In Search of a Competitive Identity: Towards A Competitiveness Agenda for Colombia

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Additional information may be found at the website of the Institute for Strategy and Competitiveness, www.isc.hbs.edu
Agenda

- Colombia at an Inflection Point
- National Competitiveness: Core Concepts
- Defining the Company Agenda
- Upgrading the Business Environment
- The Process of Economic Development
- Towards a Competitiveness Strategy for Colombia
Colombia at an Inflection Point

• Colombia’s recent economic performance is encouraging

• Colombia has made clear progress in some important dimensions of national competitiveness

• However, the rate of economic growth must increase and be sustained if prosperity is to improve significantly for all citizens

• The potential is there, but a clear strategic direction and a new structure for collaboration are necessary if Colombia is to make a significant improvement in competitiveness

• A broad coalition of public and private sector leaders have engaged in an ambitious and collaborative effort to improve national competitiveness
Comparative Economic Performance

Colombia vs. Selected Countries

![Graph showing comparative economic performance of Colombia and selected countries. The x-axis represents the compound annual growth rate of real GDP per capita (PPP adjusted), 1998-2004, ranging from 0% to 10%. The y-axis represents GDP per capita (PPP adjusted) in US$, 2004, ranging from 0 to 16,000. Various countries are plotted on the graph, with Colombia at the center point.]

Source: EIU (2005)

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Unemployment
Colombia vs. Selected Countries

Unemployment as % of Labor Force, 2004

Source: EIU, 2005.
Labor Force Mobilization
Colombia vs. Selected Countries

Employees as % of Population, 2003

Source: Groningen Growth and Development Centre and The Conference Board, 2005
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What is Competitiveness?

• Competitiveness is the **productivity** (value per unit of input) with which a nation, region, or cluster uses its human, capital, and natural resources. Productivity sets a nation’s or region’s standard of living (wages, returns on capital, returns on natural resources)

  – Productivity depends both on the **value** of products and services (e.g. uniqueness, quality) as well as the **efficiency** with which they are produced.

  – It is not **what** industries a nation or region competes in that matters for prosperity, but **how** firms compete in those industries

  – Productivity in a nation or region is a reflection of what both domestic and foreign firms **choose to do in that location**. The location of ownership is secondary for national prosperity.

  – The productivity of “**local**” industries is of fundamental importance to competitiveness, not just that of traded industries

  – Devaluation and revaluation do **not** make a country more or less “competitive”

• Nations or regions compete in offering the **most productive environment** for business

• The public and private sectors should play **different but interrelated roles** in creating a productive economy
Comparative Labor Productivity and Prosperity
Selected Countries

GDP per capita (PPP adjusted) in US-$, 2004

Note: All figures in 1996 U.S. dollars.
Source: EIU (2005)
Comparative Labor Productivity Performance
Selected Countries

**Figure:**

- **Y-axis:** GDP per employee (PPP adjusted) in US-\$, 2004
- **X-axis:** Compound annual growth rate (CAGR) of real GDP per employee (PPP-adjusted), 1998-2004

**Countries:**
- Colombia
- Chile
- Estonia
- Hungary
- Croatia
- Poland
- Brazil
- Mexico
- Costa Rica
- Peru
- Uruguay
- Panama
- El Salvador
- Paraguay
- Honduras
- Nicaragua
- Bolivia
- Indonesia
- Thailand
- Venezuela
- El Salvador
- Jamaica
- Ecuador
- Paraguay
- Honduras
- Philippines
- Brazil
- Chile
- Estonia
- Hungary
- Croatia
- Poland
- Mexico
- Costa Rica
- Peru
- Uruguay
- Panama
- El Salvador
- Paraguay
- Honduras
- Nicaragua
- Bolivia
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- Ecuador
- Paraguay
- Honduras
- Nicaragua
- Bolivia
- Indonesia
- Thailand

**Notes:**
- All figures in 1996 U.S. dollars.
- Source: EIU (2005)

**Source:**
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Determinants of Competitiveness

- A sound macroeconomic, political, legal, and social context creates the potential for competitiveness, **but is not sufficient**
- Only **firms** can create wealth, not government
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# The Company Agenda in Developing Economies

<table>
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<tr>
<th>Imperative</th>
<th>Past</th>
<th>Future</th>
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</thead>
<tbody>
<tr>
<td>1. Shift goals and mindsets</td>
<td>• Dominant share of a small, protected market</td>
<td>• Seek a strong position in the larger regional and international market</td>
</tr>
<tr>
<td>2. Raise operational effectiveness to world-class standards</td>
<td>• Local inefficiency and low quality are tolerated</td>
<td>• Move to international best practices</td>
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<tr>
<td>3. Widen capabilities in the value chain</td>
<td>• Limited participation with concentration on production</td>
<td>• Master the entire value chain, including technology, IT, and marketing</td>
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<tr>
<td>4. Move from opportunism to strategy</td>
<td>• Flexibility to capitalize on opportunities created by instability and government policies</td>
<td>• Define a long-term strategy for competing in each industry</td>
</tr>
<tr>
<td>5. Develop unique strategies</td>
<td>• “Me-too” commodity strategies based on low prices</td>
<td>• Create a distinctive value proposition</td>
</tr>
<tr>
<td>6. Raise investment intensity of competition</td>
<td>• Short time horizon and low investment</td>
<td>• Sustained investment in human resources and technological capabilities</td>
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Sources of Competitive Advantage
Activities and the Value Chain

- Competitive advantages arise from choices in the value chain
Achieving Superior Performance
Operational Effectiveness is Not Strategy

- Assimilating, attaining, and extending **best practices**
  - Run the same race faster

- Creating a **unique** and **sustainable** competitive position
  - Choose to run a different race
Five Tests of an Effective Strategy

- A unique value proposition compared to competitors
- A different, tailored value chain
- Clear tradeoffs, and choosing what not to do
- Activities that fit together and reinforce each other
- Continuity of strategy with continual improvement in realization
Strategic Positioning in Emerging Economies
Pollo Campero, Guatemala

Value Proposition

- Fast food chicken tailored to the tastes and preferences of the Central American customer at very low prices

Set of Activities

- Combination of traditional fast food model with some table service
- Heavy marketing and promotion
  - “An affordable treat for the whole family”
  - Frequent gimmicks and promotions, targeting every member of the family
  - Strong civic pride and social awareness
- Engineering department studies motion to improve restaurant efficiency
- Emphasize high productivity in the labor force through incentives, education, and training

- Low price expands the market
- Pollo Campero competes effectively against US fast food companies through better understanding of local customer needs

Source: Draws on research conducted by Harvard Business School students M. Collardin, F. Cueto, J. Encinar, A. Gonzalez, A. Kulyk, and D. Smith, April 1997

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<td>• Export commodities or labor-intensive goods to advanced economies&lt;br&gt;• Heavy use of OEM agreements, foreign distributors, and joint ventures</td>
<td>• Export more differentiated, branded products and services to neighbors and niches in advanced countries&lt;br&gt;• Direct control of distribution, customer relationships, and technology in serving international markets</td>
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Internationalization Strategy from a Developing Country

Café Britt, Costa Rica

Value Proposition

- High value added, gourmet, processed coffee products

Set of Activities

- Roast and blend high quality coffees, leveraging regional coffee expertise
- Moving from selling commodity products to building brand awareness
- Distribute and promote widely in key Costa Rican tourist hotels
- Educate and market to consumers using coffee plantation tours
- Sell product at major tourist attractions and airports
- Reach targeted international consumers through direct mail
- Conduct R&D on blends and tastes to meet changing customer needs

Café Britt developed successful differentiation taking advantage of the high quality and favorable image of the Costa Rican coffee cluster
Internationalization Strategy from a Developing Country

**CEMEX**

**Cemex Strategy**
- The market leader in Mexico with 60% of the country’s total installed capacity
- Produces commodity products as well as products *tailored* to the Mexican market
- Aggressive investments in process technology and IT

**Internationalization Concept**
- Acquire controlling stakes in the largest producers in *emerging* countries
- Acquisition targets have plants located *close to ports* to allow opportunities for exporting excess capacity
- Migrate products and technologies from Mexico to new countries

**Country Selection**
- Country should have large population, high population growth, and relatively low level of current consumption
- Cemex should be able to control at least 25% of the market
- There are other potentially attractive countries for Cemex in the region

**Company Selection**
- Cemex seeks to obtain a controlling stake
- There is potential for restructuring the target company and its local industry
### The Company Agenda in Developing Economies (Continued)

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<td>• Focused companies operating in a few related fields</td>
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Typical Holdings of a Developing Country Conglomerate

What is the corporate value added?
Corporate Strategy and Economic Development

• The portfolio management approach becomes **less and less viable** as an economy becomes more advanced
  – Wider access to capital and foreign partners
  – More competition
  – Greater need for true competitive advantages
  – Better access to suppliers and supporting organizations
  – Limited ability to remain competitive in disparate businesses

• Countries in which large business groups play a significant role in the economy are associated with **lower GDP per capita** (Global Competitiveness Report 2001-2002)

• As an economy develops, business groups must become **more focused** if they are to continue to prosper
  – Limit the array of businesses with a clear theme
  – Grow by **expanding core businesses regionally and globally** rather than by moving into unrelated areas
Re-focusing a Conglomerate in a Developing Economy
Empresas CAP, Chile

1990

Empresas CAP
• Mining
• Steel
• Forestry
• Fruits
• Other Farm Products
• Petroleum
• Pension Management
• Television Network
• Life Insurance

1994

CAP
• Mining and Steel

TERRANOVA
• Forestry

INVERCAP
• Other businesses

Changes in the Chilean Environment
• Liberalization of trade
• Institutional equity investment increases dramatically
• American Depositary Receipts became a viable financing mechanism for Chilean firms
• Surge of national and international analysts who cover the Chilean market

Source: Draws on research conducted by Professor Tarun Khanna at the Harvard Business School
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<td>10. Take responsibility for competitiveness</td>
<td>• Economic policy is left to government</td>
<td>• Companies take a leadership role in upgrading their cluster and improving the business environment</td>
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Perspectives on Firm Success

- Competitive advantage resides solely inside a company or in its industry.
- Competitive success depends primarily on company choices.
- Competitive advantage (or disadvantage) resides partly in the locations at which a company’s business units are based.
- Cluster participation is an important contributor to competitiveness.
Determinants of Competitiveness
Enhancing the Business Environment

- A local context and rules that encourage **productivity**
  - e.g., incentives for capital investments, intellectual property protection
- **Incentive systems** based on merit
- Open and vigorous local **competition**, especially among locally based rivals

**Factor (Input) Conditions**
- **Availability of high quality, specialized inputs** available to firms
  - Human resources
  - Capital resources
  - Physical infrastructure
  - Administrative infrastructure (e.g., registration, permits)
  - Information infrastructure (e.g., economic data, corporate disclosure)
  - Scientific and technological infrastructure
  - Natural resources
- Successful economic development is a process of **successive economic upgrading**, in which the business environment in a nation evolves to support and encourage **increasingly sophisticated ways of competing**

**Demand Conditions**
- More sophisticated and **demanding** local customer(s)
- Local customer needs that **anticipate** those elsewhere
- Unusual local demand in **specialized segments** that can be served nationally and globally

**Related and Supporting Industries**
- Access to capable, locally based **suppliers** and firms in **related fields**
- Presence of **clusters** instead of isolated industries
Determinants of Competitiveness
Cluster Development, Cairns (Australia) Tourism

Public Relations & Market Research Services
Food Suppliers
Property Services
Maintenance Services

Travel agents
Restaurants
Hotels
Attractiions and Activities e.g., theme parks, casinos, sports
Airlines, Cruise Ships

Local retail, health care, and other services
Local Transportation
Souvenirs, Duty Free
Banks, Foreign Exchange

Government agencies e.g. Australian Tourism Commission, Great Barrier Reef Authority
Educational Institutions e.g. James Cook University, Cairns College of TAFE
Industry Groups e.g. Queensland Tourism Industry Council

Sources: HBS student team research (2003) - Peter Tynan, Chai McConnell, Alexandra West, Jean Hayden
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Clusters and Competitiveness

• Clusters Increase Productivity / Efficiency
  – Efficient **access** to specialized inputs, services, employees, information, institutions, and “public goods” (e.g. training programs)
  – Ease of **coordination** and transactions across firms
  – Rapid **diffusion** of best practices
  – Ongoing, visible **performance comparisons** and strong incentives to improve vs. local rivals

• Clusters Stimulate and Enable Innovations
  – Enhanced ability to **perceive innovation opportunities**
  – Presence of multiple suppliers and institutions to assist in **knowledge creation**
  – Ease of **experimentation** given locally available resources

• Clusters Facilitate Commercialization
  – Opportunities for **new companies** and **new lines of established business** are more apparent
  – **Commercializing** new products and starting new companies is easier because of available skills, suppliers, etc.

Clusters reflect the fundamental influence of **linkages and spill-overs** across firms and associated institutions in competition
Clusters in Developing Countries
Leading Footwear Clusters

**Portugal**
- Production
- Focus on short-production runs in the medium price range

**Romania**
- Production subsidiaries of Italian companies
- Focus on lower to medium price range

**China**
- OEM Production
- Focus on low cost segment mainly for the US market

**United States**
- Design and marketing
- Focus on specific market segments like sport and recreational shoes and boots
- Manufacturing only in selected lines such as hand-sewn casual shoes and boots

**Italy**
- Design, marketing, and production of premium shoes
- Export widely to the world market

**Brazil**
- Low to medium quality finished shoes, inputs, leather tanning
- Shift toward higher quality products in response to Chinese price competition

**Vietnam/Indonesia**
- OEM Production
- Focus on the low cost segment mainly for the European market

Source: Research by HBS student teams in 2002 – Van Thi Huynh, Evan Lee, Kevin Newman, Nils Ole Oermann
Institutions for Collaboration
Selected Massachusetts Organizations, Life Sciences

**Life Sciences Industry Associations**
- Massachusetts Biotechnology Council
- Massachusetts Medical Device Industry Council
- Massachusetts Hospital Association

**University Initiatives**
- Harvard Biomedical Community
- MIT Enterprise Forum
- Biotech Club at Harvard Medical School
- Technology Transfer offices

**General Industry Associations**
- Associated Industries of Massachusetts
- Greater Boston Chamber of Commerce
- High Tech Council of Massachusetts

**Informal networks**
- Company alumni groups
- Venture capital community
- University alumni groups

**Economic Development Initiatives**
- Massachusetts Technology Collaborative
- Mass Biomedical Initiatives
- Mass Development
- Massachusetts Alliance for Economic Development

**Joint Research Initiatives**
- New England Healthcare Institute
- Whitehead Institute For Biomedical Research
- Center for Integration of Medicine and Innovative Technology (CIMIT)
Specialization of Regional Economies
Select U.S. Geographic Regions

Seattle-Bellevue-Everett, WA
Aerospace Vehicles and Defense
Fishing and Fishing Products
Analytical Instruments

San Francisco-Oakland-San Jose Bay Area
Communications Equipment
Agricultural Products
Information Technology

Los Angeles Area
Apparel
Building Fixtures, Equipment and Services
Entertainment

San Diego
Leather and Sporting Goods
Power Generation
Education and Knowledge Creation

Wichita, KS
Aerospace Vehicles and Defense
Heavy Machinery
Oil and Gas

Pittsburgh, PA
Construction Materials
Metal Manufacturing
Education and Knowledge Creation

Boston
Analytical Instruments
Education and Knowledge Creation
Communications Equipment

Chicago
Communications Equipment
Processed Food
Heavy Machinery

Denver, CO
Leather and Sporting Goods
Oil and Gas
Aerospace Vehicles and Defense

San Francisco-Oakland-San Jose Bay Area
Communications Equipment
Agricultural Products
Information Technology

Raleigh-Durham, NC
Communications Equipment
Information Technology
Education and Knowledge Creation

Atlanta, GA
Construction Materials
Transportation and Logistics
Business Services

Houston
Heavy Construction Services
Oil and Gas
Aerospace Vehicles and Defense

Note: Clusters listed are the three highest ranking clusters in terms of share of national employment
Source: Cluster Mapping Project, Institute for Strategy and Competitiveness, Harvard Business School

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Stages Of Competitive Development

Factor-Driven Economy

Input Cost
- Macro, political, and legal stability
- Efficient basic infrastructure
- Lowering the regulatory costs of doing business

Efficiency
- Local competition
- Market openness
- Incentives and rules encouraging productivity
- Cluster development

Unique Value
- Advanced skills
- Advanced infrastructure
- Incentives and rules encouraging innovation
- Cluster upgrading

Free Trade Agreements and Competitiveness

**Opportunities**
- More open *access to foreign markets* for exporting companies
- Increased attractiveness of the country to *foreign investors*
- Lower cost of *foreign equipment, components, and other inputs*
- Lower cost foreign goods available to *consumers*
- Greater *regional economic integration*

**Challenges**
- More open to *imports*
- Much greater *competition* in the domestic market
- The need to meet the needs of *more demanding customers*
- Free trade agreements create *opportunity, but do not guarantee* prosperity
- The effect of a free trade agreement depends on the extent of *resulting changes* in underlying competitiveness
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The Process of Economic Development
Shifting Responsibilities

Old Model

- **Government** drives economic development through policy decisions and incentives

New Model

- Economic development is a **collaborative process** involving government at multiple levels, companies, teaching and research institutions, and institutions for collaboration

• Competitiveness must become a **bottoms-up process** in which many individuals, companies, and institutions take responsibility

• **Every** community and cluster can take steps to enhance competitiveness
Upgrading Competitiveness at the Microeconomic Level

A Two-Pronged Approach

• Accelerates growth in those fields where the country has some strengths
• New clusters emerge from established clusters

General Business Environment Upgrading

Cluster Mobilization

• Improves the economic platform for all clusters and companies

•Accelerates growth in those fields where the country has some strengths
• New clusters emerge from established clusters
Public / Private Cooperation in Cluster Upgrading
Minnesota’s Medical Device Cluster

Context for Firm Strategy and Rivalry

Factor (Input) Conditions

- Joint development of vocational-technical college curricula with the medical device industry
- Minnesota Project Outreach exposes businesses to resources available at university and state government agencies
- Active medical technology licensing through University of Minnesota
- State-formed Greater Minnesota Corp. to finance applied research, invest in new products, and assist in technology transfer

Demand Conditions

- State sanctioned reimbursement policies to enable easier adoption and reimbursement for innovative products

Related and Supporting Industries

- Aggressive trade associations (Medical Alley Association, High Tech Council)
- Effective global marketing of the cluster and of Minnesota as the “The Great State of Health”
- Full-time “Health Care Industry Specialist” in the department of Trade and Economic Development
Cluster Composition
Colombia Export Performance by Cluster

Change in Colombia overall export share: -0.04%

World Market Share, 2003

- Change in World Market Share, 1997 - 2003

- Colombia overall export share: 0.18%
- Change in World Market Share, 1997 - 2003

Source: International Cluster Competitiveness Project, Institute for Strategy and Competitiveness, Harvard Business School
Cluster Composition
Colombia Export Performance by Cluster (Detail)

Source: International Cluster Competitiveness Project, Institute for Strategy and Competitiveness, Harvard Business School

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Appropriate Roles of Government in Cluster Development

• A successful cluster policy builds on **sound overall economic policies**

• Government should support the development of **all clusters**, not pick winners among them

• Government policy should **reinforce established and emerging clusters** rather than attempt to create entirely new ones

• Government can **seed new clusters** by attracting foreign direct investment

• Government’s role in cluster initiatives is as **facilitator** and **participant**. The most successful cluster initiatives are public-private partnerships

• **Government should NOT provide subsidies, protection, or relaxation of competition laws**
Role of the Private Sector in Economic Development

• A company’s competitive advantage depends partly on the quality of the business environment
• A company gains advantages from being part of a cluster
• Private initiatives and investment in “public goods” or collective assets are justified
  - Take an active role in upgrading the local infrastructure
  - Nurture local suppliers and attract foreign suppliers
  - Work closely with local educational and research institutions, to upgrade their quality and create specialized programs addressing the cluster’s needs
  - Inform government on regulatory issues and constraints bearing on cluster development
  - Focus corporate philanthropy on enhancing the local business environment
• An important role for trade associations
  – Greater influence if many companies are united
  – Cost sharing between members
Organizing for Economic Development
Massachusetts Governor’s Council on Economic Growth and Technology

Governor’s Council on Economic Growth and Technology

Industry Cluster Committees
- Advanced Materials
- Biotechnology and Pharmaceuticals
- Defense
- Marine Science and Technology
- Medical Devices
- Software
- Telecommunications
- Textiles
- Information Technology

Functional Task Forces
- International Trade
- Marketing Massachusetts
- Tax Policy and Capital Formation
- Technology Policy and Defense Conversion

Issue Groups
- Cost of Doing Business
- Financing Emerging Companies
- Health Care
- Western Massachusetts
- Business Climate
- Competitive Benchmarking
Organizing for Economic Development
South Carolina Council on Competitiveness

South Carolina Council on Competitiveness

Executive Committee

- Chaired by a business leader
- Convenes working groups, provides direction and strength, holds working groups accountable
- Acts as sustainable, long-term guider of economic strategy

Coordinating Staff

- Support Council, Executive Comm. and working groups
- Small full-time staff

- Develop specific action plans to advance issue areas
- Work organized on basis of individual accountability
- Business, academic, and government executives

To Be Formed

- New Institutions
- Marketing
- Others as Needed

Cluster Committees

- Automotives
- Apparel
- Hydrogen / Fuel Cells
- Agriculture
- Textiles
- Travel and Tourism

Task Forces

- Cluster Activation
- Education / Workforce
- Research / Investment
- Start-ups / Local Firms
- Distressed / Disadvan. Areas
- Measuring Progress

- Drives initiative and acts as the primary decision-making body in between Council meetings
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Colombian Competitiveness
Selected Issues

Macro, Political, Legal, Social Environment

- Impact of narcotics and political unrest on the country’s image and competitiveness
- History of short-term focus in economic policy

Upgrading the Business Environment

- Low levels of foreign direct investment
- A large portion of economic activity remains in the grey economy
- Inadequate physical infrastructure
- Complex and ineffective tax system

Cluster Development

- Limited cluster engagement

Company Operations and Strategies

- Heavy role of diversified business groups in the economy
- Limited SME development

Process of Economic Development

- Lack of a long-term, collaborative structure for economic development
Macro, Political, Legal, Social Environment

Percentage of Leading Country in the World, 2004

Colombia lags
Latin America

Colombia leads
Latin America

Note: Figures indicate changes since 2002. “+” indicates an increase of 8% or more.
Source: World Bank, author’s calculations

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Comparative Inward Foreign Investment
Selected Countries

FDI Stocks as % of GDP, Average 2001-2003

### Industrial Policy versus Cluster-Based Policy

#### Industrial Policy
- Target areas of perceived **market demand** or **attractive technology**
- **Intervene** in competition (subsidies, protection, etc.)
- Favor **domestic** companies
- Require sustained **financial commitment** by the public sector
- Centralize decisions at the **national level**
- Has a high **failure rate**; short term impact but low sustainability

#### Cluster-Based Policy
- Leverage **existing assets, history, and geographic location**
- **All** clusters are good
- Enable competition to be more **productive and sophisticated**
- **Neutral** on ownership
- Require sustained **participation** by all actors
- Encourage initiative at **all** geographic levels
- Has rising impact over **time**; some quick successes are possible

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**Distort and impede competition**

**Enhance and upgrade competition**
National Economic Strategy

National Value Proposition

• What is a unique competitive position for Colombia?
  – What roles in world and regional economy?
  – What is Colombia’s unique value as a business location?
  – For what range or types of businesses can Colombia be competitive?

Developing Unique Strengths

• What elements of the business environment are essential to the national value proposition?
• What existing and emerging clusters must be mobilized?

Achieving and Maintaining Parity with Peer Countries

• What macro/political/legal/social improvements are necessary to maintain parity with peer countries?
• What areas of the general business environment must improve to maintain parity with peer countries?
The Competitive Potential of Central America

The Vision in 1996

Bridge between Nations and Regions

- Textiles and Apparel
- Electronic Assembly and Software
- Agribusiness / Food Processing

Year-round Agricultural and Forestry Potential

- Education and Training
- Transportation and Logistics

Tourism

- Health Care
- Forestry / Wood Products
- Environmental Technology

Unique Environmental Resources and Ecological Diversity

- Environmental Technology
- Chemicals
- Energy Technology

Education and Training

Health Care

Transportation and Logistics

Forestry / Wood Products

Environmental Technology

Chemicals

Energy Technology

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Towards a Competitiveness Strategy for Colombia

Where does Colombia stand in Competitiveness?
• Achieve consensus on the fundamental concept of competitiveness and its importance
• Provide an objective assessment of Colombia’s current competitiveness

What needs to be done?
• Develop an overall national competitiveness strategy to position the country
• Define action priorities for implementing the strategy

How can it be implemented?
• Identify appropriate roles for public and private leaders in the competitiveness effort
• Create institutional structures to sustain action over time
Competitiveness Initiatives

Critical Success Factors

- Common intellectual framework
- Limited number of prioritized projects
- Sequencing of activities
- Focus on the business environment and clusters, not on individual companies
- Creation of neutral institutions independent of government to support the effort
- A structure that ensures long-term funding and continuity of effort
- Align development aid with the strategy, versus passively accepting donor goals and programs