

# 04



## Assessment of meso organisations for opportunities for improvement

Meso organisations are established to promote economic development and improve competitiveness of a region by responding to a variety of permanent and temporary market and performance failures at the micro level. While they are the result of targeted meso policies, their success also depends on other policy measures to be effective. While meso organisations can perhaps make it easier for firms to identify ways to upgrade their technology or knowledge,



there is a whole range of other interconnected features of the overall economic system that determine the investment climate and thus the framework conditions for upgrade efforts at the level of firms.

Four dimensions to improve meso organisations' performance

Our experience of supporting leadership of meso organisations shows that there are four dimensions that must be assessed to identify opportunities for adapting or improving the influence of meso organisations on the systemic competitiveness of the overall economic system.

The **first dimension** is about the service offering of the organisation and its focus. This offering is often dominated by **"supply push"**, because underperforming markets hardly demand the kind of services that enable enterprises to upgrade. For instance, small suppliers would generally not demand that a meso organisation should work together with critical buyers to develop a standard for goods, but if implemented successfully, such a standard can lead to the upgrading of a whole value chain. Key aspects to be considered from this perspective include:

- The technological depth of the meso organisation in relation to the industry it is serving
- The scope of its target market focus (one link in a value chain or all enterprises that need a certain technology)
- How clearly the benefits, costs and applications of all the organisations' services are described.

Lastly, even though these services are "pushed" to the market to enable upgrading, it is still important to check whether the meso organisation is assessing the impact of its offering at the level of enterprises, and whether it can adjust its offering based on this feedback.

The **second dimension** is the responsiveness of the meso organisation to the **"demand pull"** from the micro level or, in other words, how well the meso organisation responds to shifts and changes in the demands of enterprises. This includes whether the organisation has access to the right mixture of experts,



technologies and networks to advise clients. For a meso organisation to be responsive to the needs of clients, this often means being able to close the gap between the technological or innovation cutting edge and the level of the clients. It means that the meso organisations must be able to adapt their offerings to fit into the context of the clients. This can be measured by whether the clients feel that they are getting value for money. This dimension must also consider whether there is evidence that the micro level is upgrading its decision-making competencies, competitiveness and ability to innovate, thus becoming better at overcoming market failures, or whether enterprises are remaining dependent on the meso level for on-going support. The gap between the



meso organisation's offering and what clients demand or need is often revealed when a diagnosis of a territory, innovation system or value chain is conducted. Well-managed meso organisations regularly adapt their offerings based on feedback and observation of the firms they are targeting.

A **third dimension** looks at the **adaptiveness of the management team** of the meso organisation and how it manages the resources at its disposal. We firstly need to understand the skills mixture in the leadership structure and whether there is a sufficient balance between technical expertise and broader management skills. The



broader the skill set in the management structure, the more meso organisations are able to change and adapt. It may be important to assess whether the management team can manage a diverse group of experts who do not always agree.

The ability to raise funds to meet current and future operational requirements is important as it not only concerns operations, salaries and short-term commitments, but also the ability to think over a longer term and to make investments into future capabilities and resources. A predominant short-term focus of meso organisations can undermine their ability to detect and

respond to unforeseen technological or market shifts. In that case the organisation becomes just as unable to respond to change as the enterprises they are supposed to be serving.

Adaptive meso organisations scan the horizon, other technological domains and other market systems for signals of change that may possibly affect their context. They look around their local economy to identify and team up with pioneers who are trying novel approaches to overcome binding constraints in the system, or who are exploiting emerging opportunities. The more broadly they scan and the more options they can try, the better



able they are to support enterprises in change processes. In addition, it is important to assess how change in the meso organisation itself occurs. Is it typically initiated by the management and is it project-based, or can teams initiate their own improvement interventions based on their insight and understanding of the context? Is the organisation managed by hierarchy, or is it a learning organisation where change is natural?

**The fourth dimension is about the institutional configuration and governance** of the meso organisation, how transparently it is managed, and whether the industries it serves can make contributions to its strategy, investment decisions and performance. At the same time, the organisation must still be governed independently by external stakeholders. Funders, key industry partners or advisors should not be able to manipulate the strategic direction of the organisation to meet their own objectives. Often, meso organisations are hosted by parent organisations (such as a university) or are dependent on government grants for funding. They might have even been initially created with a different intent or role in mind, and must now change to remain relevant or to influence the economic system in a particular way. This might lead to tension between what is required from the organisation to remain relevant for the region and the satisfaction of the funders with the organisation's current orientation and impact.

The two final criteria within this dimension relate to coordination, vertically with decision makers and horizontally with other meso organisations. We need to understand how well the meso organisation partners with

other organisations to unlock synergies and how able it is to turn its insights into policy recommendations that help other actors in the economic system to improve their own decision-making.

In our experience, it is possible to help the leadership team of a meso organisation embark on a journey of discovery of how to improve its offering by focusing on both the system around the organisation and the structure and performance within the organisation. This can, for instance, be done by helping the organisation to assess their target market, and reach out to the innovators, champions and most sophisticated buyers in the system. An internal focus is usually about helping the leadership team to improve the learning culture within the meso organisation and identify improvement opportunities. Instruments such as scenario planning are useful as they help the organisation to balance shorter and longer-term objectives, as well as competing demands for investment, recruitment and resource allocation.

In the end, changing and adapting meso organisations is only possible if their leadership and broader stakeholder network have a real interest in and intent to improve the role of the organisation within a broader network.

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