REGIONAL INTELLIGENCE

INTRODUCTION

Since its creation, EURADA has endeavoured to examine new management concepts developed in the private sector to determine whether they could be tailored to the needs of RDAs. Worth remembering in this context is EURADA's work in the field of ISO 9002 certification and TQM—dating back to 1995—as well as the model for benchmarking the competitiveness of RDA service provision, which it developed—in cooperation with its membership—as early as in 1998.

This time, our attention focuses on the concept of economic intelligence to determine whether it can be tailored to the needs of the public sector under the term "**regional intelligence"**, as a tool to better anticipate industrial and other forms of change that all European regions will face within the next ten years. While the causes of socioeconomic change are now clearly identified (globalisation, labour costs, transition to the knowledge-based society, productivity gains, longer life expectancy, emergence of new technologies, integration of different existing technologies), regional economic development policy officers have yet to systematically integrate data of this kind into their decision-making processes and to build an effective tool to harness the exponential amount of information that will sooner or later affect the very fabric of their productive networks and boomerang on their citizens.

I. WHAT IS ECONOMIC INTELLIGENCE FOR THE PRIVATE SECTOR[1]?

The concept of economic intelligence includes to collection and management of information that will prove to be of strategic importance to all organisations when it comes to taking mid and long-term decisions.

Economic globalisation, pervasive information and communication technologies, emerging formal and informal networks, accelerated trade, changing relations between principal contractors and their suppliers and providers, the development of what has come to be known as Customer Relationships Management (CRM), shorter product lifecycles, etc., lead to permanent adjustments in day-to-day business management practices.

Large businesses and organisations have fully grasped these new requirements and have consequently developed economic intelligence processes to match their individual needs.

To make the quantum leap to economic intelligence, companies that already have technological watch techniques in place will need to broaden the scope of their investigations to address other topics relating to markets (clients/suppliers), legislation, public policies and financial issues.

In addition, public authorities will need to focus on the changing competitiveness of the businesses that form their economic base.

Economic intelligence is a complement to knowledge management, which focuses on the management of organisations' explicit or implicit internal knowledge base.

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[1] Source: *Economic Intelligence: A Guide for Beginners and Practitioners*, the end product of CETISME, a partnership project cofunded in 2001-2002 under the European Union's Innovation Programme.

II. Regions and Economic Intelligence[2]

One of the best things local governance can do for local businesses is to strongly encourage them to watch out and forward, failing of which they cannot possibly match medium term market trends, in particular at delicate times.

What do local and regional authorities do these days to help businesses see further than the end of their nose, observe, probe, detect their competitors' position and moves, plot their course against market trends and anticipate decline by reconverting in time, or kick-start new products?

If you are not doing any of this, you are not a strategic town, city or region.

III. Regional Intelligence—A Tentative Definition

Regional intelligence should fit between regional medium term strategic planning and forward studies. It seeks to constantly fine-tune the various elements of regional strategic planning and influence the data used to conduct forecasting exercises.

Regional intelligence needs to combine the positive aspects of the RIS-RITTS methodology and of regional social capital and seek to attract talent rather than money. Actually, money follows talent.

Regional intelligence enables constant local/regional redeployment by placing tangible and intangible infrastructure at its disposal. Reconversion is based on optimum leveraging of societal, industrial and technological information and its impact on future regional development. At endogenous level, regional intelligence will in some regions lead to the development of new niches of excellence while in others, it will promote the integration of new knowledge or the use of new technologies in existing regional industries and know-how.

In terms of regional attitudes toward exogenous development, regional intelligence may involve paying greater attention to improved attractiveness for talent, better integration of imported skilled labour and action to build loyalty among mobile regional companies.

IV. Leveraging Economic Intelligence To Support Regional Policies

Our understanding of leveraging economic intelligence and data to support regional development is illustrated below from examples.

a) Opting Out of Nuclear Power

In recent years, political decisions have taken in a number of countries, e.g. in Germany and Belgium, to opt out of this power production technology or at least to reduce its market share. Furthermore, a number of nuclear power plants with a lifespan of 35 to 40 years will need decommissioning within the next five to ten years.

It is known for instance that in order to finance decommissioning operations, EDF[3] has set up a fund in which it invests 15% of the cost of building every nuclear power plant.

What are key local and regional players doing for the areas where such end-of-life nuclear power plants are situated? In theory, they could invest or build financial reserves to:

- build a cluster that specialises in brown field reclamation, waste treatment and

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2 Source: Jacques Godron, *Le territoire stratégique*, L'Harmattan, 2003, p. 371.

3 See *Rapport annuel,* EDF and *Le Figaro*, 03 October 2003.

decommissioning;
- consider replacement activities;
- anticipate labour and subcontractor requalification requirements;
- analyse financial consequences in detail: lower local tax income, brain drain among top skilled labour;
- contemplate possible new uses for land and buildings;
- discuss timing and deployment of financial provision with the managers of power companies. Consider the impact of a possible privatisation of powers companies in light of the fact that the neoliberal economy is known in such situations to "privatise profits and socialise losses and social damage".

b) Ageing Populations

This particular phenomenon is not just a society issue relating to retirement systems and their funding or longer professional careers. It may provide the basis for regional economic development resting on wellness.

The wellness economy may namely require tangible and intangible investment in a number of fields including:

- housing and care;
- accessibility and physical mobility;
- specialised tourism and hotel provision;
- medicine and therapy;
- specific cosmetics and pharmaceuticals;
- dietetics and nutrition;
- healthy living (sport, fitness and rehabilitation, etc);
- health-related financial products, advice, consumerism, etc.

The potential for one or more regional excellence centres in this field will simply become huge within the next ten to fifteen years.

c) New Industrial Change

It must become self-evident to all public stakeholders and decision-makers that mass manufacturing based on competitive labour costs will disappear from the regional scene of a majority of developed countries. The impact of this change will be felt both in terms of job numbers and skills requirements for the activities that will continue to exist in these regions and countries. Moreover, declining regions face issues such as social exclusion, high school dropout rates and the IT divide and therefore lack adequate access to knowledge.

Regional intelligence may therefore aim to:

- ✓ identify production tools which are either obsolete or not strategic and report to decision centres outside the region;
- ✓ define traditional industries which are likely to be relocated;
- ✓ promote activities that contribute to the integration of new technologies in traditionally strategic regional industries;
- ✓ monitor skills requirements among regional businesses;
- ✓ influence support policies with a view to encouraging a higher share of knowledge in the added value produced by the regional economy;
- ✓ develop new activities to replace the ones that have become obsolete due to the challenges of a globalised economy;
- ✓ redeploy community infrastructure to meet the true needs expressed by businesses operating in emerging industries in terms of new services;
- ✓ promoting entrepreneurship among the general population and developing incentive schemes to encourage local investors to take risks;
- ✓ encourage public authorities to promote innovation when awarding public procurement contracts.

d) The Knowledge-Based Society

All forward studies show that competitiveness in the European Union requires an economic revolution based on knowledge, research, innovation and the marketing of their outcomes. In terms of a strategic vision, this coalesced at European level into both the Lisbon Strategy and the objective of investing at least 3% of the Member States' GNP in RTD.

While these objectives will not be reached and could be termed dogmatic or even mythical, they provide a strong signal to decision-makers and players about future stakes. In addition, macroeconomic signals of this sort should serve as a warning for regions. Indeed, if they fail to take appropriate steps to match the trends that accompany or support these objectives, there is a very real risk that regional disparities will grow.

As far as the information society is concerned, regional intelligence may well be an effective tool to:

- map regional sources of excellence;
- reformulate regional strategies from the point of view of their noetic contents:
  - basic and local infrastructure;
  - regional in-service training provision;
  - relations between businesses and universities/colleges (institutes of technology, business schools, etc.);
  - awareness of technological watch, forward studies and economic intelligence;
  - social capital quality;
  - targeting of talent and foreign investor attraction.
- strengthen support for the marketing of research outcomes, patenting and improved access to funding for innovative businesses;
- develop a regional knowledge-based value chain leading to the emergence of one or more knowledge-based clusters or the acceptance by existing clusters of the need to integrate new links that are capable of enhancing the added value generated by knowledge management;
- redirect business support and assistance programmes;
- invest in projects that promote the integration of new technologies in traditionally strategic regional industries;
- identify new local market niches that are capable of replacing in due time the ones whose decline is anticipated or unavoidable.