective spelled out for that activity in the action plan (for example joint participation of exporters in Hemtextil Fair or providing a demonstration of the benefits of a new machine, etc.). The non-stated but equally important purpose of a joint activity is the creation of functional trust through the interaction that takes place among stakeholders during each phase of that activity. The linkages that gets generated in the process add to the social capital of the cluster and enhances its capacity to implement more such joint activities in the future.

5.2 Duration of an action plan

During the process of cluster development, there will be other developments inside and outside the cluster, and some of the objectives identified in the initial diagnostic study may be rescheduled or discarded as unfeasible. For this reason, it is unrealistic to expect a useful action plan to span the entire duration of implementation (three to four years). Experience indicates that an action plan should cover the activities that are expected to take place in one year. Hence, during the lifetime of the cluster development project, several action plans may be needed.

5.3 Who prepares the action plan?

In a fully performing (overachiever) cluster, the cluster stakeholders can be expected to have developed capabilities for preparing an action plan. A CDA may still help to facilitate the process of implementation, though the cluster stakeholders would retain leadership. Individual networks or groups in a cluster can also have their own action plan. Some of these may be at too early a stage to be shared with the cluster as a whole. In an ideal situation the cluster action plan should include all the developmental activities of these networks.

But in an underachiever cluster, the stakeholders usually do not have the governance structures allowing them to jointly prepare an action plan. In such an environment, the CDA should initially take the lead in preparing a draft action plan on the basis of dialogue with the stakeholders and

seek their endorsement of the concerned stakeholders before finalizing it. Since the process of cluster development is usually triggered by an external support agency, the CDA should also ensure the submission of the plan to such an agency (to which it generally belongs), especially if the financial support of the latter is needed. It is imperative that the CDA then (a) generally builds up the capacity of intermediary stakeholders to identify shared objectives and draw up their own action plans, and (b) ensures that selected stakeholders are capable of preparing an action plan for the cluster after the CDA has left.