

## Extension Material 4.1

### The following is a contribution by Bill Parsons of ARM Holdings, from a six-part CIPD publication *Talent Forward*

In the high-tech industry within which our company operates, the term 'cluster' typically refers to a concentration of firms focused on a particular group of technologies. Often, there are one or more leading universities feeding both know-how and people into the cluster. Two well-known examples are Silicon Valley in California and Silicon Fen, here in Cambridge. In each case, the cluster not only includes the high-tech firms, but also all the specialised services they need to operate, from venture capitalists to patent lawyers. In any particular sector such clusters are rare and often have global influence, attracting talent from all over the world. My local cluster in Cambridge has about 40,000 people working in hardware, software and bio-pharma as well as emerging sectors such as clean energy. Other big ones include Bangalore and Shanghai.

One of the best writers on this topic, Richard Florida, studied why there were so few high-tech clusters in the USA and what attracted people to them. He concluded that the new 'creative class' of highly qualified people likes to co-locate with like-minded people in a tolerant, cosmopolitan city or town. There is, therefore, a tendency for pre-existing clusters to grow and broaden their technical scope rather than new ones arise. We see the same effect with financial services in London, New York, Frankfurt, Hong Kong and Singapore. The real power lies in the social networks of serial entrepreneurs. In Cambridge you can trace influences back 50 years from the original start-ups and spinouts from the university, the early PC companies of Sinclair and Acorn and today firms such as ARM, CSR and many others that have managers and technologists who gained experience in those early businesses. These networks enable ideas, innovations and knowledge to flow from business to business and from person to person. Often, the 'creative destruction' that typifies these clusters means that people move from start-up to start-up, taking with them their accumulated wisdom. In our cluster there are numerous 'networking groups' that aim to stoke the fires of these inter-business networks. There are also formal links between the various clusters and people with similar technical or commercial interests. This Darwinian existence is often referred to as the 'ecosystem'.

Collectively you have a true 'learning organisation' enabling innovation at a faster rate. The firm is really just a subset of the cluster. In this case, you have a group of like-minded people pursuing a common vision, whether to get wealthy or to change the world. The firm becomes a vehicle for talented people to achieve great things using their collective creativity and skills. To be successful it needs to provide the conditions under which they can achieve their aims in an enjoyable way.

Our organisational model starts with the concept of social capital. This is the complex mix of strong networks, trusting relationships and a common vision. If you purposely provide the opportunity to create friendships and networks of people with similar skills applied to a higher purpose, you will attract talent to your firm from elsewhere within the cluster. We measure what most engages our employees using an annual survey. What most attracts people to our firm is having fun, a challenging job, doing something meaningful and being cared for. You have to align organisational priorities around these values and aspirations so that people are able to use their rare skills with maximum impact (challenge and meaning) while being part of a community (being cared for) and having fun. If these become the priorities for organisational development, you create a talent cluster that is sustainable and growing.

#### Source

[https://www.cipd.co.uk/Images/talent-forward\\_2011-part-3-talent-clusters\\_tcm18-12260.pdf](https://www.cipd.co.uk/Images/talent-forward_2011-part-3-talent-clusters_tcm18-12260.pdf) [accessed 23 May 2017].

Reproduced with the kind permission of the CIPD.