Mapping the market: a portfolio approach for informed deliberation of urban development strategies

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8 Conclusions

Planners should make their contribution *around* strategy-making processes rather than *inside* it. They should supply the formal analyses or hard data that strategic thinking requires, as long as they do it to broaden the considerations of issues rather than to discover the one right answer. They should act as catalysts who support strategy making by aiding and encouraging managers to think strategically. And finally, they can be programmers of a strategy, helping to specify the series of concrete steps needed to carry out the vision.

Henry Mintzberg

8.1 Introduction

The portfolio approach was developed as a cooperative research project, commissioned by the Physical Planning Department of Amsterdam, with the aim of providing more insight into the opportunities for development of Amsterdam neighbourhoods. The case of Amsterdam is illustrative of the challenge planners face in today’s changing context (Hajer and Zonneveld, 2000; Albrechts and Mandelbaum, 2005; Gualini, 2005). In this new landscape, the spatial range on which many economic and socio-cultural activities take place has highly increased. People, firms and organisations have become more footloose, as discussed in Chapter Two. The difficulty for urban governments is not that this development reduced the importance of cities – cities have only increased in importance (e.g. Sassen, 1991; Amin and Thrift, 1992) – but rather it is the increasing scales on which activities take place. Individuals, firms and organisations have many attractive locations to consider for their residential or commercial relocation, which creates fierce competition between and within countries, regions and cities. In light of processes of privatisation, liberalisation and budget cuts, cities are increasingly challenged to do more with less.

In terms of urban development, this changing context is reflected by the growing awareness that initiating and realising urban projects and the realisation of public goals more generally are increasingly dependent on private and semi-private actors and initiatives. It raises questions about how local governments and in particular urban planners should cope with this environment, i.e. how to attract and use private means that are increasingly necessary for achieving public goals. One of the implications of this fundamental challenge, central to this research, is the need to understand where, how and why (semi-)private actors are stimulated to invest in the city. This was the starting point for the development of an instrument aimed at generating insight into the market dynamics of urban neighbourhoods, in order to inform and stimulate the deliberation of planning strategies. The expressed preference was for an instrument that can provide robust insight into the position of urban neighbourhoods and that can be adapted to suit the particularities of different issues and areas.
As such, the portfolio approach was developed as an instrument for the Amsterdam Physical Planning Department. Hence, development of the instrument took place by applying and testing it with practitioners in planning situations. This had important methodological implications. Building on the design science approach (Van Aken, 2004, 2005), the object of research was not an existing phenomenon, but the instrument that was being designed, tested and evaluated during the process. In terms of the research process, it means that instead of the more common sequence of formulating hypotheses and subsequently testing them, the research followed a reflective cycle, building on the learning cycle by Kolb and Fry (1975). The research consisted of subsequently hypothesising about what could work; testing and applying these ideas in practice; observing and reflecting on what happened and examining the reasons why; consequently constructing more abstract ideas about the approach; further hypothesising about possible improvements, and applying the adapted approach again. This sequence was repeated several times (Figure 8.1).

Figure 8.1: The learning cycle, with the specificities of the portfolio approach added in italics

In Amsterdam, the approach was applied in six workshops: two workshops focused on a single neighbourhood, three workshops looked at the whole urban portfolio and one workshop focussed on the Amsterdam region. After following the reflective cycle a number of times, applying and adapting the approach, it was time to see to which extent the usefulness of the approach was limited to the city of Amsterdam. Therefore, the approach was applied twice in Rotterdam as well.

This chapter will start with a short discussion of the main conclusions of this research regarding the evaluation of the portfolio approach: how it was developed and how it can be framed as a technological rule (Van Aken, 2004; 2005). In addition, the main substantive conclusions about the urban portfolios of Amsterdam and Rotterdam will be briefly discussed; the chapter will close by discussing the implications in terms of knowledge creation and strategic planning.
8.2 The generative mechanism of the portfolio approach

The general hypothesis about the added value of the portfolio approach is that it provides a specific combination of process and substantive ingredients by which a shared, integrated knowledge base about market positions of urban neighbourhoods, their driving forces, possible ambitions, perceived opportunities and possible strategies can be generated. This increases the chances of better informed deliberation of planning strategies, which in turn would provide a stronger base for more successful (collective) action. More specifically, the hypotheses tested in the research follow the idea that building a shared understanding of the market positions of urban neighbourhoods, their driving forces, possible ambitions, perceived opportunities and possible strategies requires an integration of explicit and tacit (implicit) types of knowledge and information. This follows insights from knowledge management, which are related to the dominant communicative planning paradigm and stipulate that building a shared knowledge base requires an open, communicative process.

In terms of content, it was assumed that local governments face the task of realising public goals while becoming increasingly more dependent on private means. With private investment being more footloose, for many local and many regional and national governments, attracting investments has become a serious challenge. Hence, to understand the rationales and dynamics of the market is a pre-condition for effective public (or public-private action). Building on this assumption, it was hypothesised that the portfolio matrix and portfolio maps, featuring the distinction between current position of neighbourhoods and their potential, provide a concise conceptual model representing the city’s property market dynamics.

Context, intervention, mechanism and outcome (cimo)

The portfolio approach was evaluated on the extent to which it succeeds in providing an instrument that can facilitate and stimulate the generation of shared knowledge about the dynamic positions of urban neighbourhoods, opportunities and possible strategies for development. The first conclusion, in line with the first hypothesis, is that in general the approach is useful for facilitating a collective learning process that can generate additional insight about the changing positions of neighbourhoods in the property market, development opportunities and potential strategies. The workshops generally succeeded in generating such (shared) knowledge. This conclusion is based on observations, reactions by participants and the continued application of the approach in Amsterdam. It concerns knowledge for instance about how neighbourhoods have evolved, why value increase did or did not take place, about differences in opportunities between areas, or the possible leads for redevelopment strategies.

The second main conclusion concerns the how of the approach. The iterative research process of applying and evaluating the approach, particularly in and after the workshops, resulted in an increased understanding of the functioning of the approach. It also demonstrated some of the conditions that influence the chances of achieving the desired knowledge generation, such as the urgency of the issue at hand or the availability of adequate data and maps.

Based on empirical insights from the eight cases, it seems plausible to conclude that the collective learning process about the neighbourhoods’ positions, op-
portunities and strategies was effective due to the specific combination of process and content ingredients. More specifically, the portfolio approach provides a platform for discussion, where different types of explicit and tacit knowledge and information about the market dynamics meet, are confronted and combined with each other. It generates a richer understanding of the situation and the possible interventions.

Below, I will summarise the findings about the generative mechanism that emerged from this research process and the technological rule that ensues. These findings are discussed more extensively in Chapter Six. Building on Pawson and Tilley (1997), the evaluation of the portfolio approach (as in fact any tool, instrument, or program) should be based on distinctions made between the elements of context, the mechanism and its outcome. Denyer et al. (2008) add the element of intervention to this equation, resulting in the so-called prescriptive CIMO-logic:

in this class of problematic Contexts, use this Intervention type to invoke these generative Mechanism(s), to deliver these Outcome(s). (Denyer et al., 2008, p. 395-396)

As its primary outcome, the portfolio approach generates learning processes about the city and the changing positions and opportunities of its neighbourhoods, as well as about possible strategies. The first required outcome is establishing good communication and constructing a common language among the participants in the workshops (Rouwette et al., 2002). Finding a common language is important and this may sometimes be difficult when participants work for different types of organisations. With respect to the content of the approach, the outcomes involve the individual and particularly the shared insights about neighbourhoods, how and why one or more neighbourhoods change and the useful interventions. It is interesting to note that the neighbourhoods’ positions in the portfolio generally raised more surprise among local civil servants than among participants working for the (semi) private sector. This suggests that there is a larger added value for the primary client, the local planning department. Discussions among the different types of actors sometimes resulted in another type of insight, i.e. into the way other (types of) stakeholders look at the city. It reflects the interdependent relationship between the different actors in the city and the importance of knowing each other’s viewpoints and interests.

It is important to stress that although the portfolio intends to support deliberation and decision-making about planning strategies, these workshops are not the arenas where decisions are generally made. Decision-making in general, and also specifically in planning, usually is a fragmented process consisting of different phases, streams, or rounds, with the participation of various actors of differing power levels (Teisman, 2000). It is therefore difficult to pinpoint specific times and places where actual decisions are made or initiated. The portfolio workshops have an interesting position in this respect. On the one hand, the chances of taking actual decisions are smaller there, as the approach was (at least in this research) not an integral part of existing projects. A workshop is more of a ‘free exercise’, connected but not fully integrated with a project. On the other hand, this distance from the ‘daily practice’ of managing a specific project can also provide the open environ-
ment and the freedom to think out of the box, which is sometimes crucial for achieving a breakthrough. The learning process may provide the momentum that can lead to more immediate outcomes.

Following Simon (1969), one can say that another type of outcome of the portfolio approach is the portfolio approach itself. Through a process of experimentation, various versions of the approach were applied, tested and redesigned. The current version of the approach is used in the Amsterdam Physical Planning Department, along with an instructional workbook. This is an indicator for the usefulness and the applicability of the approach ‘here and now’.

**Figure 8.2: Discussion of the portfolio maps in a workshop in Amsterdam**

The intervention of the portfolio approach is the part of the mechanism which is consciously manipulated by the design scientist. In the case of this research, it is the input of explicit information in the form of portfolio maps and the portfolio concept, together with the organisation of the workshop. This involves deciding with the ‘client’ on several operational details, for example who to invite, how to set up the workshop, or selecting the areas of interest to be covered. The mechanism is based on the notion that explicit and tacit knowledge are confronted and integrated in order to create new knowledge. The so-called SECI-model,\(^1\) introduced by Nonaka and Takeuchi (1995) and discussed in Chapter Three, was adopted as a conceptual mechanism. The concept was used to look at knowledge exchange and knowledge generation in the portfolio approach.

With respect to the SECI-model, the workshops accommodated the externalisation of tacit knowledge, which is combined with other tacit knowledge and with the explicit information provided by the portfolio maps. Based upon Nonaka

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\(^1\) SECI: Socialisation, Externalisation, Combination, and Internalisation
In each phase, the tacit information brought to the table by the participants is externalised and combined with explicit information. The latter consists of the portfolio maps, as well as ‘archetypes’ of analyses, opportunities, ambitions, or strategies. People are invited to reflect and react upon the explicit knowledge of the portfolio.
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maps, in order to challenge, specify, correct, and enrich the information with their experience, stories, and ideas. Establishing a richer knowledge base should produce several desirable outcomes: improved quality of the analysis, more realistic ideas about ambitions and opportunities, and more sophisticated ideas about strategies. It is an iterative process of discussion that can create new knowledge, thus increasing the overall level of knowledge in ontological terms and providing the input for the next discussion. Eventually, the chances of better informed deliberation of planning strategies should improve. The workshop is intended to function as a 'social construction site' for new knowledge, where ideas can be discussed, tested and generated (Healey, 2007). The SECI-model distinguishes two other types of learning, i.e. the socialisation and internalisation of knowledge. These are not considered less important, yet they are more likely to take place in daily practice, outside of the workshops as seen in Figure 6.12.

The evaluation of the workshops also demonstrated in types of situations and contexts suitable for the application of the portfolio approach. Application in Amsterdam and Rotterdam revealed that the approach generally appears suitable for large Dutch cities facing the changing (inter) national context of urban planning that is increasingly shaped by the private sector. The differences in the urban economies of the two cities and the profoundly different situation in their housing markets create different types of urban portfolios, and pose different types of challenges. Even despite the marked challenges, the approach was useful in both cases.

What does seem to make a difference is who takes the initiative for applying the approach. Chances of success are much higher if there is a client, i.e. if application is based on a clear demand for the type of knowledge discussed. Added to this is the question whether the specific ‘problem’ or issue suits the portfolio approach. In terms of scale, the idea of the city as a portfolio is most suitable for problems at this level, rather than the level of a single neighbourhood. The portfolio approach appears in particular well suited for discussing quintessential portfolio issues, e.g. where and how to invest in (parts of) the city. Particularly at a relative early stage of the planning process, when options are still open, the conditions for applying the approach are more favourable. In addition, it is clear that a certain degree of urgency is required in order to organise a workshop and attract people in the first place. It can also be helpful if the application is connected to an existing project, with an existing organisation and stakeholder network. At the same time, a certain distance from business as usual is beneficial for creating a ‘social construction site’, where the participants will feel free to experiment with new ideas.

The conclusions above present an understanding of why, when and how the approach works better. Following the design science approach, as discussed in Chapter Four, these understandings should be translated into a useful heuristics for practitioners, called technological rules. Already in the 1970s Van Lohuizen pointed at the importance of this notion for planning research:

Science tends to give preference to the scientific problems of knowing, thinking that practical problems will be solved accordingly. It thus fictionally claims that problems are solved by uncovering and explaining them. (Van Lohuizen, 1977, p. 6, author’s translation)
Therefore, the outcome of the prescriptive research and development of the portfolio approach was shaped into a grounded and tested technological rule: a prescription for when and how to use the instrument (Van Aken, 2004; 2005). It is a prescription which is neither universally valid, nor unique for a single case, but one which, based on testing and evaluation, advocates a type of solution for a type of problem in a type of situation. The portfolio approach is thus suggested as a type of instrument for the type of problem practitioners face ‘here and now’. Chapter Six outlined this technological rule:

*If you want to achieve a collective learning process contributing to the informed deliberation of planning strategies for the city and its neighbourhoods (Y), with an urgent urban development challenge at hand, with relatively high uncertainty about market dynamics in general and about the who, what, and how of intervention (Z), then apply something like the portfolio approach (X).*

One of the limitations of this research is the lack of the so-called ‘β-testing’. That is, even though the portfolio approach was tested and evaluated with others, the developing researcher (me) was always a part of it. Therefore, this research primarily consists of ‘α-testing’. Like any other research it should be replicable in order to confirm or falsify conclusions; in design science β-testing is done by other actors in other cases. This increases the insight into the wider domain to which the functionality of an instrument can be generalised, but it also increases chances of more objective evaluation. As I mentioned in Chapter Four, real β-testing took place only to a limited extent. In this research, the researcher constantly tried to take a critical view on the approach and to adapt the approach based on the critical comments by others. This process of observation and reflection was made explicit and documented as much as possible in this report.

**Further research**

The challenges in urban planning are neither universal in the sense that solutions can be simply copied and pasted from elsewhere, nor unique in the sense that nothing can be learned from successful (and failing) practices. Searching for grounded and tested technological rules is a way to strike a proper balance. As such, it helps to attain an understanding of the types of solutions that may work for types of problems, and why this is the case. In this research, the design science approach allowed me to develop a way of generating shared knowledge among practitioners. But if one considers that planning research is a science that is concerned with developing solutions (similar to engineering, medicine, management, or law), then the design science approach should deserve a more prominent position.

This would require some further methodological elaboration of the design science approach, in order to understand the ways in which it may be useful in strands of planning research. Doing research in close cooperation with practice puts constraints on the freedom to experiment with solutions. Unlike laboratory experiments in the natural sciences where ‘variables’ can be altered at will, such free experimentation is impossible in planning research.

When one takes a step further towards implementing actual interventions in the city, this raises the question how to apply a design science approach in this context. In light of the wickedness and uncertainty of many current urban problems,
experimentation may in fact be the only way to find successful solutions. In these situations it is policy-makers and politicians who experiment; the researchers evaluate the results afterwards. Rigorous ex-post evaluation at a distance is needed for valuable insights. Being at least partly a solution-oriented science, planning research should offer more than that. This would require further exploration of the extent to which planning research, following the design science approach, can engage with practice in cooperative processes of developing solutions (see e.g. Balducci and Bertolini, 2007). It would be interesting to examine the possible ways of combining the design science approach and experiential research approach, based on the learning cycle of Kolb and Fry (1975). This might allow for more structural relationships between research and practice. It could imply more structural reflection on practice by practitioners with researchers, together with a more scientific feeding of practice, both with the aim of producing more effective solutions (Straatemeier et al., forthcoming).

8.3 Market-conscious planning

This research focused on developing, testing, evaluating, understanding and adapting the portfolio approach, with the aim of generating insight into the positions and development opportunities of urban neighbourhoods. In turn, it also aimed at contributing to building a knowledge base for the deliberation of (collective) action. Testing and evaluating the approach resulted in an understanding of when and how to apply the portfolio approach, as summarised in the technological rule given above.

However, the workshops also have generated some interesting substantive insights, where from the different issues, places, and scales, several recurring elements can be distilled. Chapter Seven discussed these elements: factors that influence the neighbourhoods’ positions, how they can change, what gives them potential for development and what kind of strategies should be applied on a neighbourhood, a part of the city, or the urban portfolio in general.

There is an abundant body of literature that discusses how neighbourhoods are affected by (combinations of) socio-economical, physical and cultural characteristics, in relation to other neighbourhoods. Many studies also incorporate the wider institutional and economical contexts, as well as the roles of various agents and organisations: residents, landlords, real estate agents, governments, developers, investors and the media. Scholars often put forward one or a few factors as essential for driving neighbourhood change, either as individual influences or as part of a larger model incorporating different variables (see e.g. Grigsby et al., 1987). What distinguishes the substantive insights gained in our workshops from much of these studies is that, instead of being obtained by rigorous analysis of one or a number of variables, they are based on reflexive interpretations of the discussions in the workshops. They thus represent the participants’ substantive – sometimes conflicting – viewpoints.

First, these (perceived) insights into how neighbourhoods change are connected to insights about the possible strategies for public and/or private interventions in these neighbourhoods and the city. These insights can be seen as technological rules that, in contrast to the technological rules about when and how to apply the portfolio approach, were neither tested in this research nor grounded by evalua-
tion or in literature. Yet they illustrate the type of knowledge that the portfolio approach generates. Second, these insights are important as they are part of the workbook for the portfolio approach. They provide the archetypical input for Figure 6.9. They also provide an illustration of the type of substantive knowledge sought by the portfolio workshops, as well as an example of what market-conscious planning may look like in the light of the wider, changing urban planning context.

This considered, what is behind the neighbourhoods’ positions and what makes them change? A simple answer, often mentioned in the workshops, is ‘supply and demand’. Clearly, the real estate market is not a perfect market, because of the inelasticity of supply, the limited insight into supply and demand, the heterogeneity of real estate as a product and the high transaction costs. Still, in the end property values and the positions of neighbourhoods generally seem to follow the logic of supply and demand. In the workshops, discussions about neighbourhoods, houses, the market, opportunities and strategies could generally be put in terms of where and how to improve the supply of ‘living in a certain type of housing and neighbourhood’, in relation to understanding and stimulating the demands of different groups. This is what makes the discussions interesting: where does demand come from, how will it develop, where and how to adapt the supply in order to match and anticipate the demand?

The synthesis of the substantive outcomes of the workshops is limited to urban neighbourhoods in large Dutch cities, with important differences, most notably between Amsterdam and Rotterdam. The post-industrial economy of Amsterdam is characterised by high share of financial and cultural industries, which attracts many (young and educated) people to the city. Rotterdam on the other hand, characterised by a more industrial based economy, has more difficulty in attracting these groups. The result is the high demand in the housing market in Amsterdam, which stands in contrast to the more relaxed market in Rotterdam. This affects the supply and demand for living space in certain neighbourhoods, as well as the opportunities for urban development or regeneration.

With respect to the differences within cities, location is by far the most important aspect; in particular the proximity to amenities (such as shops and parks) is a valuable asset. In Amsterdam the distance to the city centre is the most dominant factor. One of the crucial differences is being located within or outside of the ring road as well as being on the north or south side of the IJ River. Sometimes, this dominance of location almost seems as an accepted, natural state of affairs. As demonstrated however by the portfolio maps, this pattern was completely different in the 1970s and 1980s, when the now gentrified neighbourhoods surrounding the centre were among the most problematic areas in the country. Rotterdam (and many other cities) gives a clear example that city centres do not have an automatic undisputed high status in the hierarchy of neighbourhoods.

Rather than their distance from the centre, the popularity of neighbourhoods in Rotterdam is related more to the specific, interrelated characteristics of the neighbourhood itself and the housing stock. This is also applicable in Amsterdam to a certain extent. Apart from characteristics of the housing stock, such as the size and the type of dwelling, other important aspects include the status and image of neighbourhoods. Furthermore, neighbourhoods are assessed by the availability and quality of daily services, particularly shops and schools.
Elements that give neighbourhoods a certain urban atmosphere are also very important. The urban fabric (particularly when consisting of older, ‘authentic’ architecture, with mixed-use in the streets) generates a whole that is more than the sum of its parts. In Amsterdam, it is the vibrancy of the city centre with the wide variety of amenities that makes the surrounding areas very popular for living or investment. Their popularity in turn is the base for other adjacent areas to become more popular. Yet for this oil-stain like development to occur, some conditions have to be met; in this matter, the differences between Amsterdam and Rotterdam clearly stand out. The attractiveness of the city centre provides a much stronger ‘base’ for this outward development in Amsterdam then in Rotterdam. Secondly, there has to be sufficient housing demand in such urban neighbourhoods in order to ‘keep the oil-stain development going’, which is more problematic in Rotterdam. This process can be hampered or stimulated by various agents in the property market, the so-called gatekeepers. Private developers are in particular quite keen to accommodate and stimulate this process, since this is where value increase is likely to occur. Housing associations or governments on the other hand may also hamper it, for instance by limiting the selling of social housing. There are also physical conditions that influence the extent to which oil-stain developments are possible, i.e. the ‘conductivity’ of the urban fabric. Barriers in the form of large roads, rail tracks and water may form real or psychological obstacles, with varying persistence.

To a large extent it seems that opportunities are found in the areas adjacent to locations that are already upgrading. This is where private developers see good opportunities to buy low and sell high. For local governments, these are the areas where (re)development or regeneration is relatively easy. In Amsterdam, the areas most often mentioned are Bos en Lommer and Indische buurt.

The main question in Amsterdam is usually whether the barriers of the ring road and the IJ River can be overcome, with the dog neighbourhoods on the other side of this barrier standing out as the real ‘question marks’. So far, upgrading and gentrification have been limited generally to the pre-war neighbourhoods within the ring road. ‘Colonising’ the areas beyond would require more than conquering the sheer distance to the centre. Since these areas are essentially different in terms of architecture, urban fabric and the way different types of land-use are separated, it remains to be seen whether and how they can be turned into popular, urban (or more suburban) neighbourhoods.

Again, there is a large contrast with Rotterdam. The pre-war neighbourhoods in the direct vicinity of the centre exhibit only scarce pockets of gentrification. Delfshaven and the Oude Noorden offer several favourable conditions for upgrading: attractive pre-war architecture, a fine grain urban fabric, waterfront development (Delfshaven), an abandoned railroad track inviting innovative urban design (Oude Noorden). In addition, the vicinity of the centre appears to become more important, considering the growth of cultural activities. However, Rotterdam’s relaxed housing market does not help their development, so the question whether these areas will actually see gentrification raised mixed opinions.

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2 Built before WWII, the Vogelbuurt and Van der Pekbuurt in Amsterdam Noord are interesting exceptions that may provide an advantage for these neighbourhoods.
Both in Amsterdam as in Rotterdam, urban development and regeneration are generally aimed at attracting new groups of residents to certain areas. In essence, there are two strategies to accomplish this goal, either by stimulating an oil-stain development from elsewhere, by connecting to the amenities of the adjacent areas, or by initiating development directly in the location. In both cases, a main condition for success often mentioned in the workshops is the realisation of a certain critical mass. In the first case, development often needs no public interventions at all, but simply happens by neighbourhoods gradually or rapidly changing colour. This is a process driven by demand and facilitated by supply. Starting from scratch, i.e. trying to develop a popular neighbourhood without the help from adjacent popular neighbourhoods, generally requires more interventions. In this case, gathering a critical mass of new groups of residents requires an almost instant realisation of a critical mass of new housing, services, parks, and infrastructure. Even more than the first strategy, it principally requires pioneers, whether for instance it concerns new development in IJburg or redevelopment in the distant post-war areas.

Considering the sheer multitude and complexity at various levels of ambitions, issues, problems, interests and opportunities to be addressed in cities and neighbourhoods, it would seem ridiculous to make a sharp and concise statement or recommendation about the proper ‘meta-strategy’ for the urban portfolio. Most of such oversimplifications are discredited by the complexities of the real world; this is the core of criticism of the portfolio concept introduced by Henderson (1979). Even so, in the light of the current competitive environment in which cities find themselves where public goals are increasingly dependent on private means, aiming for a balanced urban portfolio would be a useful guiding principle for ‘managing the urban portfolio’. As urban development and real estate in general gains importance in urban policy-making (e.g. Fainstein, 1994), it would seem useful to strike a balance between developments using and those generating public resources. The portfolio concept demonstrates that not every site and neighbourhood can be developed. It compels local governments to think about their priorities and to connect their considerations to the priorities of private investors. In terms of urban policies, the more traditional ‘public administration’ approach should be reconciled with the entrepreneurial approach. The goals should be both economic competitiveness and equity (Gualini, 2005). It also implies the need to reconcile long-range visioning with an ad-hoc opportunism to capitalise on opportunities as they appear.

The idea of the city as a portfolio of neighbourhoods should not be misunderstood as a fragmented perspective on the city, one consisting merely of bits and pieces (Healey and Williams, 1993). I hope that this research clearly asserted that the portfolio approach does not stimulate, let alone advocate, such a fragmented perspective. Urban projects are increasingly the result more of ad hoc opportunities than of comprehensive strategic plans, and the portfolio approach was founded and developed on the idea that local governments must adapt to this reality. Crucially, this adaptation may not be at the expense of a wider view of urban challenges that require comprehensive perspectives and strategies. It should also be made clear that, even though the portfolio approach maps the dynamics of the property market and it originates from business literature, it is not a market-oriented instrument. In David Harvey’s terms, the portfolio approach could be understood as a typical product of urban planners leaning towards the interests of private capital. Yet the
workshops demonstrated that taking into consideration the developments in the property market is not the same as letting the market have its way with the city. They also demonstrated that consciously deciding where and how to intervene (or not) in the urban portfolio does not make planners ‘cold-blooded stockbrokers’ of the urban portfolio. Instead, it helps them to explore the possible synergy with public goals by making decisions based on improved insights into what moves private actors and why. The portfolio approach seeks to facilitate market-conscious, not market-oriented planning.

8.4 Informed deliberation of planning strategies

The research provided evidence that supports and articulates insights in existing strategic planning literature. It is more than safe to agree with Albrechts (2004) that strategic planning cannot be reduced to a single tool or concept. Strategic planning should be (among other things) about establishing several crucial links: process to content, long-term perspectives to short-term projects, knowledge to action, and one’s own ambitions to external opportunities. It needs to result in a mobilising, workable, embedded framework, one that can be altered and if necessary discarded (e.g. Mastop and Faludi, 1997).

The reason behind the success of some strategic planning tools, such as the Growth-share matrix, is their simplicity: they are easy to work with. Yet this simplicity is also the basis for severe criticism. The real problem is not their simplicity, but that too often strategic planning was reduced to only these tools. In any case, this is a terrible misunderstanding, one which makes strategic planning very ‘un-strategic’. As stated by Jessop,

> attempts to build effective governance should include (...) simplifying models and practices which reduce the complexity of the world but are congruent with real world processes and relevant to governance objectives. These models should simplify the world without neglecting significant side-effects, interdependencies, and emerging problems. (1998, p. 37)

The practitioners who worked with the portfolio approach seemed to understand this point. Simply showing them the market dynamics in the city contributed to creating a shared image of what is happening, which in turn triggered more sophisticated knowledge building. The portfolio maps can demonstrate the changing positions of urban neighbourhoods, but they cannot grasp the complexities of how neighbourhoods developed, why they differ, the driving forces and the opportunities for development. Therefore, it makes little sense to say that the portfolio maps can serve as evidence for grounding policies or strategies. The same is true for the original portfolio tool, the Growth-share matrix. For instance Seeger (1984) convincingly demonstrated that it is a far too simplified tool to base the entire company strategy and actions on: ‘the matrix picked the strategy – let the matrix implement it!’ (Wilson, 1994, p. 13).

One might conclude then that the relative simplicity of the portfolio maps should be blamed; they cannot offer a sophisticated model of how neighbourhood development and property values correlate with various characteristics and possible
interventions. More sophisticated modelling might result in more detailed knowledge of how such aspects correlate. However, such more sophisticated tools are not equipped for strategy making either. For example, highly complex hedonic pricing models are able to explain or maybe even predict the extent to which property values are connected to e.g. the proximity of shopping facilities or a park. Although this is valuable information, it does not automatically inform urban planners of the preferred course of action. This requires far richer types of knowledge and ideas about why something would work in a particular context. Models and instruments cannot and should not be expected to provide clear-cut strategies. Hence, as noted in Chapter Four, they should not be developed with this aim in mind.

One of the main issues in this research was the treatment of knowledge and information, as discussed in Chapter Three. The success of the portfolio approach depends on the extent to which it contributes to the exchange of knowledge and the generation of new knowledge. The awareness that different types of knowledge and information are important can, in light of the current ‘paradigm’ of communicative planning approaches, hardly be called a remarkable conclusion. In different ways, leading scholars such as Friedmann, Forester, Healey and Innes demonstrated that building sustainable planning strategies requires the construction of shared knowledge that, instead of the traditional view that the ‘expert knows best’, incorporates more local, tacit and experiential types of knowledge of the various stakeholders.

This would seem to apply to two relationships: (1) that between the explicit information of the (academic) researcher/modeller and the more tacit knowledge of the practitioner and (2) the relationship between the practitioner’s information and the tacit knowledge of e.g. local residents. In both relationships, both types of knowledge are important. From a knowledge management perspective, this is not so much aimed at ideas of democratic participation and inclusiveness, but rather the awareness that different types of knowledge are needed to generate a richer base for new knowledge.

The distinction of tacit and explicit knowledge and the way they reinforce each other should make clear that the involvement of the community or local experts does not make tools, instruments, or hard expertise obsolete. There is no necessary division between communicative versus instrumental planning approaches (e.g. Owens et al., 2004). Such a division only hampers processes of strategic thinking, because it overlooks the necessity of bringing together different types of knowledge and, more importantly, it overlooks the challenge of organizing ways of exchanging and integrating different types of knowledge. This proved to be essential for the development of the portfolio approach in this research where explicit information, such as the neighbourhood’s positions in the urban portfolio, is combined with the practitioner’s tacit knowledge of the city, its neighbourhoods and the strategies that proved successful.

It can be argued that it is essential for the development of any planning tool or instrument (and even for sophisticated urban planning in general) to organise such knowledge exchange and generation. Knowledge management should be seen as a crucial part of planning practice as well as an important topic of research. In this particular research, the SECI-model by Nonaka and Takeuchi (1995) provided a useful concept. Yet considering the numerous different types of challenges in planning in different contexts, as well as the debates in the field of knowledge manage-
ment itself, it remains to be seen what the other possible translations of knowledge management to planning may look like. It would be therefore interesting to further explore the ways in which insights from the field of knowledge management, including concepts such as the SECI-model, can contribute to the field of planning.

In the end, the portfolio approach, like any other strategic instrument, should be seen as a possible aid for strategic deliberation. If a neighbourhood appears as a dog on a map, this should trigger the affected stakeholders to pose questions: what is going on there, why is this the case, can something be done, and should something be done? These questions should be answered before deciding about it ‘just because it is a dog’. A neighbourhood’s position should be related to other information, such as the area’s demographics or socio-economic structure. Most importantly, this information should be discussed and confronted with practitioners’ (and depending on the situation, with residents’ and other stakeholders’) ideas about the neighbourhood, in order to get a rich understanding of what is going on, and what could or should be done.
8 Conclusions