

SPECIALIZE, BUT INTELLIGENTLY.

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European industrial policy is committed to **< em>smart specialization as a way to improve productivity and create employment**. And, in this sense, it recommends that the regions implement "RIS 3" initiatives that serve to focus resources and public and private capacities in those economic activities in which they have specific competitive advantages at an international level. ([more information here](#)).

As I have already commented in others [articles](#), I think that Europe is right with the path of specialization, although it is necessary to point out that it is a policy that is not exempt from risks and that it is convenient to understand it well, especially when there is a very broad economic literature that postulates and recommends less interventionist industrial policies in which the market is left to decide regional specialization (see reflections of interest on this topic [here](#)).

The first lesson we have to learn and transmit is that **specializing implies betting, privileging some sectors and some companies more than others**. When betting, losing is always a possibility that must be taken into account in order to set adequate objectives, not despair when the first failures arrive and know how to persevere in a career that is clearly a long journey. Thus, it is not difficult to find examples of specialization policies with considerable setbacks. This has been the case of the Obama government's commitment to the solar industry and the well-known bankruptcy of the Solyndra company (it had received public guarantees for 535 US dollars, which were almost completely lost) or the closest and most recent case in our environment of renewables and the electric car in which many regions and countries (particularly in Spain) have placed their trust and no results have just been seen (see the case of renewables in Spain [here](#), and some reflections on the electric car [here](#) and [here](#)) Despite this, Few, I think, doubt that solar energy and renewable energy in general, as well as electric cars, continue to offer magnificent industrial opportunities for companies that are capable of taking advantage of them.

The second relevant issue and on which the European recommendation is fundamentally based is that **specialization must be built on real competitive advantages** that are not improvised. In other words, it is very difficult to build "sustainable activities" starting from "nothing": without having a basic business fabric, without solid technical scientific foundations and, especially, without well-prepared people. In this sense, **specializing means starting from the activities in which you are really strong and building on them**. Thus, for example, the Basque Country is internationally recognized for its industrial activity, which is what it really exports and sells abroad, and it would be absolute nonsense if it did not think of industry as the central nucleus and driving force behind its specialization. Of course, specialization has to reach much more detail and a degree of selection, which is achieved by carefully analyzing global markets, assessing trends and possibilities, and choosing specific innovation strategies adapted to the challenges encountered. Business innovation can logically be guided by progress in its own value chain, to achieve positions that provide greater added value (going from Tier 2 to Tier 1), it can be based on positioning itself in the production or value chain of new products or services that will replace/compete with current ones (plug-in vs. conventional combustion vehicles), but may also be focused on using technological and business know-how to supply a completely different, but faster growing market (such as the manufacture of sanitary prostheses, by companies that manufacture components for vehicles that can take advantage of their technological knowledge, adding it to those that dominate the sanitary market)

The third key element consists of understanding **how smart specialization winning strategies are**

built which, in our opinion, must be aimed at strengthening the regional innovation ecosystem to make face the market challenges posed. When betting on disruptive solutions, innovation strategies will surely be based on reinforcing the scientific-technological base and competing to be together with the best, generating cutting-edge science and technology, but innovative market-based specialization solutions go hand in hand. Most of the time, they go far beyond science and technology and have to do with the integration of other forms of innovation that include business models, motivation of people, marketing and many other elements. The most innovative thing about Apple, for example, is not in the technology that it incorporates into its devices, which is indeed very sophisticated, but in the very concept of a company that is capable of interpreting the market to reinvent products and generate the need in the customers by selling them in a radically different way. In short, intelligent specialization strategies have to be articulated as the **"market vectors that guide all the agents in the system"** so that they act as such: in joint projects that unite capacities and bet in directions that add up and complement each other.

Finally, it is necessary to understand that smart specialization cannot become a **elegant justification for maintaining the status quo and claiming public aid**. Innovating is synonymous with changing, doing different things and/or in different ways, adding greater value to the market. Innovating implies investing to achieve profitability and it is fundamentally a responsibility of the private initiative that assumes the risk inherent in this type of project. This implies that without entrepreneurs involved, innovation and, therefore, specialization, are a mere illusion and waste. This does not mean, however, that the public sector should not play a great role as guarantor and guide and, especially, as a binding and structuring element of a globally competitive innovation ecosystem in which a collaboration framework is established. private public on which public interventions are based in order to eliminate obstacles, reduce risk and optimize the results of innovation. Which, in no case, should be confused with acting as a window for the financing of business projects, through subsidies.

You can see the photo that accompanies the article in more detail [here](#)

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