AgroTech Wirtschaftsförderung LÜBECK GmbH VÆKSTFORUM SJÆLLAND Fehmarnbelt Region European Union

BELTFOOD

MASTERPLAN: *Dansk-Tysk FødevareKompetenceCenter*

Dänisch-Deutsches Kompetenzzentrum Ernährungswirtschaft

Masterplan:
Establishment of a
Danish-German Competence Center in the Region

INTERREG IVA Project:

"German – Danish Competence Center
for the Food Industry in the Fehmarnbelt Region"

June 2015

Executive Summary

The food industry in the Fehmarnbelt region can in the coming years take advantage in the fixed belt link between Germany and Denmark for expanding to a larger and more international market. This Masteplan for a Competence Center outlines the possibilities for developing a cross-border knowledge infrastructure for helping food companies in the region facing these new market opportunities. Based on a two years preliminary work this paper outlines a scenario for the Competence Center.

From workshops and discussion forums it has emerged that small and medium size companies find it difficult to get the right knowledge among a variety of different offers and these companies prefer a one contact entry point for their "foreign market" research questions. Being able to deliver fast and valuable insights into what a company needs to know becomes in that case the core value provided by the Competence Center.

Revealed in the preliminary project several of the knowledge needs are in its nature insights that already exists among the regions companies, and many of these companies are willing to share this knowledge in smaller networks. But at the same time and especially smaller food companies in the region do not know whom to contact. Connecting to peers across the Belt region becomes in that way the core activity for the Competence Center. Acting as a facilitator of knowledge networks is in this paper described as building knowledge clusters.

Becoming the entry point for food companies searching for specific knowledge implies insights in knowledge needs and at the same time the ability to connect to those who have the knowledge. The simplest way of doing so is to give access to a knowledge cluster (on-line, self-service, through e-mail or phone). Yet, the Competence Center should also support, build, and define content in knowledge cluster and among others predefined knowledge clusters could be part of the provided service provided.

The Competence Center should not only become the link between those who need knowledge and those who have the knowledge it should also become a cross-border business link. Striving to become the one-entry point on both sides of the Belt doesn't imply the Competence Center to be placed either on the German side or on the Danish side. To emphasize a clear cross-border growth, the Center should ideally be institutionally present on both sides offering equal services under the same umbrella.

A plan for building up and running the Center in the first two years outlines a simple organization with an expected staff need on 2 x service managers at half time. In order to have updated relation and relevant academic integration to the Competence Center an advisory board is suggested as a part of the organization.

June 2015

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1. Introduction – the Fehmarnbelt region, the food industry, and objectives for a Masterplan

1.1. The opportunities in the Fehmarnbelt Link:

The Fehmarnbelt region comprises the districts of Ostholstein and Plön, the Hanseatic City of Lübeck and the Danish region Zealand. The region counts nearly 1.4 million inhabitants distributed over three German sub-regions and 17 municipalities on the Danish side (www.visitfehmarnbelt.com). The actual Fehmarnbelt is an 18 kilometer wide strait between the southern coast of Lolland and Fehmarn on the German side located in the western Baltic Sea. Ferries cross the Fehmarnbelt on the route Puttgarden – Rødby.

Governments in Denmark and Germany agreed on June 29th 2007 on the construction of a fixed Fehmarnbelt link. The construction of the fixed link between Puttgarden on Fehmarn and Rødby on the Danish island of Lolland is scheduled to begin in 2015 and be completed by 2021. With the opening of the Fehmarnbelt connection in 2021, one of the largest infrastructure projects in Europe will bring people, economy and culture closer together.

Looking at the economy in this region the construction of the fixed Fehmarnbelt link enables new opportunities not only for a cross-border cooperation within the German-Danish industry but also for the regional industry to exploit opportunities on other markets outside the region and on international markets beyond national borders. This internationalization, which is defined as a physical and mental process of increased and fast involvement of enterprises on international markets (Wikipedia), will also become the challenge and the central concern for the local industry.

1.2. The food industry in the region

In the context of the emerging Fehmarnbelt link fast delivery times and proximity to larger markets with affluent consumers become important features for the regional food industry. In this way the Fehmarnbelt connection will open up new and easily accessible markets for the food industry – both for small and medium-sized enterprises as well as larger companies.

The Fehmarnbelt region is known for agriculture and tradition for its food industry representing a significant and steadily growing market. Fehmarnbelt´s figurehead is foods such as cereals, meat, fish, sweets, fruit and vegetables (www.beltfood.de), and more than 450 companies and research institutions and approximately 58.000 employees represent the food sector within the region (breakdown of employees: 2/3 on the Danish side and 1/3 on the German side). This equals approximately 12.6 % of all employees in this region. From specialized component suppliers and service providers to the manufacturing sector and a large pool of skilled labour. The entire value chain is established on both sides of the Fehmarnbelt, manufacturing high quality food.

But hard facts cannot in itself describe the attractiveness of this region. Soft facts speak for this region with extraordinary entrepreneurial people being at the same time down to earth and visionary. They have demonstrated a dedication to nature combined with a highly specialized knowledge of their food products, conscious of tradition and at the same time open to innovation. For that reason the food industry in the Fehmarnbelt region has the potential to become a famous brand throughout Europe based on its attractive products. Some established brands in the region have already become excellent ambassadors for the region, e.g. Lübecker Marzipan by Niederegger and Buko Cream Cheese by Arla. At the same time Fehmarnbelt´s food industry is mainly composed of small and medium-sized enterprises, having difficulties in managing a global brand strategy and competing on a globalized market. These small and medium-sized enterprises represent one of the pillars for economic development in the region, and they may be the companies drawing the greatest advantage of the fixed link across the belt.

1.3. What influences a business success?

Small and medium sized enterprises are not only confronted with challenges for developing the right product for the right market when it comes to internationalization. Legal regulations, export regulations and transport conditions can also discourage these companies, as they do not have the experience, the in-house knowledge or the resources in terms of time and money to deal with these topics. In order for the food companies within the region to take full advantage of the new infrastructure, a parallel expansion of accessible knowledge is necessary. Especially small and medium-sized enterprises have a deficit in knowledge generation and knowledge infrastructure in regards to internationalization.

Finding the right contacts in foreign business context, dealing with intercultural competences, getting export knowledge and predicting consumer acceptance can be defined as significant indicators and the reason for these companies to hold back developing products for their neighbouring market. There are subtle but significant differences in the consumption preferences and consumption patterns on the German and Danish market, and facing the unknown, together with an uncertainty on the return of investment, developing products for these "easily accessible" markets exceeds capacity for the region's small and medium sized food enterprises.

Knowledge or knowing where to find knowledge lowers the risk in launching new products on adjacent markets and stimulates internationalization.

1.4. The objective for the Masterplan

Based on the fact that the food industry in the Fehmarnbelt region in the coming years will be forced to focus on the stronger link between Germany and Denmark, this Masteplan for a Competence Center outlines the possibilities for developing a cross-border knowledge infrastructure and an expanded consultancy activity in a Danish-German context.

A kind of collaboration between public and private organizations and research institutions has already been established as network, although a catalyst might be necessary for small and medium-sized companies in the region. The basic idea behind a Competence Center is to become a "central" network management and to utilize a cross-border network of market knowledge and research experts, enabling them to support small and medium sized food enterprises.

A preliminary work for a Competence Center has already been carried out within the last two years. This work included surveys, observations and participation in food fairs for getting response from potential customers. Several reports have been written summarizing best practices in market research within Europe and globally (see; "Task 2.3: Best practices in Market Research and Consumer Observation"). A similar overview on market research within the Fehmarnbelt region has been outlined (see; Task 2.5: "Market Research Infrastructure in the Fehmarnbelt Region"). Relevant people within regional companies have been interviewed regarding their view on requirements for launching a new product on foreign markets (for example Brüggen, Lauenroth, Cavendish & Harvey on the German side and Tasty Food on the Danish side). These reports make the foundation for this Masterplan.

Thus, this paper outlines a feasibility study about the Competence Center, although a de facto construction or foundation of a Competence Center is not part of this assignment.

2. Premises for a Danish-German Competence Center for the food industry in the Fehmarnbelt region

2.1. Knowledge requirements for launching products on adjacent markets

Companies in general need fast, specific, and applicable knowledge. Getting this knowledge requires also a clear structure in the process and especially when it comes through external channels like research institutes or commercial consultancies. From the project workshops and discussion forums it has emerged that these companies find it difficult to search in a variety of different and often in-transparent databases or offers from consultancies. They prefer a one contact entry point for their "foreign market" research questions and with a clear process structure.

In particular, small and medium-sized companies have plenty of questions when they consider the internationalization process. From discussions in the project's workshops and from interviews with food companies in the region, it clearly reveals a huge variety on knowledge demands. The questions and wishes for deeper market insights are not only related to product testing and consumer behaviour studies on a neighbouring market, but towards a broad field of market insights going from product development over logistics towards market creation. This short list merely shows the width in companies needs for market insights:

- Support in product development
- Support regarding Danish and German food legislation
- Support in terms of logistics and transport
- Support in obtaining and analysing data from the neighbouring market
- Support in packaging design
- Support in small series for the new markets (prototyping)

Being considered as an actual and specific knowledge provider and being used as the one contact entry by local food companies will be a/the success criteria/factor for the Competence Center.

2.2. Two examples on knowledge need

A Danish company from the poultry industry approached the Masterplan project because it intended to launch its poultry on the German market. The company's initial idea was to produce small series with a corresponding German packaging design. Here the Masterplan project recommended starting with producing prototypes with different packaging designs for testing consumer response.

Another real case shows the benefit in joining force with stakeholders in the region and sharing knowledge. A Danish jam manufacturer needed market data on the top 10 German strawberry jams in retailing, packaging, and sales prices. The Masterplan project contacted a renowned German market research institute for these data and received an offer of € 3.999. The Danish company was not willing to pay this price, and alternatively the Masterplan project contacted a German jam manufacturer with own market research capacities and asked for these data. This German jam manufacturer provided the required market data to his Danish colleague, free of charge.

2.3. Knowledge creation from the perspective of enterprises

Several of the knowledge needs revealed in the workshops and interviews are in its nature obvious for knowledge sharing in smaller networks, e.g. how can the transport be organized, which labelling information are important for meeting legislation, what are the typical standard products on the neighbouring market? These types of simple questions are on the smaller food company's table, and most of them are too trivial for involving consultancies.

Especially smaller food companies in the region do not know whom to contact, and they find it inappropriate to search among a vast number of offers. They do not have the network and they do not have necessary time and resources for building up research network or doing own appropriate research. One important prerequisite from these companies and for a change in their way of doing market research is an easy access to a variety of different knowledge.

This means an offer able to provide and ensure quick, holistic, and clear access to those who have the knowledge. This in combination with a simple and transparent structure for the process fulfils most knowledge needs for many of the region's food companies. A Competence Center should therefore provide the companies with advice and support or deliver the right contact information related to all types of research questions from the food industry.

3. Value creation for customers in the Competence Center

3.1. Connecting to peers

Connecting to peers across the Belt region might be the core value statement for the Competence Center. Searching for knowledge on the Internet and finding some new information might not be any great challenge for anyone nowadays. But turning this into applicable knowledge and practical insight for a specific food company might become a bigger challenge, and especially for a smaller food company. The Competence Center strives in that way to become "a new pair of eyes" uncovering the knowledge gap in the specific company and from there, suggesting a way to find the missing insights.

The Competence Center has to provide several opportunities for connecting food manufactures making them able to share knowledge. The Center must obviously cover most types of insights ranging from product development and logistics over branding strategy to hard-core economic calculation for successful market penetration. Being able to deliver fast and valuable (meaning specific) insights into what a company needs to know becomes in that case the core value provided by the Competence Center. In plain words it is the ability to analyze the customer's knowledge need based on market characteristics and from those conclusions becoming a helping hand to facilitate contact to a specific knowledge cluster.

3.2. Building knowledge clusters

The Competence Center should be able to sense and reveal both the explicit and also hidden need for knowledge, which then drives for and define content in different knowledge clusters. Emphasizing the user driven approach on one hand it is on the other also important to acknowledge the need for having predefined knowledge clusters in order to get things started. Furthermore, some knowledge clusters with a more generic focus might have longer perspective in lifetime. These generic knowledge clusters could work as a starting point based on the explicit need revealed in the workshops and interviews already mentioned under section 2.1.

Beyond the content in a knowledge cluster, relationship and common need among members contributes to the life and dynamics in the cluster. In that case the Competence Center should act as a facilitator more than an actual knowledge provider. Knowledge clusters with a generic content, e.g. consumer behaviour, might build up specific knowledge on findings from previous research/surveys within the region, and in that case the Competence Center will act as source for locally generated insights.

3.3. Different types of sharing in the knowledge clusters

Knowledge clusters with a generic approach might have a stronger focus on sharing knowledge among peers, i.e. personal experiences with marketing or logistics can be valuable insights even for companies from different types of food markets. Yet clusters with a narrow approach might set up a specific research projects on e.g. consumer response or test of packaging material. In this they will share both knowledge outcome and expenses for such projects.

The Competence Center should in both cases be the facilitator for the cluster's need for knowledge. This does also imply the ability to guide members of a cluster to public or private schemes for financial support and give advice in writing applications. Research institutes or commercial partners should not participate as members in a knowledge cluster, and the job for the Competence Center is solely to enable contact to these partners.

4. Customer segments and relationship

4.1. Customers of the Competence Center

Target companies will be those in the Fehmarnbelt region. There are three characteristics of food companies in the region, regardless whether they are located on the Danish side or the German side:

- Manufacturers with limited or no market research capacities. In general these are characterized as small and medium-sized food companies. They acknowledge the value of market insights gained from research but they do not analyse or utilize market data in a systematic way. Many of these smaller companies neither have human capacities nor financial resources to test their products on the neighbouring market.
- Manufacturers with own market research and research capacities. In general these are characterized as medium and lager size food companies. These companies analyse market data in relation on short-term and they share only limited market insights to other stakeholders in their networks; e.g. suppliers, retailers, co-branders or customers.
- Manufacturers doing market research on a regular basis and operating together in networks. These networks have different intensity depths and go beyond the borders of the Fehmarnbelt region.

In general the Competence Center strives to become a facilitator of knowledge clusters for all three types of food companies in the region, although food companies having limited or no own market research capacity might be considered as the main target customer for the Competence Center. These companies are as mentioned above small and medium-sized enterprises.

Well knowing the size of a company might differ across the Belt (small size German company might equal a medium size Danish company) the paring in knowledge clusters is mainly based on companies knowledge need and not on the size of a company. Size is less important than getting in contact and share common need for knowledge among all food manufactures in the region.

A starting point might be targeting those already in databases and then larger companies in the region. The intention by this is the idea that new customers and smaller companies will join later, as they have to see a clear benefit in participating in one or several knowledge clusters.

4.2. Getting in contact with the customer segment?

Important for the idea behind and success for the Competence Center, is the ability to build personal relations between companies. This means that personal relations by all means will drive the process and the progress in a knowledge cluster. It can be described as a combination of "push" and "pull" relationship, where some company employees might need a friendly hint about the existence of a knowledge cluster and the easy access to relevant knowledge. On the other hand some knowledge clusters might attract attention due to the knowledge cluster's reputation and word of mouth.

Relationships cannot be established in a database but requires that people meet each other and build up mutual trust. Give and take are basic human values that also will become the core driver in making the Competence Center run. This requires regular contact between members in a knowledge cluster and more than a one-way information structure. Regular visits among selected companies are one way of getting in contact and maintaining the dynamics in a cluster. Utilizing the role of being the host for a knowledge cluster is another way of involving customers, which then might be referred to as members. The role of host could be on a rotation basis for an agreed period of time.

Seminars on topics based on companies' interest, relevance and not least, need for knowledge might also be an opportunity to meet. First of all it requires topics on the agenda worth coming for, but also participants ability to share valuable insights with peers is required. Sharing best practice together with own experiences from mistakes might stand as headlines for these seminars.

5. Activities in the Competence Center

5.1. Making knowledge clusters running

The most important issue is making the Competence Center the entry point for potential food companies and members searching for specific knowledge related to their needs. The simplest activity is to give members of a knowledge cluster access to the sought insights, either through on-line self-service or through personal response by e-mail or phone. Appropriate IT-facilities in terms of a database seems to be vital and existing social digital networks have to be considered (Google+, Facebook, DropBox, …) in order not to re-invent the wheel.

5.2. Utilizing existing networks

Existing local networks already can be found in the region e.g. Tasting Denmark and foodRegio in Germany, and many smaller companies are often already members of a network or an association, so they pool their efforts and have time for these networks.

The knowledge clusters are not supposed to become another network offer or an alternative to these existing networks. For any knowledge cluster it has to be considered whether the offer can be an add-on to an existing network or it has to become a network of its own. Pros and cons might be evaluated in each specific situation and in relation to time/cost (see section 7).

5.3. Personal relationship

Generally speaking there are a lot of volunteers around but they are spread thinly, so there is a risk of not meeting the "right peer" having the "right knowledge". The Competence Center has to become the helping hand connecting to the optimal knowledge and by that a personal relationship to the Competence Center seems to be necessary. In that way the optimal and criteria to fulfil is to have a constant group of Danish and German enterprises that are attached to the Competence Center.

Things take time and any beginning is complicated, yet at least one contact person on both sides of the Belt seems to be important and necessary. As a starting point these two persons might be one employee at Wirtschaftsförderung Lübeck and one at Væksthus Sjælland. The main activities for these two persons would be making contact with companies, collecting information on their needs for knowledge, and setting up the first knowledge clusters.

As described in section 3.2, predefined and generic clusters might become an obvious starting point. Having defined content for a number of knowledge clusters one first job could be to appoint a caretaker/host, which could be a dedicated person from a food company in the region. Such a selected person should take responsibility for running the cluster in an agreed period of time and finding other stakeholders. Again the principle of “give and take” is the main driver for chairman and members.

The task for the Competence Center will then be a focus on practicalities depending on whether the knowledge cluster is part of an existing network or not. Types of practicalities might be related to design of the framework for a knowledge database, administration of web sites, plans for meanings and calendars etc. The task is placed as work packages on both sides of the Belt, but without building up identical knowledge clusters. The basic idea in the Competence Center is still to share knowledge, which also applies to internal work.

5.4. Arranging seminars

Holding seminars might become an initial activity for getting the clusters running, although seminars are already part of the business activities at Wirtschaftsförderung Lübeck and ArgroTech Holeby (or Væksthus Sjælland). The seminars within the framework of the Competence Center should be different in nature. The content for a seminar being held in relation to the Competence Center should be closely related to a knowledge cluster, which does also implicate a close relation to an explicit knowledge need among food manufactures. Seminars become in that way the physical visibility of any knowledge cluster. Only practicalities in relation to booking, planning, and payment should be managed by the Competence Center.

The drivers in these seminars should be the same mantra as for participating in the knowledge cluster “give and take”, meaning that members within any knowledge cluster are at the same time members and speakers of the seminar. A similar approach can be applied to finding the location for a seminar, making it a visit to a manufacturer’s factory or farm part of an experience, for example.

5.5. Writing newsletters

Sending out newsletters (digital or physical) and sending out invitations to members *does not work* as a core activity although it might be useful in combination with the other activities. Writing, editing and sending newsletters might easily become a time consuming task, and practicalities in relation to these activities must be part of the organization for each knowledge cluster.

Similar task can be related to the update and knowledge generation, filling-in content in databases, summarizing insights. All these activities are highly related to any IT-activity of any ordinary job.

6. Organization and partners

6.1. Service and support

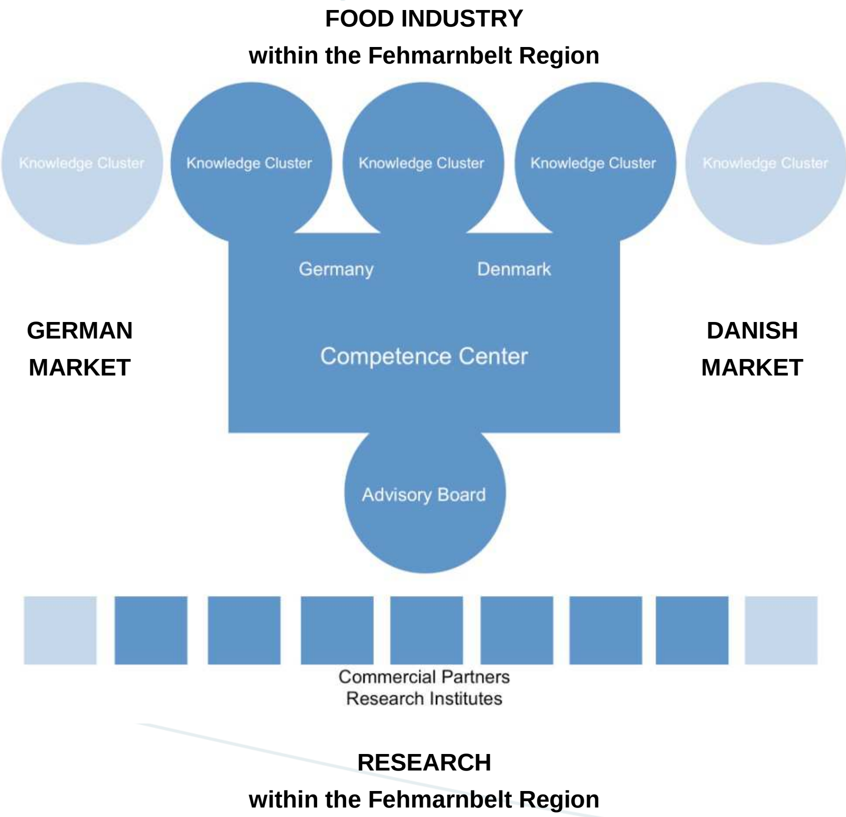
The Competence Center should not only become a cross-border business link it should also become the link between those who need knowledge (food companies) and those who have the knowledge (research and commercial partners). Having one entry point doesn't imply the Competence Center to be placed either on the German side or on the Danish side. To emphasize a clear cross-border growth, the Center should ideally be institutionally present on both sides offering equal services. It is not necessary to develop own capabilities as all required research methods and knowledge needs are recognized and shared across the Belt inside the Center.

Facilitating different knowledge clusters is the core activity for the Competence Center. By that it is not advisable for the employees to connect to or embed themselves in the associated partners, in order to keep the balance of interests and the necessary "clear view". Updates on the academic and commercial field will run through an advisory board.

6.2. Advisory board

In order to have updated relation and an academic integration to the Competence Center an advisory board is part of the organization. The purpose for the advisory board is to accompany development and to have an advisor function for the Competence Center. The board should also ensure commercial needs, support innovation of the Center, and they should look for an ongoing evaluation of the Center.

The illustration of the organization below illustrates the Competence Center as the link between Germany and Denmark and the link between the food industry and the academics.



Organisation overview

Circles indicate activities facilitated or planed by the Center. Number of clusters can vary over timer

Squares indicate workspaces where someone is able to do something. Number of partners can vary over time.

6.3. Academic and commercial partners

Partners related to the Competence Center are research institutes and consultants within the Fehmarnbelt region. Looking at the exact definition of the Fehmarnbelt region, only a few institutes have been identified on the German side. Institutes on the Danish side are not located in the Fehmarnbelt region, but situated close to or in the area of Copenhagen. Thus taking a broader view on the Fehmarnbelt region there are several potential partners to the Competence Center able to contribute with highly specialized knowledge.

Scientific institutes like Fraunhofer EMB Lübeck and Fachhochschule Lübeck are welcome to become members of a knowledge cluster. The Competence Center is sincerely interested in any of those institutes, which are burning to work with the companies.

This paper outlines selected potential partners, which have been contacted during the BELTFOOD project. These institutes offer research for academic and business purposes as well as laboratory and sensory research for business and academic purposes. Quantitative and qualitative researches are offered by most of them and they have a high core competence and expertise within their field of research. These Institutes and research centers are for the moment the optimal partners, well knowing it might change over time and easily look different when the Fehmarnbelt tunnel opens in 2021. The list below has to read in the light of this.

- *Copenhagen Business School*, Decision Neuroscience Research Group (DNRG), Dept. of Marketing, does research in the borderland between brain research and behavioural research. The group runs a mobile test laboratory with facilities for neuroimaging, eye-tracking, galvanic skin response, and response time measurements.
- *Copenhagen University*, Department of Food and Resource Economics (IFRO), has its origins in the Danish agriculture, forestry and food production sectors, in which a close consultative relationship has developed between the private sector, public authorities and research institutions. IFRO´s main tasks are within the fields of environment, natural resources, global development, food and agriculture as well as consumption.
- *The Danish Technological Institute* (DTI) offers consumer testing of food products and carries out test in accredited sensory test-center. Qualitative consumer test are carried out as hall-test and home-use-test. Preparation kitchen and storage facilities are available. DTI is engaged in product and packaging development, retail and shopper insight and does consumer studies.
- *Copenhagen University*, Department of Food Science, Section for Sensory and Consumer Science (FOOD), performs research at the intersection between foods and people with the focus on sensory perception, acceptance and choice behaviour. Research includes laboratories and expertise including product profiling, sensory meal design and large-scale consumer studies. The Section also runs a “Taste and Smell” unit for fundamental and applied studies into perception.
- *Technical University of Denmark* (DTU), National Food Institute and Dept. of Nutrition, was establish to provide scientific foundation to give consumers better access to high-quality, healthy, and safe food. The National Food Institute offers research for academic and business purposes such as consumer observation in real life settings, in an observation lab as well as mobile via a portable Noldus system.
- The *Gewerbeschule Nahrung und Gastronomie* in Lübeck educates approximately 1900 students and has got the following core fields of research: gastronomy, food and laboratories. This school does not only teach students, it also offers (limited) sensory seminars for companies. The school is equipped with testing facilities including 15 sensory booths and has two trained assessors.
- The *Competence Center for International Market and Business Research* (KIMBA) at Lübeck University of Applied Sciences bundles market research competences with strategic marketing competences. Their focus is on cluster of the regional economy and international markets. KIMBA´s main activities are market research

and consumer behaviour with an emphasis on food, interviews, experimental market observation and trend research.

- The lab for Applied Food Research (Technikum für angewandte Lebensmittelforschung – TFAL) at the *Fraunhofer Research Institution for Marine Biotechnology (EMB)* is dedicated to the exploration of various substances of aquatic origin with potential use in food science. The research framework includes fish cell meal, proteins, polysaccharides from macro algae and products from aquaculture. Furthermore they concentrate on the development of new applications, development of new innovative processes, fabrication of food prototypes, cooperation and contract research. A new building with high tech facilities was opened in April 2015.

Furthermore it can be considered to have ttz Bremerhaven as a possible partner for sensory evaluation. They are a member of foodRegio and have already had an active part in the Masterplan project. For more details see the Masterplan report: Intermediate Result 3 “Best Practices and Challenges in the Implementation of German-Danish Product and Market Tests”.

7. Economic feasibility, revenue and expenses

7.1. Getting started

The Competence Center is planned as a non-profit organization meaning that it should in the long-term finance itself. Dealing with this, it implies the Competence Center to have an activity-based financing, and every activity has to be calculated separately in order to balance revenue and expenses. It also emphasizes the needs for dividing the services into smaller pieces and deliver services in packages dedicated to specialized segments in relation to knowledge clusters.

It will not be realistic to generate revenue during the start-up phase. Start-up expenses for the Competence Center might be hold by Wirtschaftsförderung Lübeck and Væksthus Sjælland, which has to be seen as an opportunity for having new and relevant services to offer. Establishing knowledge clusters, building academic network, and developing services is estimated to last one year. Subsequently positioning as a valuable partner for the food industry in the region is expected to last yet another year.

Within the first two years there should be no public funding, for getting the Competence Center started. Public funding should only appear to projects as those described in section 7.3 and similar projects.

7.2. Keep it simple and let it grow

The starting point will be to place the Competence Center as an integrated part of an existing organization, which has access to the target groups. For the German side it could be foodRegio and for the Danish side Væksthus Sjælland, and having two persons dedicated to any task as described above.

The hours allocated to these activities might vary from time to time and also on the two sides of the Belt. Although the one point entry point and the personal relationship have been emphasized as key characteristics for the Competence Center, these two persons might in the beginning actually become “one common e-mail” and “one shared phone number”. Then over time the organization might develop to have specific employees and physical spaces.

Expected staff need in the start-up phase is 2 x service managers at half time. Travel costs, infrastructure (computer, server, IT), and marketing are estimated for the same period to reach € 85,000 - 100,000 each year.

Then it must be concluded whether revenue can be realized externally, through project overheads, or through co-financing.

7.3. Cost and revenue in the knowledge clusters

Based on feedback from the companies and also from research institutions there seems to be an unrealistic expectation to finances related to research projects. Running expenses for any knowledge cluster has to be calculated in every cluster's own budget. In practical terms each cluster will have to manage this on the basic rule that everything costs.

Seminars and specific services or research projects are costs related to a specific knowledge cluster, meaning members have to pay a fee. Services provided by the Competence Center as described in section 5 are "free" meaning expenses are covered by the Center's own budget. One way of doing this is to establish working groups within the Competence Center, working on special topics/projects, which have been generated by the companies or within the clusters. These working groups may apply for public funding, arranging fact-finding tours to Denmark/Germany, making a trip to "biofach Nuremberg" an easy decision for Danish enterprises, and obviously sharing knowledge on exporting. The Competence Center should be able to organize these projects faster/smarter/cheaper as when the companies do it individually.

Experience also shows that it is not possible to finance general research projects with funds from the region's private sector alone. General research projects that go across knowledge clusters should be planned with the Competence Center as co-applicant and overhead should be included in these types of projects. A strategy for this type of task should be integrated into a broader plan for the Competence Center that also can initiate projects and initiatives for further development of the whole region.

8. Time frame for implementation

8.1. Milestones

The two-year start-up period is divided into one year for building up the knowledge clusters, establishing the external network, and developing the offers. The second year is dedicated to the cluster development and to demonstrate for other food companies the benefit of participating in a knowledge cluster.

Although it is not possible to make a final or a complete list of milestones, several can already be placed as success criteria for the first year of the Competence Center.

- Defining the structure and building the organization
- Planning the service schemes provided by the Center
- Making a budget for short as well as for long term
- Identify the need for knowledge within target segments
- Defining content for generic knowledge clusters
- Communicating the services to the food companies and existing food company networks
- Establishing an online platform for storing and sharing knowledge
- Getting in touch with the respective research institutes mapping their services
- Integrating the research institutes in the external network and establishing the advisory board
- …

An outline for the second year can only be described in general terms. One overall success will be a positive word of mouth among food companies within the region.

9. Legal frame for implementation

Building a non-profit organization can follow general guidelines for constitutional statutes. First of all these statutes have to be in line with the legal framework for Wirtschaftsförderung Lübeck and ArgroTech Holeby. A founding general meeting is considered to be the key point for starting the Competence Center and the work to begin.

10. SWOT analysis

Strengths	Weaknesses
• Giving local food companies a one point entry to valuable knowledge (relevant and actual) • Giving employees in local food companies an opportunity to share knowledge across the Belt in a peer to peer context (give and take) • Giving access for employees in local food companies to gain insights on organizations and research networks within the Fehmarnbelt region • Giving local food companies an overview and an easy access to external funding and sharing expenses for larger research projects • Strengthening cross-border cultural relations	• Becoming just another network difficult to differentiate from others and providing same types of insights • Knowledge generation remains with the members of a cluster and nothing develops if they don't share their insights • Being seen as an add-on service to Wirtschaftsförderung Lübeck and AgroTech Holeby and not as a Competence Center by its own • Providing services (facilitating knowledge clusters, planning seminars, …) becomes easily too time consuming
Opportunities	**Threats**
• Expand and innovate together with regional food companies • Building up valuable knowledge over time, "the more activity the more knowledge" • Become the preferred partner within the region for knowledge building • Building on existing food company networks	• Sharing knowledge and workflows inside the organization among two half-time employees requires planning and there is a risk for becoming two local centres on each side of the Belt • Companies cannot see the value and the Center cannot give any examples of successful relationship to knowledge clusters • Companies get disappointed because they do not get what they expected

11. References

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