

Conversion of an abandoned industrial area in a business park developing innovation, competitiveness and value chain projects

Partner: Cremona Chamber of Commerce

City: Cremona

Region: Lombardy

Country: Italy

Further Information:

The case study is set in the municipal area of Crema, and has had a significant impact throughout Cremona Province.

Mr. Andrea Rubini, Cremona Chamber of Commerce
rubini@cr.camcom.it



Challenge

In the early 60's Olivetti, an eminent typewriter and computing machines corporation established in Ivrea in 1908, settled in Crema. It built a factory (184.723sqm of covered space in a district of approximately 364.000sqm) where the first electric typewriter in the world was produced. More than 3.000 people worked in this industrial zone, and the surrounding economy quickly flourished. After the mid 1960's Olivetti went into decline due to unfavourable market conditions. In the 1980's it began producing personal computers. However, the situation did not improve and Olivetti was forced to close down the Crema factory in 1992.

The impact of this event on the provincial economy and social fabric, on top of the severe national political crisis, was destructive. Crema and its stakeholders, from the local authorities to civil society, faced the challenge of converting the local economy that had historically been based on industries associated with Olivetti and establishing new and different business ventures. This led to the adoption of an innovative development concept that encompassed a range of actions, including the development of industrial activities and business service centers, the establishment of the University, R&D agencies and incubator, in a totally new approach.

Stakeholders involved

Local Authorities took part in the project both directly and through a local agency, Reindustria (www.reindustria.com), which was established in 1994 by the Lombardy Region, Cremona Province and Crema Municipality, and endorsed by the national Ministry of Labour and Social Welfare. This agency aimed to coordinate efforts for the conversion of the abandoned industrial district. Reindustria effectively managed public funds, coordinated the different actors involved in the initiative, promoted local economic and banking systems and worked towards urbanization of part of the area.

Today Reindustria has been transformed into the Agency for Local Development working across the entire Cremona area. Its partners are public and private actors, such as Cremona Province Government, Cremona Chamber of Commerce, Crema, Cremona and Casalmaggiore Municipalities, local banks, trade unions, companies and professional associations. Its mission is to promote local economic development and investments in Cremona through marketing activities and technical support to present projects for public grants. Reindustria encourages and supports company networks to develop competitiveness, innovation and internationalisation.

Universities and Research Centres also played an important role in the project:

- In 1987 Crema Municipality and Cremona Province asked the University of Milan (www.crema.unimi.it) to set up a new ICT degree course in Crema; in 1994 the University established its offices in the former Olivetti premises, creating a Regional Computer Science Pole that began its academic activities in 1995.
- In 1999 a new Research Centre was founded and began to work in Crema area: Consorzio Crema Ricerche (Crema Consortium for Research) (www.cremaricerche.it). Its partners are: Cremona Province Government, Cremona Chamber of Commerce, Crema Municipality, Crema University Association, and Reindustria. The consortium was created to promote the development of innovative companies, technology transfer to SMEs, and a business incubator.

Businesses took part in the process both indirectly through entrepreneurship associations or banks (that supported the project financially) and directly. In fact a number of new companies settled in the area or began to use the services offered.

Civil society, through its different components, reacted to the severe industrial and employment crisis, both through trade unions and other CS associations, and through the direct involvement of groups of citizens. The community in Crema responded to the "job catastrophe" with such a strong spirit of "mutual aid" that the number of industrial workers increased between 1991 and 2001. The participation of civil society clearly contributed to the successful design of the conversion plan.

Process

The conversion of the former Olivetti industrial area began in 1994 when Reindustria was established. The process consisted of three formal steps:

- In 1994 the Lombardy Region, Cremona Province and Crema Municipality signed an agreement that approved the area's conversion, including the design of innovative urban and logistical solutions to encourage and facilitate the establishment of SMEs, consortiums, and service centers;
- In 1995 an agreement between Olivetti and Crema Municipality finalised the physical transfer of the area and related infrastructures;
- In 1997 Olivetti, Reindustria and Crema Municipality approved a plan detailing the functional zones of the converted area.

55% of the conversion was funded through regional government contributions; the residual area was converted directly by Olivetti through agreements with the other stakeholders. About 40 businesses set up in a covered area of 34.000sqm. Reindustria and other service companies established themselves in the main building (about 3.000sqm).

As a result of great efforts by the local Authorities, the Department of Information Technologies of the University of Milan established a campus of about 40.000sqm.

The new University of Milan Crema Branch attracts students from nearby provinces and manages internal research labs. The University's role is significant because of the close collaboration with Reindustria and for the support given to local companies, responding to their requests for technological innovation.

Consorzio Crema Ricerche has also been supporting local companies with innovation, organising trainings and workshop on important topics for enterprise development and facilitating connection and collaboration between companies and the University.

Civil society and businesses have been proactively involved in the process, as explained in the previous paragraph.

Financial framework

Conversion of the abandoned industrial area was financed with public funds targeted at business competitiveness. The area received both regional and national grants.

The whole conversion programme, successfully completed in 2004, required huge investments equal to 90 million Euro. In addition, between 2006 and 2009, Reindustria signed important agreements with local banks with the aim of promoting local business systems by offering secure credit.

Outcome

- The conversion of the former Olivetti site was achieved in 2004 through public funding.
- 40 companies were established on the former Olivetti site boosting local jobs.
- Local Authority funded projects supporting business competitiveness have resulted in about an additional 300 companies getting support to date through Reindustria.
- Reindustria, accessing dedicated public funds, has supported about 30 new development areas and the conversion of new abandoned industrial sites.
- The former Olivetti site is now an active business park that is able to foster innovation, improve the competitiveness of businesses, support start-ups and spin- offs.
- Crema Ricerche hosts a business incubator "*the Workshop – Technological space for companies*", that has so far supported 60 new business ventures. Crema Ricerche also assists companies with technology transfer.
- **The Cosmetics Technology Pole** developed by Reindustria, Crema Ricerche, and Crema Training and Research Center is a major outcome of this collaboration. The pole was established in 2005 through the support of the Lombardy Region, the Province Government, Cremona Chamber of Commerce, Universities, Technical Institutes, professional associations, trade unions and other public and private actors. The Cosmetics Technology Pole (www.polocosmesi.com) was created on the basis of a survey that highlighted the existence in the area of numerous cosmetics firms. The cosmetics industry is a strategic sector in Lombardy since it generates 60% of the domestic related turnover in the region. The Cosmetic Pole now brings together around 130 companies from the Lombardy region, of which 60 are located in Cremona district. This is the first example in Italy of a cluster made of multi-oriented companies in the same sector (manufacturing and packaging, design and machinery building, commerce and services). The Cosmetics Pole is a vital platform for development of the networked companies to facilitate internationalisation, research, innovation, and capacity building processes. In addition it helps the firms to streamline costs for tests and certifications, and offers high quality training that is formally endorsed by the Lombardy Region.
- Finally the establishment of the University in Crema is another fundamental step for the sustainable development of the area, since the University offers both ICT degree courses and meets the need for R&D of the local companies, in collaboration with the other relevant actors.



Critical Success Factors

There are **three critical success factors** that made the former Olivetti site conversion and development project successful:

- The full **commitment** of regional and local Authorities that developed sustainable policies, provided guidelines and secured funds.
- The establishment of an Agency for Local Development (Reindustria) with the specific mission of converting the abandoned industrial and playing the essential role of **coordination**.
- The close **collaboration** of all the relevant stakeholders: public bodies, banks, business associations and federations, University and research centers, civil society through trade unions and other CS associations.

Difficulties encountered

All stakeholders in the area fully agreed on the urgent need to take concrete actions to convert and develop the former Olivetti site. Nevertheless, coordination was a difficult task due the high number of actors involved in such a big and complex project, and because of the diversity, that resulted in different and sometime conflicting procedures and protocols. A set of rules was needed to harmonise actions and to bring the stakeholders together effectively.

Moreover, the project took place in a context of a profound industrial and employment crisis, that necessitated the rapid design of effective, high-quality and sustainable development plans to tackle the emergency.

Impact

The action had and has an impressive impact on the economy and the welfare of the Crema area and the whole of Cremona province. It has also had an impact on the level of cooperation between the various stakeholders, which included the four components of the quadruple helix, and which were involved in a virtuous cycle of collaboration and innovation that is still active today.

At the same time the role of the public bodies must be recognised. They committed important capital, formulated the “rehabilitation” policy in consultation with the stakeholders and firmly paved the way for implementation.

The overall economy of the province received significant benefits. It brought the vital stability that helped the business environment both to consolidate and strengthen productive systems and also to be less vulnerable in the face of difficult market and financial conditions. This had unquestionable positive effects on the overall welfare of the community.