

A Legacy Handbook for Inward Investment

A report by *emda*

May 2011

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A Legacy Handbook for Inward Investment



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Foreword

Inward investment has been at the heart of successive Regional Economic Strategies throughout the life of the East Midlands Development Agency (*emda*). Since the agency took on the role in 1999, it has played an important role in attracting new investment into the region from overseas and in encouraging follow-on investment.

emda has been involved in securing more than 30,000 jobs associated with inward investment in the region. This represents 75% of all jobs from overseas investors over the past 11 years, and is a massive contribution to the East Midlands' economy.

Global competition for new investment is fierce; but the East Midlands has proved to be an attractive location for businesses because of its central location, relatively low cost base, and growing reputation for technological excellence in some key sectors, not least in manufacturing. In the transport equipment sector, for instance, the region has exceptional capabilities in its research base, complementing the presence of the likes of Rolls-Royce, Bombardier, Toyota and Siemens.

emda has continued to achieve or exceed its targets for inward investment, despite the international competition and the downturn in the economy. In 2010/11 the agency achieved a total of 42 inward investment successes against a target of 35, creating and safeguarding 4,522 jobs against a target of 2,800. It is testament to the professionalism of the Inward Investment team at *emda*, and to the partners that worked closely with them, that they exceeded their targets at a time of much uncertainty.

We leave behind a strong baseline and legacy for our successors, having worked very closely in the past at national level with UK Trade & Investment and at local level with sub-regional partnerships and local authorities.

We have prepared this handbook so that our successors will be able to learn from the knowledge and experience that we have accumulated over the past decade. We wish them every success in their efforts to deliver the levels of success that *emda* has achieved during that period.



Steve Brown
Board member
emda
May 2011



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Executive Summary

This legacy handbook has been prepared as a **guide for the next generation of organisations involved in securing inward investment** for the UK and the region.

emda's objectives from its inward investment activities have been to attract new business investment into the East Midlands from overseas and to encourage existing investors to stay and grow in the region.

It has been recognised in successive Regional Economic Strategies that the attraction and retention of **inward investment is an important driver of the economy** because:

- Businesses that operate internationally tend to have higher rates of productivity and innovation than those that only do business in the UK
- Jobs created as a result of investment by overseas companies tend to be good quality and have an annual salary about 10% higher than the regional average
- A high percentage of inward investment has been in the region's priority sectors, which often contain knowledge-driven, R&D-intensive investments.

Key Achievements

Since 2001, *emda* was involved in securing more than 300 inward investment successes in the East Midlands, with some 30,000 jobs created or safeguarded. This represents 75% of all inward investment jobs in the region over the same period. There are now over 2,500 internationally-owned businesses in the region.

Lessons Learnt

External **evaluations** from 2007 to 2009 were very positive about *emda's* performance against relevant economic criteria. They highlighted a strong fit with the Regional Economic Strategy, an appropriate focus on the region's priority sectors, and effective alignment of resources in overseas markets to reflect changing global trends. They also noted that *emda* had achieved good levels of client satisfaction, with more than 80% of existing investors reporting, in the most recent survey, that they were satisfied with the support provided. The evaluations also concluded that *emda* has had a productive influence on national, regional and sub-regional partners.

Based on *emda's* own experience of delivering inward investment activities at sub-national level for more than a decade, we have also identified a number of **learning points** for successor bodies. These include:

- A strong but carefully targeted focus on key sectors has paid dividends in terms of results. Some 75% of all *emda*-involved investment since 2001 has been in the region's priority sectors and, since the latest inward investment strategy came into operation in 2006/7, about 40% has been in the top priority sector of Transport Technologies.



- The conversion of FDI leads into successes can be a lengthy process and it is a fiercely competitive market. The conversion rate for enquiries in the 3 years to April 2010 was 6% and the average conversion time was just over 6 months.
- Investor Development, encouraging follow-on investment from existing overseas-owned businesses, has consistently been the main source of jobs from inward investment, amounting to 88% over the period from 2001. This activity needs to be resourced accordingly.
- *emda* has succeeded in building good relationships with existing investors, utilising key account management principles. It is important to have the capacity to engage with businesses at a senior level in order to achieve these positive relationships.
- Investor Development is also an important source of market intelligence; particularly in relation to the drivers of investment and business expansion. Infrastructure development, recruitment & training and finance were identified most recently by investors as the key factors for growth.
- Economic development specialists in market proved to be *emda*'s most successful representatives overseas.
- There is no need to develop a bespoke property database for a region or locality, given the availability of commercial systems.
- It will be important for UKTI and their contracted provider to have clarity on roles and responsibilities when working with local partners in the future, drawing on *emda*'s experience of establishing working protocols with their sub-regional partners.
- Involvement and experience of key regional business leaders and service providers proved valuable in influencing investors to locate in the region.

The Legacy Handbook for Inward Investment

The handbook tells the story of *emda*'s **approach to inward investment**, in three main areas:

- The attraction of new foreign direct investment into the region
- The retention and growth of existing overseas and large UK businesses in the region (Investor Development)
- The provision of enabling activities such as knowledge management and marketing across both of these areas.

It explains the genesis of *emda*'s inward investment strategy, focused on securing knowledge-driven, R&D intensive investment from the Transport Technologies sector where the region has international competitive advantage. *emda* also continued to be proactive in pursuing inward investment opportunities in other, more niche, sectors where the region has international competitive advantage including drug development, medical devices, food & drink technologies and renewable energies, linking into the priority sectors outlined in the RES. Opportunities from other sectors were handled on a more reactive basis. It also explains the approach to business planning and resources.

Working with partners is a key section of the handbook, both at national and sub-regional level, given that *emda* needed to work hand in hand with UKTI as part of the UK's global network to win



new business for UK plc, and with local partners to draw on their deep knowledge of their localities.

The handbook goes into some depth on the process **for developing inward investment successes**, from the identification of potential opportunities to the way in which *emda* managed leads and enquiries. It also includes a section on how overseas representation was used to identify opportunities in key markets.

A chapter of the handbook is dedicated to *emda*'s approach to **Investor Development**, which is based on the management of key accounts. Latterly this involved the deployment of a locally-based team of account managers, employed by a third party provider. Investor development activity included the provision of business support – brokering in existing national, regional and local products to meet the needs of the investor; and business development – identifying opportunities for retaining or growing existing investment.

There is also recognition of the important supporting role of **knowledge management and marketing**, including proactive research in target sectors, and the use of the England's East Midlands website.

Finally, the handbook contains a number of **case studies**, illustrating the activities covered in the main body of the report.



Introduction

Purpose

This handbook has been prepared by East Midlands Development Agency (*emda*) as a legacy document for successor bodies, both nationally and locally. It describes *emda*'s inward investment activities from 2001 to 2011 and highlights the learning points gained from *emda*'s experience.

From May 2011, UK Trade & Investment (UKTI) assumed all of *emda*'s responsibilities for inward investment support. They deliver these activities through the Foreign and Commonwealth Offices' Posts across the world and through contracted service providers in England. The providers will be required to coordinate their activities with any independent inward investment activities coordinated by Local Enterprise Partnerships (LEPs) and funded by Local Authorities.



Chapter 1

Economic Context

Rationale for Inward Investment Activity

Foreign Direct Investment (FDI) activity and inward investment promotion have become standard functions of many governments, embassies, trade bodies and agencies around the world. Investment promotion is carried out at various geographical levels including national, regional, sub-regional and city. Inward investment brings a number of benefits to an area including:

- Increased productivity growth
- Improved competition effects
- The attraction of high-value investment
- Positive externalities associated with inflows
- Addressing economic imbalance between different areas.

Many national governments and other public bodies choose to fund investment attraction activity on the basis of information and institutional market failure. The two main types of market failure associated with inward investment are described below:

Information Barriers to Entry

One of the strongest arguments in support of inward investment activity is that potential investors may not be well informed about the benefits of investing into a particular country or region. They may not be aware of all the costs and risks involved in investing and they may not know who or where to find this information. The consequence is that the level and value of investment is lower than it should be and/or that it is poorly targeted geographically.



Networks and Institutional Failures

The private sector alone is either not willing or unable to develop and maintain adequately the institutions and networks that support international/national linkages and knowledge flows. Government help may be needed to facilitate and encourage private sector co-operation in these areas, or to complement private sector roles. In the case of FDI, East Midlands' examples of this type of activity include working with organisations such as the China-Britain Business Council and encouraging co-operation among trade associations in related sectors to research overseas opportunities.¹

The case for the public sector to encourage further FDI inward investment is a strong one, both nationally and regionally, with a clear rationale for government intervention. For the East Midlands, the informational barrier failure has arguably been even greater. The East Midlands is less well known as an entity compared to regions with better known urban concentrations, for example the West Midlands with Birmingham at its centre. This has required a greater focus and activity to raise profile, knowledge and understanding of the region's strengths and business opportunities with potential overseas investors.

National Context

In the UK, FDI activity for the country as a whole has been led nationally and internationally by UKTI; their network of overseas offices and London HQ providing leadership and coordination for the RDA investment teams across England.

The nine RDAs have supported inward investment activity through their Single Programme (derived from several Government Departments and routed through BIS), to which UKTI have also contributed funding. In 2009/10, UKTI contributed £14m through the RDAs' Single Programme, whilst the RDAs contributed a further £13m towards funding inward investment activities.

Regional Context

emda's inward investment function was established in 1999, with a small team transferring from the former East Midlands Development Company (EMDC). Since then, *emda's* function grew to include Investor Development - encouraging the retention and growth of existing investors - as well as other specialist services such as the China and India Business Bureaux.

emda has worked closely with UKTI in the UK and overseas, following their guidelines for validating and reporting outputs, and for sharing information and activities where appropriate. FDI plays a key role in the achievement of *emda's* statutory functions as embodied in the RDA Act.

¹ UKTI Departmental Report 2007



Successive Regional Economic Strategies (RES) have recognised that the attraction and retention of inward investment is an important driver of the economy, for the following reasons:

- Businesses that operate internationally tend to have higher rates of productivity and innovation than those that do business only in the UK. Research suggests that foreign-owned multinational companies (and US-owned ones in particular) that operate in the UK are more productive than their UK-owned counterparts.
- Jobs created as a result of investment by overseas companies tend to be of a good quality. New jobs resulting from *emda*-involved successes have an annual salary about 10% higher than the regional average.

The most recent RES - *A Flourishing Region* - includes a priority action to target FDI activity on those market sectors that are likely to contain knowledge-driven, R&D-intensive investments and back this up with:

- Specialist support to the investing companies to their local needs, including aftercare support
- Specialist support that meets the needs of those larger companies that fall outside mainstream business support mechanisms.

Since 2001 *emda* has been involved in over 300 inward investment successes in the region, with more than 30,000 associated jobs. There are now over 2,500 internationally-owned businesses in the East Midlands.



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Chapter 2

***emda's* Approach**

emda's inward investment activity was structured into 3 main areas as follows:

- The attraction of new foreign direct investment into the region
- The retention and growth of existing overseas and large UK businesses in the region
- The provision of enabling activities such as Knowledge Management and Marketing across both new and existing investment activity, as well as UK-based programmes.

Although these 3 areas were structured and funded separately, there was a seamless approach to working across the wider International Team and a consistent approach to strategy and operational issues.

New Investment

FDI Strategy

emda's initial approach to foreign direct investment activity was structured on a global region basis (North America, Asia Pacific and Europe), following the approach adopted at EMDC. *emda* had representative offices in priority markets within these 3 regions and this is addressed later on in the handbook.

This approach was reviewed in 2002/3 and a sectoral approach was introduced, with sector teams replacing the global teams. This addressed the need to focus primarily on the client's business and industry sector rather than their country of origin.

In 2006, following research to establish where the region had international competitive advantage, the sector approach was further refined, to provide a clearer definition to the region's offer overseas.

Particular attention was given to the opportunities in transport technologies, a RES priority sector. This is the main sector in which the region has a globally competitive offer, with the likes of Rolls-Royce, Toyota and Bombardier in the region, as well as being the UK home of motorsport.

The region has a globally competitive offer in Transport Technologies with Rolls-Royce, Toyota and Bombardier in the region, as well as being the UK home of motorsport.

This prioritisation has been supplemented with the targeting of knowledge-driven, R&D-intensive companies and projects in this area, exploiting regional strengths in leading-edge technologies.



This strategy has been successful, with 40% of all *emda*-involved investment successes being transport-related businesses since the strategy launch in 2006/7.

Whilst the strategic objective has been for the East Midlands to be known above all as a region with world-class capabilities in transport technologies, *emda* continued to be proactive in pursuing inward investment opportunities in other, more niche, sectors where the region has international competitive advantage. These included drug development, medical devices, food & drink technologies, renewable energies which again linked into the priority sectors outlined in the RES. Opportunities from other sectors were handled on a more reactive basis.

***emda* continued to be proactive in pursuing inward investment opportunities in other, more niche, sectors where the region has international competitive advantage.**

A review of the RES in 2009/10 confirmed that the same four sectors (Transport Equipment, Healthcare, Food & Drink, and Sustainable Construction) were still priorities for the East Midlands.

UKTI also targeted investment on a sector basis and had eleven dedicated sector teams covering trade and investment activity nationally. Although some of these aligned with the East Midlands' priority sectors, there were also some key differences with, for example, Creative Industries and Financial Services being key sectors for UKTI but not for the East Midlands.

Planning Process

Annual plans for Inward Investment were developed within the context of *emda*'s 3-year Corporate Plan and annual Business Plan. The plans were developed by *emda* on a sector basis, coordinated with UKTI overseas and with *emda*'s overseas representatives. A master activity plan was also developed to enable resource planning and visibility of activity across all markets.

The following plans were developed for 2010/11:

- Transport Technologies
- High Technologies
- Master Activity Plan
- Knowledge Management
- Marketing
- Investor Development FDI and Large Business Support
- Resourcing.



Funding Process

emda's international activity was funded through its Single Programme allocation from central government, which included an element of funding from UKTI. Expenditure on international activity has taken two forms:

- In-house expenditure, primarily for salaries and administration costs. Budgets for this were allocated through the annual business planning process
- Purchased Programme activity with expenditure on purchased services from budgets approved by the Board on a 3-year cycle and on an individual project basis, which were reviewed as part of our annual business planning process where appropriate.

emda's internal project appraisal process has ensured strategic alignment, value for money and effective management of all of the later project activity. The appraisal process included:

- Formal agreement that a project had strategic alignment and could apply for funding
- A comprehensive, structured application
- A technical appraisal
- Internal sign-off through senior management
- Approval from the Board Resources Group.

***emda's* international activity was funded through its Single Programme allocation from central government, which included an element of funding from UKTI.**

Inward Investment Projects

Until 2003/4, projects were managed at a micro level, with applications submitted for individual overseas offices and activities. This was simplified from April 2004 when projects were grouped together by global region or area of activity, allowing for a more flexible approach to activities and opportunities in overseas markets during the course of the financial year.

This resulted in seven inward investment projects relating to the attraction and retention of FDI into the region: three outward-facing, defined by a particular priority geographic market; three 'enabling', providing support across the board to the market and sector activity, and the Investor Development project.



International projects and indicative budgets for 2010/11 were as follows:

Project	Budget 10/11 (£'000)	Focus
North America	400	Overseas representation and activity in USA and Canada
Asia Pacific	638	Overseas representation and activity in Australia, China, India, Japan
Europe	350	Overseas representation and activity in France, Germany, Scandinavia
International Marketing	200	Marketing, branding and PR services for all international activities including the website
Product Development	250	Data management, commissioning or undertaking of research, reporting, lead generation for all international activities
UK Activity	150	UK Intermediaries programme, sponsorship and event attendance in the UK, incoming press tours and missions, and the costs of evaluation
Investor Development	530	Funding of sub-regional Investor Development team, activity to retain and grow regional overseas and large UK owned companies

Staffing

The original investment team that joined *emda* from EMDC consisted of seven people and was focused largely on attracting new FDI into the region. From 2003 onwards, the *emda* team was restructured into four sector teams of 2 people each, and separate Investor Development, Marketing and Product Development teams were created. The primary focus in 2010/11 remained on sectors, with managers also taking responsibility for overseas markets. This matrix structure ensured a pan-market approach to sector activity in an increasingly international business environment. At the start of 2010/11, the total complement on inward investment activities was 13 people, excluding marketing and the India and China Business Bureaux.

The Head of Team was also responsible for *emda*'s India and China Business Bureaux, whose primary focus was trade. The International team reported into *emda*'s International and Innovation Director, and was part of the Business Services Directorate.

KEY LEARNINGS

- Strong sectoral focus, and also aligning teams geographically with projects and funding, drives operational efficiency
- Financial and activity planning at a country and global regional level allows for a flexible cross-sector approach in market.



Overseas Representation

In order to provide lead generation from overseas and also to represent the region's interests, *emda* has had representatives in priority overseas markets including:

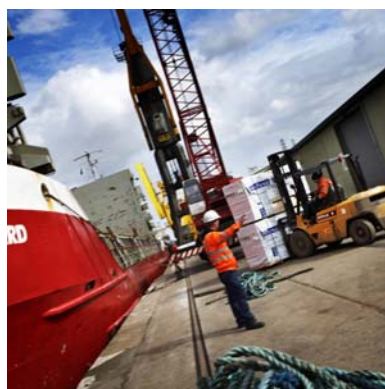
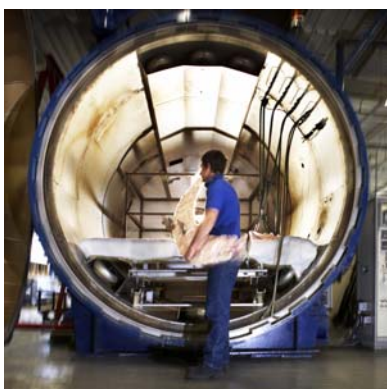
- North America, including Canada
- Asia Pacific - Japan, India, Australia, Singapore
- Europe - France, Germany and Scandinavia.

In North America and Asia Pacific, *emda* has had shared offices with Advantage West Midlands (AWM), operating under the 'British Midlands' brand. This partnership was discontinued in March 2009, although both RDAs continued to work together in North America and Australia.

emda inherited some overseas representation from EMDC, including offices in North America, Germany and Scandinavia, as well as some ad hoc activity in France. There was also an arrangement in place for sharing activity in Japan with AWM. In 2002, IBM conducted an assessment of *emda* and AWM's overseas offices and made recommendations for extending the network in North America, as well as potential activity in China, Japan and Europe. Under the joint British Midlands brand, further offices were opened in the USA & Canada, Singapore (covering China as well), Australia, and India.

One of the key issues with all overseas offices, for both RDAs and UKTI, has been the difficulty in linking outputs to activities and representation. On occasions, the link between a given activity or meeting a potential investor and a successful investment is clear, but more frequently the links are less clear and may happen over a period of several years. *emda* kept its overseas office network under review and changes were made over time based on performance and changing needs; the Singapore offices were closed in 2005, Toronto in 2006 and Scandinavia in 2008.

Key priority markets for *emda* were those markets where there was a good match for the region's internationally competitive sectors, where there was historically a high level of investment into the UK and the region, and where there was good evidence of growth potential in those markets for the region.



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UKTI and RDA Overseas Representation

RDA overseas representation has been the subject of much scrutiny over the last few years, with many Freedom of Information requests and Parliamentary Questions, asking for information on costs and staff numbers. There has been concern over potential duplication of activity with UKTI's overseas offices and a perception that there has been confusion in the minds of potential investors. UKTI has 160 overseas offices, in 96 countries, covering trade and investment activities as well as ambassadorial and other government roles.

In 2007, Arthur D Little were jointly commissioned by UKTI, the RDAs and the Devolved Administrations (Das) to conduct a review of overseas representation for inward investment support and to identify options for how existing resources could best be used to benefit the UK as a whole. The report concluded that the arrangements were "generally effective for the UK as a whole, although there are undoubtedly areas for improvement". There was no evidence of significant confusion, inefficiency or waste of taxpayers' money, as had been suggested in a Select Committee report. Areas for improvement included better coordination between UKTI and the RDAs on enquiry handling, strategy and planning, sector focus, and better measurement of impact and effectiveness.

As a result, by the end of March 2009, a number of changes were made to the way in which UKTI, RDAs and DAs operated in overseas markets, including joint planning, more shared activities, increased co-location and the introduction of common UK branding.

Forms of Representation

Over the 10 years *emda* has tried a number of different forms of representation in overseas markets, including direct employment, sole/small traders and larger (tele) marketing companies. Although each model had its pros and cons, the most successful and flexible model from *emda*'s perspective proved to be small/medium size specialist economic development companies based in the overseas market. Typically they were able to provide a team of people who worked on *emda*'s account; allowing for additional support at times of peak activity, specialist input, IT systems and research tools. Direct employment and sole traders have been found to be less flexible and higher risk.

Over the 10 years *emda* has tried a number of different forms of representation in overseas markets, including direct employment, sole/small traders and larger (tele) marketing companies.

Following the AD Little review, the co-location of RDA representatives in UKTI offices and Embassies was explored and trialled by several RDAs in India and Japan. Although this option was considered by *emda*, it was felt to be too inflexible and costly due to the Service Level Agreements required by the FCO in overseas markets. This model was perhaps best suited to RDA direct employees in overseas markets rather than contracted staff, *emda*'s preferred route to market.



However, *emda* worked closely with UKTI in all overseas markets where they had a presence and also those key markets (such as Ireland, Spain, Scandinavia and Italy) without *emda* representation. As well as participating in joint quarterly review and planning meetings with UKTI, either through the *emda* representative or by teleconference call from the UK, there have also been a number of joint activities in market with UKTI.

KEY LEARNINGS

- Overseas offices' performance needs to be regularly reviewed given the difficulty in linking activities and outputs
- Contracts are easier to manage if payments are in £ sterling with annual review clauses (if the contractor insists) for exchange rate variation and inflation (but need to clearly cite the reference point for these measures); targets and bonus schemes are difficult to enforce given the nature of FDI
- SME economic development specialists in market have proved to be the most successful organisations for *emda* to work within overseas markets
- Partnership working is possible on a shared cost basis but impossible to share outputs equally given the nature of FDI.

Identification of Potential New Investors

The process of securing FDI begins with lead generation and goes through a number of steps culminating in the successful landing of investment. The key steps taken by *emda* included:

Stage in process	Definition*
Prospect	Initial contact – no specific project or timescale
Lead	Potential interest in UK, 18-36 months
Enquiry	Potential interest in UK, 12-18 months
Proposal	A business proposition sent proactively or reactively to prospects, leads and enquiries to promote market opportunities and delivery client information
Inward Visit	A visit by a foreign company which the RDA has either arranged itself, or substantially assisted such as UKTI-led visits
Investment Success	Foreign Direct Inward Investment (FDI) by a non-UK owned company. This comes in many different forms, but predominantly arises from new investment projects, or from existing businesses, such as expansions or acquisitions

* UKTI definitions



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Lead generation activities were identified on an annual basis by the sector teams working with *emda*'s overseas representatives and UKTI's overseas offices. Plans were reviewed on a regular basis throughout the year to take account of changing circumstances and new opportunities. The range of lead generation activities undertaken typically included: attending or exhibiting at sector-specific trade shows, other events and exhibitions, targeted lead-generation campaigns, and research. A number of sector-based events were organised by *emda* with partners (including UKTI) in overseas markets, with speakers from regional universities and centres of excellence; typically these proved to be the most successful type of events in terms of lead generation.

These activities were outlined in annual sector and market plans, and summarised in an annual master activity plan.

In addition *emda* received new investment leads from UKTI via their 'Docstore' system, and direct contact from potential investors, including contact through the England's East Midlands' website.

Looking at the source of *emda*-involved successes from 2001/02 through to 2009/10, it can be seen that more than 80% of total successes were sourced by *emda* - through *emda*'s overseas representatives, research and lead generation, and activities and events that *emda* organised and attended. UKTI sourced about 30% of new investment successes, but most Investor Development successes were sourced within the region.

A number of sector based events were organised by *emda* with partners (including UKTI) in overseas markets with speakers from regional universities and centres of excellence; typically these proved to be the most successful type of events in terms of lead generation.

Source of *emda* Involved Successes

International Team	Direct	Other	UKTI	Grand Total
Inward Investment	69 4		32 105	
Investor Development	159 6		6	171
Grand Total	228	10	38	276

International Team	Direct	Other	UKTI	Grand Total
Inward Investment	66% 4%		30% 100%	
Investor Development	92% 4%		4%	100%
Grand Total	83%	4%	13%	100%



Enquiry Management Process

In order to handle incoming enquiries effectively, *emda* developed a structured process to identify top priority projects for the region. All leads and enquiries were logged on the *emda* corporate Customer Relationship Management system (RBSIS) to ensure that accurate records were kept, as well as providing access to information for all members of the team. The steps in the process can be summarised as follows:

- Receipt of lead or enquiry – the team recorded all leads and enquiries on RBSIS.
- Using a scorecard, each project was assessed on a number of measures, including potential for new jobs and probability of landing in the region.
- The project was then allocated to a Business Relationship Manager (BRM) who provided dedicated support to the investor. Typically the BRM picked up projects in their sector but in the absence of a clearly-defined sector then the country manager took on the enquiry.
- The BRM worked with the investor to understand their requirements and formulate an approach. This included generating proposals using the *emda* Intelligent Document word template, a standardised proposal document designed to ensure consistency of format and presentation. It might include liaison with sub-regional partners, UKTI and other information sources to gather additional information. Standard proposals have been created as part of the cessation and transfer work.
- Ongoing relationship management with the client to support their decision process and eventual conversion to an investment. This would often include a visit to the region to view premises and meet university or other key contacts, including business service providers.

This was often an iterative process with several visits and proposals before the investor was ready to make a decision.

Following a successful investment decision, success forms were submitted to UKTI and the relationship handed over to the Investor Development team for ongoing support.

KEY LEARNINGS

- The conversion of FDI enquiries into successes can be a lengthy process, and in a competitive global market for new investments, the success rate can be low. The conversion rate for *emda* enquiries over the 3 years to April 2010 was 6%, or 40 FDI successes resulting from 666 enquiries; the average time to convert these was between 6 and 7 months
- Only 30% of *emda*'s new FDI successes were sourced by UKTI, and *emda* played a key role in lead generation in overseas markets. With the closure of all RDA overseas offices there is a risk that the number of FDI leads coming into the East Midlands could drop substantially



Working with Partners

UKTI

The nine English RDAs, the three DAs and UKTI have worked together over recent years in a coordinated way, as "UK plc", to maximise FDI into the UK and to maintain our position as the second largest recipient of FDI in the world (after the USA) and the largest in Europe. The International Business Development Forum (IBDF – formerly known as COP – the Committee on Overseas Promotion) brought together UKTI and the (R)DAs and was chaired jointly by UKTI and *emda* in its capacity as the lead RDA for Trade and Investment. It met quarterly, in various regional locations across England.

Specific areas of cooperation and coordination of activity between the RDAs and UKTI have included:

- Sharing of regional information – strengths and FDI strategy
- Joint planning and coordination of in-market activity with country posts
- Coordinating attendance and sharing of resources for overseas sector events
- Sharing of leads and enquiries with UKTI posts
- Direct support of specific investment projects; received directly or through UKTI 's "Docstore"
- Coordinating teleconferences with overseas posts
- Supporting UK teams with regional briefing tours
- Using UKTI branding on all RDA marketing materials, business cards etc.

Other RDAs

Given that there is element of competition to attract new FDI to their respective regions between the nine RDAs, there has been more limited collaboration between them. However, where there is mutual interest, RDAs have worked together in a number of ways. For *emda* this has included:

- Working with AWM in North America and Asia Pacific; sharing representative offices and lead-generation activities, and establishing a joint company in the US
- Working with Yorkshire Forward to coordinate an approach to servicing the offshore Wind Energy industry developing around the Humber
- Working with all the RDAs on our joint presence at Shanghai Expo in 2010.



Sub-Regional Partners

emda's FDI activity has been a major source of jobs created in the region. *emda* has taken the lead on investment from overseas into the region and this work has been supported by sub-regional investment teams where appropriate.

Investment into the region from elsewhere in the UK has also been an important source of business and job creation. This activity has been led by sub-regional partners.

The sub-regional partners in the East Midlands included:

- **Derbyshire** - Derbyshire Economic Partnership, Derby City Council (who subsequently transferred responsibilities to Marketing Derby)
- **Greater Nottingham** (parts of Nottinghamshire & City of Nottingham) - Invest Nottingham
- **North Nottinghamshire + North Derbyshire** - Alliance (but subsequently splitting to merge with separate Nottingham and Derbyshire teams)
- **Lincolnshire** – County Council team
- **Northamptonshire** - Northamptonshire Enterprise Limited
- **Leicestershire & Leicester City** - Prospect Leicestershire
- **Rutland** – County Council team.



All (except Rutland and Lincolnshire) received funding from *emda*. This ended on 31 March 2011. Initially this funding was a maximum of £275k per partner, but was reduced on project renewal in 2009/10 to reflect efficiency savings and a contribution to Investor Development services, funded separately. Additionally, partners could draw on other available funding sources where separately agreed. This included funding from *emda*'s sub-regional strategic activities, managed by sub-regional partnerships (SRPs) through the top tier local authorities and funding made available through the local authorities themselves. This funding often supported wider sub-regional promotional objectives.

In return for *emda* funding, the partners agreed to deliver a number of activities and services defined in an *emda*-wide Sub-Regional Investment Plan (SRIP) on an annual basis by the SRPs. The partners had a supporting role to *emda* in attracting FDI to the region. They also worked to attract new UK-based investments to their sub-region. Working protocols were developed and agreed to define the roles of *emda* and partners in investment activity. The agreed remit of the partners was as follows:

- Development of sub-regional investment strategy, liaising with their sub-regional partners, including local authorities
- Lead generation and proactive promotion within the UK to attract investors from elsewhere in the country; although there should be no intra-regional 'poaching' of investors
- Participation in *emda*-led international activities where appropriate
- Management and development of the sub-regional products to support *emda*-led enquiry handling (e.g. CRM and property data), including liaison with other sub-regional partners
- Investor Development account management within the sub-region (this was later absorbed into a region-wide delivery contract).

During the course of the evaluation of sub-regional partner activity in 2009, it emerged that SRPs spent on average 79% of their time on UK-focused investments, and the balance of their time supporting *emda* with international investors (this ranged from 5% to 40% on international activity across the 6 partners). The support for international activity consisted largely of the provision of local property and other information, and supporting *emda* in hosting visits from potential investors.



A review was undertaken of sub-regional sector strengths, following the *emda* FDI strategy work in 2006, to understand the degree to which their offer was regionally, nationally or internationally competitive. This was used to inform development activity undertaken in each sub-region in support of the SRIP priorities, which in turn informed the development of the local offer as well as the understanding of the local offer at a regional level.

Key benefits of this approach included increased sophistication of inward investment activity at sub-regional/local level, and a more effective representation of the regional capability and offer to international investors.

KEY LEARNINGS

- There will remain a need for UKTI to continue to work with Sub-regional partners, possibly through LEPs. It will be essential to create clarity of roles and responsibilities to ensure minimal duplication of activity, clarity of support for investors and a consistent service provision
- Analysis of sector strengths at both sub-national and more local levels informs development of a more robust understanding of the capability on offer for inward investors. It also supports the building of understanding for teams working with the natural tension between local, regional, and national sector focuses.



Investor Development

Regional Context

There are some 2,500 FDI companies in the region that can be classified as large businesses due to their global size. Of these, 370 are large employers (250+ employees) in the East Midlands. There are a further 515 UK-owned large businesses in the region, making a total target market of 3,015 companies.

Many FDI operations in the East Midlands emerged from acquisition by overseas-owned businesses of manufacturing operations servicing national or regional markets. 29% of FDI firms in the region are engaged in some form of manufacturing. These range from recent greenfield investments in highly efficient manufacturing facilities, such as Toyota, to long-standing investments to serve UK and European markets. Many are engaged in low-value operations and subject to intense cost competition.

The Investor Development (ID) function provided a business support service to selected internationally-owned businesses in the East Midlands and to large UK businesses. Through the close relationships that it built with key businesses, it identified and delivered quality, new, sustainable investment opportunities for the region, creating and safeguarding jobs in the region.

There are some 2,500 FDI companies in the region that can be classified as large businesses due to their global size.

The project delivered both business support - activity to broker in existing products to enhance the competitiveness of the local operation - and business development - identification and delivery against investment opportunities. It sought to understand the opportunities for new investment and the barriers to further investment within the region. It supported the future development of these businesses in the region through the coordination and brokering of products and services which delivered against business need.

Using its knowledge of market needs, the ID team shaped the development of products and services nationally and within the region. This was achieved through active working with key specialist service providers/brokers including the Learning & Skills Council, JobCentre+, Business Link, UKTI Trade, other *emda* teams and the regional knowledge base.

The team worked alongside other inward investment colleagues, UKTI overseas offices, UKTI R&D specialists and *emda*'s overseas offices to develop new investment opportunities from within the stock of existing investors.

Resources

The ID team was established in 2003 and a sub-regional team of ID managers was recruited; these managers were hosted and employed by the local economic development partner in their sub-region. In May 2008 *emda* appointed ECOTEC to conduct an independent evaluation of the Investor Development Project from 2006-2009.



The evaluation reviewed the delivery model, considered alternatives and recommended a route to support future service design, providing a foundation for a new approach to project delivery in the period 2009/2010. In order to effect a more consistent service, higher economic value and convergence with other forms of business support, a new model was adopted that led to the creation of a single ID team, managed by a single pan-regional sub-contractor.

The evaluation also recognised the project's effective performance against its central objectives and targets. It emphasised its growing strategic influencing role. Importantly it gave a formal insight into the success of the project from a customer perspective.

The central *emda* team of 3 people were responsible for:

- Managing relationships with regionally important investors
- Developing regional partnerships
- Providing a strategic lead to the sub-regional team
- Providing support and coordination activity to the sub-regional team
- Managing the contract with East Midlands Business (EMB) and reporting to UKTI
- Managing the relationships with BIS and central government.

The evaluation also recognised the project's effective performance against its central objectives and targets. It emphasised its growing strategic influencing role.

The sub-regional team comprised 7 account managers across the region working on a contractual basis for the contractor, EMB. Delivery was funded by *emda* and supplemented by SRP Support.

The team was subject to the Small Firms Enterprise Development Initiative (SFEDI) standards and account managers undertook a Certificate in Business Support accredited by the Chartered Management Institute. A range of business support tools were available to support the team in their interaction with regional companies, including a bespoke business-modelling tool developed by Ernst & Young, fDi Benchmarking, and a wide range of sector research and regional information.

Key Account Penetration

A key feature of the ID service was the adoption of a Key Account strategy and the development of in-depth relationships with the region's strategic investors. The principal measures of this activity were account penetration and the number of key account plans developed.

A qualitative review points to the development of strong relationships with a number of key investors such as Toyota, Mercedes and Siemens.

Performance and Impact

ID activity was assessed against a range of both quantitative and qualitative measures. Quantitative measures included jobs created and safeguarded, business expansions and visits to companies. Many of these were multiple visits to the same company. Around 270 businesses were engaged each year, equating to 11% of the market place. Intelligence gathered in the course



of these visits was used to guide the development of products to support large firms. It was also provided to UKTI to help inform central government policy. *emda* was a significant contributor to this evidence base, consistently providing the highest number of visit reports to UKTI of any RDA or DA.

Qualitative measures included the development of Key Account plans to measure progress against individual client objectives. Latterly customer perception surveys were adopted to measure the degree of satisfaction with the ID service.

The Investor Development project contributed a substantial proportion of all international investment outputs. It accounted for around three fifths of the total successes, and generated at least 88% of job outputs since 2001.

Investor Development has accounted for 88% of all inward investment jobs in the region since 2001.

The increased contribution of reinvestment from existing business to FDI flows is a global trend and the number of projects and jobs from investor development activity has continued to show growth over recent years. The emergence of high-growth markets and cost-competitive locations, such as India and China, has caused global competition for new FDI to intensify, increasing the importance of retaining and expanding existing investments. Despite this, the UK continues to attract substantial FDI inflows and was second only to the USA as a destination for FDI. A recent UNCTAD report suggested that globally 32% of FDI came from reinvestment and suggested this was much higher in developed economies with a large existing base. These trends are reflected at a national level.

ID Engagement with Companies

The Investor Development Team engaged with regional companies on a number of different issues over recent years, helping them to remain in the region and grow their business; this engagement also provided valuable market intelligence for both *emda* and central government. Key areas of intervention included:

- Supporting infrastructure development including rail freight solutions, planning permission and traffic improvements
- Analysis of increased freight movements and site optimisation
- Managing the delivery of support and redeployment to 900 people as part of a Voluntary Redundancy process
- Facilitating investment in energy infrastructure through Carbon Trust
- Assisting with power upgrades, utilising existing contacts and relationships in Central Networks
- Coordinating a regional task force to address the issues arising from the closure of a major regional R&D facility.

Many of these interventions required working with central government departments and regional bodies to bring about successful outcomes for the client companies.



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Measures of Customer Satisfaction

Measures of customer experience versus expectation were developed as an indicator of performance. The service introduced real-time evaluation of performance in this area.

Companies visited in the previous quarter were contacted to complete a short telephone questionnaire, with a mixture of both open and closed questions. Several areas were looked at, including the knowledge of the individual manager, the quality of referrals to other organisations and the solutions to problems / issues that the ID manager suggested.

The results were aggregated and made anonymous, in order that feedback was as honest as possible. Results improved in each quarter, with overall satisfaction rising from 72% in the first wave to 81% in the latest wave. Best practice (where indicated by high scores) was acknowledged and shared, whilst areas for improvement were also highlighted where necessary. Quarterly comparisons were made to ensure that focus was retained.

Strategic Impact

The Investor Development project has had a significant impact on the regional economy in a number of ways:

- Contributed to the strategic thinking on the regional response to the economic downturn through discussion/ideas papers
- Managed the Regional 'Real Help for Business' response unit during the economic downturn
- Developed an economic impact measure which tracked the economic downturn and its impact on major businesses in the region during the recession
- Developed the regional database of FDIs and large UK companies to help shape the understanding of the regional and sub-regional economies in the wake of the downturn - this data has also shaped the profile of designated key accounts as managed by the future delivery agency.

Three further areas where the project has had a significant impact include:

- **Infrastructure Development** – The provision of an efficient infrastructure is central to a region's and its companies' competitiveness. The team has addressed major challenges in the provision of electricity and rail freight facilities to enhance the efficiency of the region's key investors
- **Large Business Support Service** – The development of an enhanced business support offer to large businesses through embedded partnership working across LSC, JC+, EMB and ID team. This saw the development of an extranet and workshops to support collaboration. This proved invaluable in delivering an effective response to the recession
- **Visit Report Analysis** – Information from the 600 visits conducted with business was used to develop a greater understanding of the challenges facing large firms in the region and their needs.



KEY LEARNINGS

- Investor Development has consistently been the main source of job creation from inward investment, creating 25, 932 jobs since 2001, and should be resourced accordingly
- Where key account principles have been fully employed the team has succeeded in building good relationships with firms. This focus has been firmly reinforced in the year 2010-2011. It is recognised that the service needs to develop its capacity to engage with business at a senior level, identify and influence investment opportunities
- The team generates market intelligence through its engagement with firms. The East Midlands was a key source of insight for UKTI, generating 550 visit reports in the year 09-10
- The local delivery structure has worked well and would be well positioned to maintain and further develop networks to support business growth and provide valuable local information to firms. Local engagement with statutory authorities has enhanced the credibility, legitimacy and influencing capacity of account managers.



Enabling Activities

New FDI and ID activity were supported by 3 main areas of enabling activities within the *emda* International Team including:

- Knowledge Management or Product Development
- Marketing
- UK-based activities including the Intermediaries and Global VIP Programmes.

This ensured an efficient and consistent approach across all areas of activity in the International team.

Knowledge Management

The economic rationale for the existence of national and regional investment resources is the need to address the market failure of information provision and availability for potential investors from overseas looking to enter the UK easily.

Arguably, the East Midlands is one of the less well-known regions in the UK, with no single major city (compared with say the West Midlands and the North West). At the same time, it has a compelling offer for companies both in terms of sectors and location. The provision of accurate, relevant and up-to-date information is essential, and a dedicated resource was created within *emda* to carry out this function. This also ensured that the data and information supplied to companies was consistent across the wider team and sub-regional partners. The cross-functional support services included:

Research & Analysis

Support was offered in the form of:

- Reactive research in response to enquiries to advise new and existing inward investors
- Proactive research in target sectors to understand and position the niche market opportunities to attract inward investment to the East Midlands
- Research and analysis of foreign direct investment trends (at both sector and geographical level) to inform strategy development
- Maintenance of a database of East Midlands key selling messages.



Performance Monitoring and Reporting

This involved:

- Collation of East Midlands success details, completion of UKTI success forms and reporting successes to UKTI
- Provision of management information to support performance management, including regular analysis of leads, enquiries, proposals, visits, successes and pipeline.

Direct Business Support

A business modelling tool - fDi Benchmark – was used to provide corporate location benchmarking advice to companies considering different investment locations; to understand the competitive advantages of the East Midlands as a location for their business. This tool was used both to prepare reports for investors as part of proposals sent to them and also used 'live' with the client to explore different options with them during meetings.

IT Systems

The *emda* international team has used IT systems extensively, for example:

- Implementation, training and ongoing development of the current *emda* CRM (RBSIS) for inward investment.
- Creation and maintenance of an *emda* Extranet to share information with *emda* overseas representatives and sub-regional partners.

Historically, another key IT project was the procurement and management of the East Midlands Tractivity enquiry handling and property database, a bespoke system for the region. When this was first put in place (2004) there were no commercially available property database systems and *emda* pioneered the use of such a system across the region.

The system was also used by *emda* for new FDI enquiries with sub-regional partners, but was used with little or no success by overseas representatives. However, given the development of commercially available, nationwide property database systems when the project was tendered in 2009, it was concluded that such a bespoke system was no longer required or justifiable. On the expiry of the Tractivity contract in March 2010, *emda* subscribed to CoStar's Focus database on commercial property availability. This change in approach culminated in significant cost savings for the agency and also for sub-regional partners, with little or no loss of quality in the property information available.



Lead Generation

Generation of new inward investment and investor development leads took place using a variety of techniques, including identifying internationalising businesses in target sectors and markets, and identifying attendees at events/exhibitions.

For example, in 2010, *emda* produced 120 North America Food & Drink leads for *emda* representatives to contact to explore whether they had future plans to invest in Europe/ the UK.

Subscriptions

Managing the contracting and use of subscription services, including fDi Benchmark, fDi Markets, Datamonitor and Bureau Van Dijk.

Procurement

Managing and overseeing inward investment procurement activities, from small tenders to OJEU level contracts.

KEY LEARNINGS

- The provision of accurate and relevant information is key to winning investment into the region and addresses the informational market failure
- A small, central team of specialists proved to be the most efficient way to ensure a consistent approach across the wider International team
- Given the availability of commercial property database systems, there is no longer a need to develop a bespoke property system for the East Midlands
- Internationally recognised and externally accredited tools such as fDi Benchmarking (Financial Times) are extremely useful in demonstrating the region's competitive advantage to investors.

Marketing

The International Marketing team formed part of *emda*'s corporate marketing team, ensuring compliance with wider organisational marketing activity and providing access to specialist resources.

In order to carry out the International Investment activities and deliver against targets, an overarching marketing strategy and annual marketing plans were developed. The strategy was based on the following objectives:



- Position the East Midlands as a cost-competitive destination
- Put the East Midlands on the map of potential/existing FDI in the UK thanks to our sector strengths
- Raise awareness for the UK and the East Midlands
- Promote the benefits of the East Midlands to international investors
- Showcase the East Midlands as the number one business destination in the UK
- Support the team in creating a strong pipeline of projects and “landing” successes
- Support the team in maintaining a strong flow of FDI projects
- Align regional activities with UKTI national strategy.

To achieve these objectives, the marketing plans set out a range of activities aimed at supporting the team:

Activities	Tools
Raise awareness and build reputation	<ul style="list-style-type: none"> • advertising/ campaigns
Engagement activities to promote the regions' strengths	<ul style="list-style-type: none"> • events • exhibitions • round tables • mailings and e-mailings
Consolidate awareness and showcase case studies and successes	<ul style="list-style-type: none"> • PR
Stimulate debate and create a community	<ul style="list-style-type: none"> • social media
Creation of generic and sector specific content	<ul style="list-style-type: none"> • print • web • case studies



Branding

Until March 2009, the East Midlands operated under 2 different brands in overseas markets as follows:



- **England's East Midlands in Europe**



- **The British Midlands in North America and Asia Pacific**

The British Midlands brand was also used by Advantage West Midlands in North America and Asia Pacific; its use was discontinued when the two RDAs changed their collaboration in March 2009. The use of a joint brand presented some marketing and other challenges including:

- Confusion over location for investors; the British Midlands did not appear on a map of the UK
- Confusion with the British Midlands airline resulting in misdirected calls and emails
- Responsibility for marketing and other support activity across the two RDAs
- Developing a unified offer whilst retaining the individuality of each region
- Duplication of activity with each RDA's own brand activity – e.g. a British Midlands' website and sector literature were developed as well as East and West Midlands materials.

Since March 2009, both RDAs worked under their own brand in all overseas markets whilst continuing to share some joint representation in North America and Australia. This proved to be a workable solution and simplified the approach to and reduced the costs of marketing for both RDAs.

Working with UKTI

As well as working increasingly closely with UKTI on joint planning and enquiry handling over recent years, the RDAs were encouraged to adopt UK branding and identity on all published marketing materials; *emda* investment staff included the royal crest and the words "UKTI partner" on business cards and literature included the UK flag logo. *emda* also worked with UKTI on a number of international press tours which were generally more successful due to the scale and 'pull' of UKTI. *emda* worked with UKTI to provide success stories and case studies for the UK's annual results, as well as ensuring that press releases were aligned.

Website

Having an up-to-date, modern, interactive website is essential for any organisation and even more so in an international context. Reaching audiences across the globe is not easy and therefore having a presence on the Internet is crucial.

England's East Midlands had its own website for more than 7 years and it was re-launched in January 2010 with an updated design, updated functionalities and improved interactivity. Key sectors and business support services were highly visible and accessible directly from the homepage. News and information on the business environment were at the top of the menu as it was recognised these were key for web visitors. Separate websites were not developed in other languages, but the site included holding pages in a limited number of key languages. An interactive map was also developed, allowing potential investors easily to map regional companies by sector, as well as infrastructure, universities and centres of excellence.

This website was the first port of call for the target audience, and was also used extensively by *emda*'s overseas representatives and UKTI teams. It enabled easy sharing of news stories, expertise and contact information. The website was also linked to social networking platforms, such as LinkedIn and YouTube, to improve visibility online and increase awareness by raising profile and creating a community.

Being online alone is not enough; a website needs to be easy to find as well. *emda* therefore invested in Search Engine Optimisation (SEO) to ensure that search engines (mainly Google) ranked England's East Midlands high for searches with keywords such as:

- Invest in England
- Investment opportunities in England
- Invest in the UK

In the space of 12 months, the website went from being ranked at a position between the twenties to fifties, to being in the top 10, i.e. Google's first results page. Work carried out with an external web agency proved very successful and a very good benchmark of how to do SEO for such a large website; the SEO cost for 2010 was £16k.

Marketing for Investor Development

Marketing activities were also developed to support the Investor Development offer. The activities had the following objectives:

Activities	Tools
Raise awareness and build reputation	<ul style="list-style-type: none"> • advertising/ campaigns
Consolidate awareness and showcase case studies and successes	<ul style="list-style-type: none"> • PR • Case studies
Engagement activities to promote the team's services	<ul style="list-style-type: none"> • events
Assist the team/businesses in delivering their projects	<ul style="list-style-type: none"> • mailings



Some activities were devised to help the team reach their targets e.g. in take up of a grant. Others were set out to assist the delivery of a specific project: e.g. mailing to regional businesses to inform them of Toyota's staff redeployment and potential opportunities.

These campaigns were devised by working closely with the ID team as well as the businesses involved.

A large piece of work was done around putting together video case studies showcasing interviews with some of the regions' largest foreign investors. These case studies acted as testimonials and demonstrated how strategic and useful the support of the ID team was for the businesses. They were also used as promotional tools for the region itself, assisting to attract further FDI. (See Annex 1, page 69, Regional Profile Raising Case Study).

UK Based Activities

A number of UK based activities to support inward investment were undertaken. This included a soft landing zone offer (see Annex 1, page 66, Business Support case study) with subsidised or free accommodation for new investors for a limited period of time, free company registration and a number of other benefits. Another key area of activity was the Intermediaries Programme. This targeted key business service providers at a national and regional level, aiming to raise the profile of the East Midlands region and *emda's* role in inward investment. A number of referrals were received from key intermediaries, and their support in ensuring the smooth landing of new investors was critical in many cases.

KEY LEARNINGS

- The provision of accurate and relevant information and data proved key to influencing companies to invest in the region, including up-to-date research and credible business-modelling tools
- Marketing activity was key to raising the profile of the region and the England's East Midlands website was a critical part of *emda's* marketing initiative
- *emda's* network of intermediaries or business service providers provided investment enquiry referrals as well as supporting the investment process.



Chapter 3

Benefits and Learning

Involved Successes

RDAs' inward investment results were formally measured in 2 different ways for projects where the RDA had involvement:

- **Key Performance Indicators** - used for reporting new investment and investor development outputs to UKTI
- **Tasking Framework Core Outputs** - used for reporting investor development outputs within and by the RDA as part of a broader range of activities and output measures.

The range of output measures was as follows:

Measure	KPI or Core	Timescale	Reporting	Evidence
New jobs announced	KPI	3 years	To UKTI & RDA	BG3 Success Form
Jobs safeguarded	KPI	3 years	To UKTI & RDA	BG3 Success Form
Success (new business created, retained expanded)	KPI	1 year	To UKTI & RDA	BG3 Success Form
E1 new jobs created	Core	1 Year	RDA	<i>emda</i> / SRP Evidence Form/ Letter
E1 jobs safeguarded	Core	1 Year	RDA	<i>emda</i> / SRP Evidence Form/ Letter
E3 new businesses created	Core	1 Year	RDA	<i>emda</i> / SRP Evidence Form/ Letter
E3 businesses retained/ expanded	Core	1 Year	RDA	<i>emda</i> / SRP Evidence Form/ Letter

The key differences between the reporting requirements for the two types of outputs were as follows:

Key Performance Indicators (UKTI BG3 Success Form)

These were reported to UKTI using their BG3 Success Form which asked the RDA to evidence involvement in a successful project but not to prove a correlation between involvement and outcome. Job figures are projected job creation figures over the first 3 years of the life of the project. UKTI also use this method and format to report their own successes.

Tasking Framework Core Outputs

RDAs have had to provide evidence to BIS of a direct correlation between involvement in a project and the outcome. Core outputs are based on jobs created/safeguarded in the current financial year.

To this end, in any given year, there was usually a difference between the UKTI (KPI) figures and *emda*'s core output figures; actual jobs created might not be created to the level originally envisaged by the investor, and possibly not within the 3-year timescale either. Furthermore, there



were problems in getting companies to agree to provide the evidence required to claim core outputs in the depth and format that *emda* required.

There were also historically some issues with sub-regional partners looking to claim some of the outputs, leading to potential double-counting. This was not a particular issue for *emda* as the agency presented its annual performance on inward investment using the KPI measures, although there has been some confusion in the press.

The two measures were useful in terms of measuring ongoing success, how reality compared with the initial company estimates of job numbers, and how new investment and investor development activity came together. There are many examples of new investors who have gone on to expand in the region beyond their original plans, thus creating further new jobs in the region.

Non-Involved Successes

As well as recording investment successes where *emda* had involvement and worked with the investor, *emda* also recorded investments into the region where there it had no direct involvement. Typically these investments took the form of acquisitions or mergers, or may have been where a company set up its own operations without approaching *emda*.

By recording these non-involved successes, *emda* was able to identify investment trends as well as opportunities for future interaction from the Investor Development team.

Results

Inward Investment played a key role in generating business and job creation outputs for *emda*. Over the period from 2001 to March 2011, *emda* was involved in 318 successes and 31,036 jobs were created and safeguarded, broken down as follows:

	New FDI	Investor Development	Total
Number of Projects	120 198		318
New Jobs	3,813 10,371		14,184
Safeguarded jobs	181 16,671		16,852
Total Jobs	3,994 27,042		31,036

A further 318 non-involved successes were recorded over the same period, creating and safeguarding 11,276 jobs.

Performance in 2010/11 was strong, in spite of the impact of the global recession and restrictions on RDA activities; 14 new and 28 ID involved successes were recorded with a total of 4,522 jobs created and safeguarded.

Evaluation

From time to time, *emda*'s activities were audited and evaluated by a number of different bodies at both a regional and national level.

The positive impact of the International projects has been borne out by a range of evaluations over time including:

National Audit Office (NAO) - 2007

NAO's Independent Performance Assessment of *emda* identified progress in inward investment to the region as a key strength of the agency.

Since 2003, *emda* has made strong progress in leveraging inward investment to the region, moving from 11th to 6th in UK. It has performed its lead role well and has developed an effective network.

Ecotec - 2008

The Ecotec evaluation of *emda*'s International Trade & Investment activities also reported positively, highlighting the sector focus, realignment of resources in overseas markets to reflect global FDI trends, strong fit with the RES, and good performance against economy criteria; other comments of note include:

- Increasing success in attracting companies from the knowledge-based sectors
- A strong degree of synergy between projects and activities under the inward investment element of the strand. The tight co-ordination of activity was vital in developing a coherent approach to overseas promotion
- *emda* developed productive relationships with UKTI East Midlands and the UKTI offices at a national level
- The majority of *emda*'s interventions under the international trade and inward investment strand will continue to generate significant medium and longer term benefits
- *emda* has been effective at articulating and coordinating the respective roles of *emda* and the SRPs in delivering inward investment activity. The SRP investor bodies have a clear responsibility for dealing with enquiries from UK companies as well as support for existing investors, while it is clear that the Agency's inward investment team leads on dealing with enquiries from international companies. The evidence suggests that the sub-regional approach to the delivery of investor development services has been an effective mechanism in providing support to existing investors.

SQW - 2009

In 2009 SQW completed an evaluation of the six inward investment projects in preparation for the project funding application process. Key findings included:

- A clear strategic approach, with appropriate sector prioritisation and geographic focus. The strategy enabled a clearer offer to be presented to potential investors and was delivering much improvement when compared with the previous (pre 2006) approach
- The team and key management were considered to be highly professional and competent, with *emda*'s International activities rated highly against other similar organisations
- A high degree of satisfaction with the support delivered by the six projects and the International Inward Investment Team
- The projects positively influenced the performance of beneficiaries in relation to turnover, profitability and employment
- In terms of gross cost per success and job created, the International Investment activity was well within the acceptable range
- The influence *emda* exerts on its partners at the national, regional and sub-regional levels was widely recognised as being highly productive and providing strong leadership.

KEY LEARNINGS

- The need for involvement at Board/Senior executive level at a very early, pre-lead generation stage and also at the final conversion stages
- The need to keep country costs under ongoing review
- The need to focus on priority projects with larger job numbers where possible.

This evaluation supported the successful application for a further 3 years of *emda* funding for international investment projects.

Sub-regional Investment Projects

In addition, an evaluation of all sub-regional UK-focused inward investment projects was completed by DTZ in 2009. Key findings included:

- The strategic approach to partnership working at the sub-regional level conferred benefits in terms of clearer communication with actual/potential inward investors, less mixed branding and reduction in confusion, more effective team working
- Areas for potential improvement included performance monitoring of SRPs through LAs, communication and closer team working
- Cost per job was considered to represent Value For Money. However, the report raised some concerns relating to the quality of output data available to support this finding.



- Information obtained from both sub-regional investment teams and businesses raised some questions regarding sub-regional UK inward investment activity, and some potential duplication with other business support services
- Some good examples of best practice activity
- SRPs had a primary focus on UK (non FDI) activity with on average 79% of time spent on UK activity (21% on support of *emda* FDI activity).

Following the evaluation of SRPs, and consideration of the recommendations, a strategic review was initiated in consultation with local authorities to consider scenarios for future sub regional inward investment activity. This did not proceed because of *emda*'s abolition.



Conclusion

This handbook has been written as a legacy document highlighting the activities that have taken place to grow inward investment in the region. It notes the key achievements of *emda* and its partners in creating and safeguarding jobs in the region from international companies over the last decade.

The contents of the handbook are intended to provide some background and context for inward investment activity. In particular, a number of key learnings have been highlighted throughout, based both on *emda*'s experience and on a number of external evaluations of *emda*'s inward investment activities. Hopefully these will prove useful to legacy organisations involved in delivering inward investment into the East Midlands in the future.



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Annexes

Annex 1: Case Studies



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Sector Research and Lead Generation

Food and Drink Sector Research and Lead Generation

In-house process to generate market intelligence and identify business opportunities



Pictured: Food technician in lab

Due to the change in government in 2010 and the restrictions placed on RDAs' ability to enter into new contracts, we were unable to proceed with research into the Food & Drink sector as originally planned. We therefore used a combination of in-house capabilities and some limited external research to update our knowledge and identify potential investors.

Background Information

In order to maximise inward investment into the East Midlands from international Food & Drink companies, we initiated a two-staged approach in September 2010:

1. Update and develop our understanding of the region's Food & Drink sector.
2. Identify relevant overseas Food & Drink companies to target direct with a view to attracting them to set up an operation in the East Midlands.

HOW WE DID IT

■ Research

Due to the range and depth of research and intelligence required to update and develop our understanding of the region's Food & Drink sector, we appointed Trends Business Research to deliver this work following an *emda* procurement procedure. The research requirements were split into three main areas:

Companies and assets - Identify and produce a comprehensive database of Food & Drink sector companies and key assets in the East Midlands.

Trends - Food & Drink industry sector trends at the global, national and East Midlands' levels, market forecasts, and benchmark of the regional sector opportunities against UK and European competitor regions.

SWOT analysis - With a focus on identifying opportunities to attract inward investment that would secure economic value for the region.

A key objective of the research was to produce an evidence base which identified the key market opportunities for attracting Food & Drink inward investment into the East Midlands going forward.

■ Lead Generation

Intelligence from *emda's* in-market North America inward investment representatives indicated that they were receiving more and more interest from food & drink companies. We therefore decided to focus the lead generation campaign on the North American market.

To drive down the cost of the lead-generation stage, we developed and implemented a methodology to identify and produce a list of 120 relevant, internationalising North American Food & Drink companies, using in-house resources. This list was then shared with *emda's* in-market North America inward investment representatives to verify, culminating in a final target list of 113 companies to target after the research stage had delivered.

RESULTS

■ Research

Trends Business Research delivered an 'up-to-date review of the East Midlands Food & Drink sector' in early December 2010, meeting the requirements set out in the tender specification.

Sample key points from the research include:

The East Midlands is one of the most productive locations for the Food & Drink sector in the UK. GVA per head for the Food & Drink sector is larger in the East Midlands than the UK average. The regional assets in Research & Development make it an important and attractive destination for inward investors, and demonstrate a research and education environment that is engaged in the sector.

The region's Higher and Further Education Institutes provide good support for the sector through courses, research and industry engagement, and also provide the sector with a healthy supply of trained and skilled labour.

The region's transport infrastructure is integral to the development of the sector. Indeed, the Daventry International Rail Freight Terminal (DIRFT) and Corby rail hub is key to Food & Drink distribution and the regional ports and motorways make it an ideal location for distribution and logistics. The region has good distribution networks to markets in the UK and Europe.



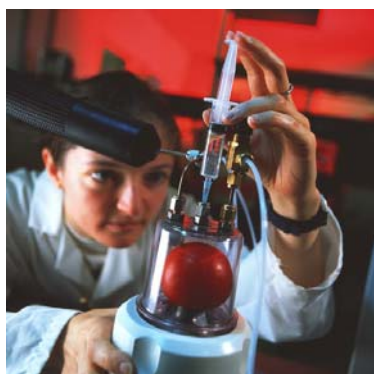
The next stage was for the *emda* International Investment team to provide our North America representatives with a summary of the key strengths and identified market opportunities to support their lead generation campaign.

■ Lead Generation

The feedback from our representatives on the target companies identified by *emda* was positive, and the majority of these would be targeted as part of the lead generation campaign. As the lead generation campaign has yet to start, there are no quantifiable results to evaluate and present. However, this does demonstrate the capability of *emda* to creatively generate new leads using existing resources in a cost-effective manner.

KEY LEARNINGS

The key learning from this approach is the opportunity to develop in-house knowledge and capabilities for identifying and generating inward investment leads without having to outsource such work at a significant cost. Whilst we cannot yet measure the quality of the leads generated, this approach is worth considering for future similar projects.



Exhibitions

Waste to Energy Exhibition, Bremen, Germany. December 2008

Taking part in an international exhibition to generate leads



Pictured: Collecting waste

In order to identify potential investment leads, *emda* both attended and organised events such as seminars and round tables, both in overseas markets and in the UK/region. Taking a stand at key sector exhibitions as well as working in partnership with UKTI overseas, has proved to be successful in certain cases.

Background Information

‘Waste to Energy’ is one of Europe’s leading exhibition and conferences for Energy from Waste and Biomass, taking place bi-annually in Bremen.

Having identified that the East Midlands region offers a range of opportunities in this sector, we decided to attend the 2008 event. The aim was to raise the profile of England’s East Midlands as an attractive investment location in the UK.

To do so we decided that our approach should enable us to reach out to a wide audience. We had a stand in the exhibition, a speaker’s slot with a keynote speaker presenting on the Waste Management Industry in the UK/ East Midlands, as well as a networking event. The event was run in conjunction with UKTI Düsseldorf to multiply the benefits.

These activities were all geared towards the ultimate objective of meeting up with potential investors in the UK/ East Midlands and to demonstrate how England’s East Midlands was the ideal location.

HOW WE DID IT

We identified the need for a German partner to support us in the preparation for the event and the event delivery. We procured this piece of work from Public Link, a German PR company that we already knew from previous projects.

Rather than just relying on passing traffic at the event, we used a more proactive approach and invited companies to come and meet us on our stand. We also worked with partners to organise the networking event and speech to ensure that we made the most of our time at the event. To do so, we used the following process:

Address list ‘qualification’: this involved ‘qualifying’ previous exhibitor lists to identify the right contact within the companies. We were then able to find out whether they had an interest in expanding into the UK, and informed them about England’s East Midlands’ activities whilst at the event.

Mailing to companies: a personalised letter was sent to the ‘qualified’ contacts in which we included a free ticket to the event as well as an invite to our networking reception and, where relevant, individual meetings.

Telephone campaign: as follow-up to the mailing, we ran a telephone campaign to arrange or confirm individual meetings as well as attendance at the networking event. We were working to a target of 10 company meetings in two days and 50 attendees at the networking event.

Speech: we liaised with Margaret Bates (from Northampton University) regarding her speaker placement / presentation content and format for the event. Margaret is a specialist in the Waste Management sector.

Coordination with UKTI: we liaised closely with UKTI Düsseldorf regarding the networking event, which we were jointly sponsoring.

Stand: we developed the stand’s content and design as well as communications materials such as brochures, advertising campaign and press releases (prior to and following the event).



RESULTS

The event was very successful for England's East Midlands. Around 50 people attended our networking session and made for a very interesting event. We had over 40 individual company meetings and came back to the UK with 23 leads and 7 enquiries. One of these has since invested into the UK (West Midlands), several others now have UK projects and are still considering setting up here. We kept in regular contact with another 6 of the companies we met at the event.

KEY LEARNINGS

Working in partnership with UKTI proved very successful. It gave the networking event a larger appeal as they were able to bring information regarding the whole UK market which we were able to complete with East Midlands' specific information.

Having a sector expert attending the event and speaking on our behalf was very useful. It showcased the region's expertise and interest in the Waste to Energy sector. Many clients came to the networking event / stand specifically to meet her and ask additional questions.

The press activities and prior mail/ telephone campaign ensured that we had a steady stream of visitors to the stand as well as a very busy and successful meeting programme. Such a proactive approach, as well as increasing numbers, helped us plan ahead and ensure the smooth running of the event.



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Exhibitions

Innotrans, Rail Exhibition in Germany, September 2010

How we visited an international exhibition to generate leads



Pictured: East Midlands Parkway

In order to identify potential investment leads, *emda* both attended and organised events such as seminars and round tables, both in overseas markets and in the UK/region.

Innotrans is an example of when we attended a global exhibition without a physical presence but where we used in-house resources to do some lead generation and generate some very positive enquiries.

Background Information

Innotrans, one of the largest rail trade shows in the world, is a biennial event which takes place in Berlin, Germany, with 2,243 exhibitors (including the world most significant rail players) from 45 countries attracting 100,000 visitors. We decided to attend Innotrans without booking a stand with the aim of generating leads through a 'targeted meetings' programme, using existing resources rather than incurring additional financial cost.

HOW WE DID IT

The purpose of the lead generation activity was to yield a target list of firms whose business focus had synergy with the UK and East Midlands offer in terms of real market opportunities. We initiated a three-stage approach:

1. Target identification - from the Innotrans list of current exhibitors, we developed a database of 2,243 businesses. This was qualified in terms of country of origin, available contact details and area of activity, such as rolling stock, rail technology, electrification, high speed, and so on. The database was then filtered against pre-defined criteria including:

- **Geography** – to identify countries with advanced rail expertise and to remove existing UK-based operations of international firms. *emda's* overseas representatives and UKTI provided in-market support on the filtering process for the target countries, including US, Australia, China, France, Germany, Japan and South Korea.
- **Activity** – we decided to target our efforts on selected activities, identifying companies which matched East Midlands' market opportunities. These activities were identified by a Rail Research report which we commissioned in spring 2010, representing niche sectors within the rail industry



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in which the UK and / or the region offer significant capabilities:

- Signalling and ERTMS
- High Speed
- Electrification
- Rail Technology
- Freight (NA only)

The outcome of stage 1 was a short-list of companies that operate in target activities within target geographies, and where we could demonstrate a clear market opportunity for these companies in the UK market.

2. Lead Generation – We contacted the short-list of companies to understand their future investment plans, and produce a final list of those with tangible UK investment plans and who would also be present at InnoTrans.

3. Meeting programme – We set up and conducted a three-day programme of meetings at InnoTrans with those companies who had tangible UK investment plans. We also commissioned support from a Rail Consultancy firm providing pre-campaign advice for the companies as well as expertise during the event itself. This expertise was welcomed by the companies we met with.

RESULTS

The overall process was very successful, with the number of meetings reflecting this. We had 16 pre-arranged company meetings, 9 additional company meetings (drop-bys) and 4 meetings with trade associations.

The outputs following these meetings were very encouraging, with seven enquiries, eight leads and one prospect, as well as four client visits scheduled within three weeks of the event.

By utilising existing in-market contacts and representations, additional opportunities were realised issues such as a presentation to the Australian Railways Corporations (resulting in one enquiry and three leads).



KEY LEARNINGS

Results were very positive, and this was only made possible thanks to a lot of in-house secondary research and preparation to develop the target list of companies. Most of the activity to support this approach is front-ended and time-consuming.

A clear filtering approach and the availability of support staff with dedicated time are essential to successful delivery, particularly when exhibitor numbers are significant. It is vital to ensure a clear understanding of the specific geographies and company activities that are to be targeted. This can then contribute to high-quality meetings, ensuring that the clients' interest in the market (clear market opportunity) and the location offer match.

Lead generation support from the Rail Consultancy firm was a significant benefit too, mainly in the preparation, depth and direction of the meetings. This expertise was particularly well received by clients.

This in-house approach can be very cost-effective as long as internal staff have sufficient time to work on the preparation, and support from external parties is made available. The overall approach totalled circa £10K (excluding the pre-commissioned rail research), significantly more cost-effective than outsourcing the whole lead-generation process to external contractors.



Events

Jetro Technology Showcase at Loughborough University

Developing links between Japan and East Midlands organisations



Pictured: Jetro exhibition stand

In order to identify potential investment leads, *emda* both attended and organised events such as seminars and round tables, both in overseas markets and in the UK/region. Working with partners has proved to be a good way to increase the reach and profile of *emda*-led events.

Background Information

JETRO, the Japanese External Trade Organisation, organises an Annual Technology Showcase event, taking place in a different location each year (previously Belfast and Glasgow). The aim of this event is to introduce

Japanese companies to technology developments in universities and thereby encourage future collaborative work.

JETRO chose the East Midlands as the location for their 2010 Technology Showcase. This decision was influenced by the large presence of Japanese companies in the region (70) operating in a wide range of sectors including Transport, Advanced Materials and Textiles, Healthcare and Food & Drink. A further deciding factor was the Japanese Olympic team's selection of Loughborough University for their pre-Olympic training camp, which has brought a lot of media attention on the region and has enabled the East Midlands to develop closer links with Japan.

The East Midlands has a very strong offer in terms of existing research capability, partnering opportunities, and programmes such as Wind, and Low Carbon vehicles.

The event was themed around "Low Carbon, Sustainable Energy and Power". This offered a broad scope to include sub-sectors such as built environment, transport, carbon capture, energy, sustainability and materials. This theme was chosen as it is extremely timely and relevant in the UK, Europe and globally, receives increasing attention from Government and offers a large number of opportunities.

The East Midlands has a very strong offer in terms of existing research capability, partnering opportunities, and programmes such as Wind, and Low Carbon vehicles.



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This event brought together key regional support organisations who gave presentations in the morning session. *emda*, UKTI East Midlands and the Transport iNet (Innovation Network) gave an introduction about the region, the type of business support available to potential new investors, and key regional companies seeking to develop links and activities with the Japanese market.

More detailed introductions on the context and direction of low carbon technologies were provided by UK based Energy Technologies Institute (ETI) and Japanese based NEDO (The New Energy and Industrial Technology Development Organisation). The ETI, based at Loughborough University, is a UK Government partnership organisation that brings together projects that create affordable, reliable, clean energy for heat, power and transport. NEDO – established by the Japanese government in 1980 - aims to develop new oil-alternative energy technologies.

The ETI, based at Loughborough University, is a UK Government partnership organisation that brings together projects that create affordable, reliable, clean energy for heat, power and transport.

These presentations were well received and highlighted where business opportunities within these technologies areas would be in coming years, as well as the support available to Japanese and East Midlands businesses to take opportunities further.

With networking taking place over lunch in the Exhibition area, delegates were able to learn about a range of new research projects that regional universities were keen to present. With all eight of the regions' Universities presenting cutting-edge research as well as a range of public sector support organisations and regional businesses exhibiting, there were plenty of contacts to be made.

The afternoon was dedicated to 1-to-1 pre-scheduled meetings (there was also opportunity to arrange meetings on the day). These meetings enabled participants to discuss confidential projects that they would like to develop, should they find a business partner. This setting enabled more in-depth discussions than a regular networking session would normally offer.



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HOW WE DID IT

Whereas in the past the Jetro event had focussed on attendance from Japanese businesses and a single university, we decided to extend the audience of the East Midlands event. We therefore invited along research groups from all eight regional universities, a range of East Midlands companies and support organisations (including Business Link Japan - a company which supports UK and Japanese companies to develop business together).

JETRO and *emda* co-organised and marketed the event. This included the development of a strong event identity through branding and online promotion, with its own mini-site to download university and regional company expertise catalogues. With a strict step-by-step approach, the co-organisers were able to manage a range of stakeholders to ensure that the event was well received and met expectations from all participants.

RESULTS

The event's results were very positive, with 96 delegates including 29 Japanese attendees representing 22 businesses, 12 East Midlands attendees representing nine businesses, and 45 academics representing 30 research groups from eight universities. 10 support organisations were on hand to offer support and guidance towards the next steps in UK and Japanese markets.

With 70 1-to-1 meetings taking place on the day, and with excellent feedback received from a number of delegates, this event has cemented the East Midlands as a region of expertise and research. The introductions achieved now have the potential to be realised by significant cutting-edge academic / industry collaborations in the future.

In addition, the event received positive press coverage both in the UK and Japan. Appearing in the Kanagawa Prefecture newspaper following an interview with *emda* contacts on the day and featuring in the Leicester Mercury, following a press release issued by *emda*.



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KEY LEARNINGS

The event was highly beneficial as it developed and enhanced cultural links with Japan as well as strengthened ties with the region to Japan and JETRO.

We were able to provide a positive introduction of the region's expertise in this theme (both academic and commercial), and engage with a number of Japanese businesses, indicating that the UK and region have significant strengths and opportunities for future working.

Positive feedback from the event came from a range of delegates:

'The event was 'very useful and a very good opportunity to exchange knowledge and discuss the possible collaborations with Japanese companies'.

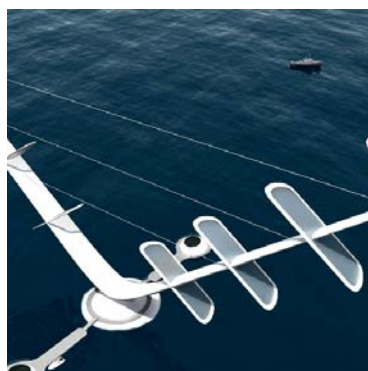
Representative from one of the attending Universities

'We met an institute which matches our needs and were able to obtain their contact information to gain further information',

'At the event, we learned that various research groups within both Loughborough University and Nottingham Trent University were collaborating very efficiently. We hope to be able to make use of the network that we have established during the event in the future'.

Representatives from Japanese organisations

This event brought together a range of parties to produce a professional introductory environment designed to develop collaborative working. Focussing on a single theme helped to add value to all participants. However, recruiting East Midlands companies was difficult and the approach might need to be reviewed to ensure a better response rate in the future.



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Inward Investment Successes

New Investment in the Region – Changan, June 2010

The result of a 3-year relationship between the East Midlands and Chongqing Municipality



Pictured: Changan opening ceremony

The *emda* investment team worked with potential investors in a variety of ways to support them in their decision-making process on overseas investment.

Changan Automobile Co. Ltd., one of China's leading car manufacturers, selected Nottingham in England's East Midlands for its new 200 person UK Research and Development Centre, where it will help to develop the low carbon vehicles of the future.

Background Information

Changan Automobile Co. Ltd. is one of China's largest car makers, owning nine production bases and 21 whole vehicle factories in China. Its turnover in 2009 was approximately £6 billion – and this figure has been increasing by around 30% annually. Changan's production and sales ranked second in China between January and April 2010.

“Changan has already set up R&D engineering centres in Beijing, Harbin, Jiangxi, Shanghai and Chongqing as well as two design centres, one in Turin, Italy, which was opened in 2005 and another in Yokohama, Japan, in 2008.

Changan invests heavily in R&D, which accounted for over 4.5% of annual sales for almost a decade. It plans to invest over RMB10 billion (approx. £1 billion) in R&D over the next three to five years.”

Dr Yu Chenglong, Project Leader for Changan R&D Centre

HOW WE DID IT

In November 2007, *emda*'s Chairman, Bryan Jackson, visited Chongqing Municipality in China. During the visit, a Memorandum of Understanding (MoU) was signed to develop collaborative international partnerships between Chongqing Municipality and the East Midlands. The aim of the MoU was to identify leading automotive companies in Chongqing to establish Research and



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Development centres in the East Midlands and to identify suitable business and research partners in the region.

In July 2009, Chongqing Automotive Industry Office led a delegation of Chongqing automotive companies interested in developing business collaborations to the East Midlands, a visit which was hosted by *emda* and the China Business Bureau. Chongqing Changan New Energy Automotive was a major and active participant in the visit. Once Changan announced its interest in establishing a UK R&D base, *emda* and the East Midlands China Business Bureau worked together with UKTI, to ensure that the investment came into the region.

The *emda* international team and the China Business Bureau worked intensively with Changan, to look at the national and regional strengths in automotive R&D, particularly in powertrain, transmissions, chassis and new energy technologies.

Changan's decision to locate in Nottingham demonstrates that the region is the ideal location for engineering firms wishing to establish a UK base. The region's engineering strengths stretch across automotive, aerospace, rail, motorsport and advanced materials with leading Universities and major industrial players such as Rolls-Royce, Bombardier, Toyota and Mercedes Benz.

“In the months before opening the centre, *emda* and its dedicated China Business Bureau have been highly professional, efficient and flexible in working with Changan providing excellent service and support. Changan plans to break into the global top ten motor manufacturers in the coming years. Changan UK will be working closely with UK automotive companies, *emda* and its China Business Bureau to achieve this ambition.”

Dr YU Chenglong, Project Leader of Changan UK R&D Centre



RESULTS

The business has ambitions to break into the global top ten motor manufacturers and the establishment of the R&D centre in Nottingham is a vital part of this plan.

Changan's focus is on engine and power-train development, and also involves the development of low carbon vehicles, such as electric cars and Hybrid Electric Vehicles. The company is planning on building collaborations with British companies, universities and research institutions, to improve Changan's R&D capabilities.

“This announcement is fantastic news for the East Midlands. Changan has chosen to locate here because of the research expertise of our universities, the reputation of the world class automotive engineering firms based in the region and the high quality workforce.

“Changan will be creating more than 200 research jobs over three years as well as opportunities for UK automotive companies to do business with Changan, further establishing the region's reputation as a location for innovative, high technology companies.

Bryan Jackson, Chairman of *emda*

KEY LEARNINGS

The Changan UK R&D Centre project provided a rich source for learnings in relation to securing Chinese FDI into the East Midlands. The importance of utilising the network and connections of the British Consulate, Chongqing and leveraging the existing excellent links with Chongqing Municipal Government were significant in facilitating project delivery. In addition, the tremendous impact of having, in *emda*'s China Business Bureau, a high degree of understanding of Chinese culture and business practice, led to developing personal relationships based upon trust, with key decision makers in the project.

The *emda* team's detailed knowledge of the regional transport proposition enabled them to respond promptly and accurately to requests for information and to access national data in a timely manner. Strong collaboration with private sector partners ensured a smooth landing and transition to the growth phase.



Inward Investment Successes

New Investment in the Region – SOS Metals

US investment in the aerospace supply chain



Pictured: SOS Metals opening ceremony

The *emda* investment team worked with potential investors in a variety of ways to support them in their decision-making process on overseas investment.

Background Information

SOS International Holdings is the US industry leading recycler of specialist materials. The business has 26 entities in 16 locations globally, around 210 employees, and a turnover of \$40m US. Through a highly specialised, secure process, SOS International has become a leader in the development of custom tailored scrap metals reclamation and recycling programmes including the re-processing of materials for future use.

This provides security of supply for their clients, as well as obvious environmental benefits. The company dismantles aero engines for builders such as Rolls-Royce and General Electric.

SOS already works with Rolls-Royce in China, Hong Kong and Singapore. Having secured Rolls-Royce's UK business through the opening of this new facility, SOS is now able to bid for the global contract for this work.

SOS area of work is fairly specialised and very high-security. Indeed, the accuracy of metals sort is imperative and it is essential that no part of any disused engine ever finds its way back onto the market or another aircraft. SOS run a live video link of the process back to their client to provide records that the engine have all been properly broken up and all components put beyond use.

HOW WE DID IT

We first met with SOS in April 2010, following an introduction from their UK accountant. On an urgent timescale of only eight weeks, we conducted a property search, hosted a property tour, and provided a range of support information. SOS was keen to be able to get its UK operation up and running quickly.



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In addition, we liaised closely with local authorities, making introductions to local government and industry bodies such as the Midlands Aerospace Alliance and the local Chambers of Commerce, plus identifying government grants and funding that the company could access.

Finally, we also helped the company organise its launch event. We managed to secure 28 senior guests from the local aerospace sector, broader business base, regional universities and industry support communities to attend the launch event on 23 June. This helped them to build their profile and network in the region and in the UK.

RESULTS

SOS has taken a 13,500 Sq Ft unit at Langham Park, South Normanton Derby (J28 M1) to service their contract with Rolls-Royce. They are hoping to win further contracts from their UK location. They already service two General Electric sites at Cardiff and Scotland.

This high temperature metals recycling work accounts for only 20% of total group business and there is therefore potential to bring in other business units. They are aiming to employ 15 members of staff over 3 years and have actually hired 8 people within 2 weeks of set-up.

SOS takes Corporate Social Responsibility very seriously, and is keen to be a visible and active corporate member of the community at their new home in Derbyshire. This is why the company was keen to organise such a large launch event.

"Being located near many specialist advanced manufacturing operations means we can cater for a lot of business needs in a central location. The support that *emda* was able to provide made opening our new site a much smoother process and gave us a soft landing to enter the local market. As we know, UK businesses are looking to move towards processes with less wastage and we're in a prime position to serve this growing need."

Peer Hashmi, Chief Financial Officer for SOS International

KEY LEARNINGS

Delivering a project like SOS Metals on such a short deadline was only possible thanks to *emda* assigning a project manager who became the single point of contact for the company. The project manager built a good relationship with SOS Metals senior member of staff from the start which ensured a smooth running of the project.

The project manager helped them at every step of the set-up including the launch event and introductions to senior people in the region. This developed a high level of trust between the two organisations.



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Investor Development Specific Company Support

Working with Key Regional Accounts

Toyota

Providing essential business support to one of the regions' key player



Pictured: Toyota factory in Burnaston

The Investor Development team has worked closely with Toyota in the East Midlands over a number of years; the most recent collaboration was in February 2010 when Toyota announced a reduction in job numbers at their factory in the region.

Background Information

■ Toyota Worldwide

Toyota Motor Corporation (TMC) was founded by Kiichiro Toyoda in 1937. TMC group has grown since then to include companies such as Toyota, Lexus, Daihatsu and Hino Motors. TMC is part of the Toyota Group, one of the largest conglomerates in the world and is headquartered in Toyota City, Aichi province.

From its initial position, Toyota has grown to a large multinational corporation and expanded into different worldwide markets and countries. It displaced General Motors to become the world's largest automobile manufacturer in 2008.

Toyota has factories in most parts of the world, manufacturing or assembling vehicles for local markets, including Japan, Canada, Indonesia, Poland, the United Kingdom, the United States, France, Brazil, Portugal and many more.

■ Toyota in the UK and in the East Midlands

Toyota has two manufacturing plants in the UK, representing a total investment in excess of £1.85 billion and currently employing 3300 employees. The site in Burnaston, Derbyshire focuses on vehicle manufacturing (including stamping, welding, painting, plastic mouldings and assembly) with the plant in Deeside, North Wales specialising in engine manufacturing (including assembly and aluminium casting).

In 2008, the Burnaston factory produced more than 213,000 vehicles. In 2009, this fell to 127,390 reflecting an industry-wide slump of 30.9% in car production. Faced with a need for smaller capacity, the Derbyshire factory adopted new working conditions leading to a 10% pay cut and a shorter working week.

In February 2010, seeking to adjust revised projected volumes, Toyota announced that they would be introducing a voluntary release programme to approximately 750 employees from July to October of the same year.

HOW WE DID IT

A Large Business Support Group consisting of East Midlands Development Agency (*emda*), Job Centre Plus, Business Link and Career Chain came together to provide a cohesive package of support in areas such as training and redeployment opportunities. This programme was carefully planned alongside Toyota's appointed outplacement consultant, Eclipse Executive Ltd. to provide practical advice and support to employees.

"Toyota is one of the major businesses in the region and is globally renowned for its lean manufacturing system. In forming an effective partnership to respond to Toyota's voluntary release programme, we wanted to ensure that we maximised the opportunities presented by a large number of talented and highly trained people leaving the business."

"Our goal was to see people take their skills to new employers, start their own businesses, or develop new skills. As a result of our previous experience of working on restructuring projects with a number of companies, we were able to deliver a highly effective response for Toyota."

Mike Carr, Executive Director of Business Services at *emda*



■ Career Support Centre

Toyota set up a dedicated area for employees to access a range of information supplied by the partner organisations as well as details of local vacancies. Workshops were also made available focusing on interview skills, CV writing as well as understanding the benefits available to them.

Employees were able to book one to one advice sessions to discuss next steps in their career. This proved to be extremely popular and over 100 employees attended an appointment in the first two days alone. The success of these sessions became clear throughout the programme, with many appointments resulting in follow-up enquiries.

■ Engaging with the Region's Large Businesses

In order to stimulate the interest from businesses across the East Midlands in the skilled labour, *emda* organised a mail shot to over 2,000 large regional businesses. 50 good leads were generated from this, including one company who started the recruitment process for approximately 400 positions.

Toyota also hosted a career fair in July 2010 which offered employees the opportunity to meet directly with prospective employers.

“The whole process would have been a lot more difficult for us without such a co-ordinated approach. *emda* helped to organise the programme for us, they told us the advice we needed to bring in and who could provide this advice. We were then able to make contact with these organisations and set up appointments

“The mailing to businesses managed by *emda* was extremely successful. They were able to make contact with businesses that we had no contact with. We got a great response and then dealt directly with the interested businesses.”

Dan Janes, Human Resources Planning at Toyota

RESULTS

■ Business Support Evaluation

Initial stages of the evaluation have shown that partner organisations have had very positive responses from employees and that promising discussions regarding future careers, re-training and business start ups were held. Career Chain saw 730 employees and delivered 564 appointments, while Business Link's Start-up Service had 120 attendees at its workshops. 880 people were to leave the firm on a voluntary redundancy scheme. Of these, 550 people had already left, all were positive about the support they received and 55% had already secured positions elsewhere.



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The timing of Toyota's voluntary release scheme coincided with the introduction of a new product line at Caterpillar. The new jobs created at Desford created opportunities for Toyota employees with skill sets matching CAT's requirements. Through the *emda* funded Career Chain service we were able to support the process of job matching and redeployment.

“All the workshops and meetings helped raise awareness of options such as self employment and business start-ups, which employees might not have necessarily considered otherwise.

“It is very reassuring to see how keen Toyota was to help its employees.”

Avril Simons of Business Link

“We worked in collaboration with Toyota and outside agencies planning the large scale support strategy for their Voluntary Release Programme.

Feedback from employees has been extremely positive and evidence has already shown that many have secured alternative roles”.

Pauline Brown, HR Director at Eclipse Executive Limited



■ Positive Feedback So Far

The programme was welcomed by employees at Toyota, who were made aware of the wide range of opportunities. They attended sessions in large numbers and followed up with more in-depth appointments to further develop their future plans.

“At this stage it is still difficult for us to know exactly how many employees have a new job to go to, but we do know that a large number of people have decided to go back to university after receiving advice on universities, courses and applications. The whole process has been extremely successful.

“Employees were able to apply for vacancies on display and in some cases the whole process gave them confidence to find a job elsewhere, armed with plenty of advice and a great CV.”

Dan

Janes, Human Resources Planning at Toyota

“We received a very encouraging response from employees. They were impressed with the service and advice they received.”

Angela Stansfield, Employment Engagement Manager at Jobcentreplus

Local businesses that were approached also demonstrated a high level of interest in benefiting from Toyota's highly skilled employees.

“All the organisations involved have been working closely together - it has been a co-ordinated effort”.

Anita Mason from Career Chain

KEY LEARNINGS

The process partners were very satisfied with the way the business support was delivered.

“The large business support group is a good model for similar situations in the future. Each organisation knew what its responsibilities were and worked alongside the outplacement consultant in delivering the programme.”

Anita Mason from Career Chain

The process worked so effectively because the relevant organisations had developed a process and track record for joint action and delivery. It has been practised in many similar situations.

emda's engagement across a whole spectrum of businesses opened up redeployment opportunities which might not have otherwise been possible.



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Business Support

Regional Product Offer – VIP Global Fast Track Programme

Relocation package for companies ready to get up and running



Pictured: Business support advisors

Many regions in the UK and overseas have a 'soft landing zone' offer, providing various incentives to attract investors to their area. We developed the Global VIP programme for the East Midlands in order to compete more effectively with other UK regions.

Background Information

The current East Midlands soft landing zone (SLZ) package, the Global VIP Fast-track Programme, was developed against a backdrop of a limited East Midlands VIP/support package already in place in French and German markets, and the launch of SLZ product offers in the West Midlands and London. *emda* commissioned research through Coventry University Enterprises, which identified the potential for attracting/supporting new investors by way of an enhanced SLZ package.

HOW WE DID IT

Following a tender process, Coventry University Enterprises (CUE) and partners were contracted to develop an enhanced SLZ package for the region, building on the existing regional core offer. This new package included a free company registration service subcontracted through RSM Tenon, together with free virtual tenancy/touchdown space in business centres around the region. A total of nine properties at key priority/ sector-related locations offered up to 6 months' free office space to new investors. In addition a web-based management tool for administration of the property element was developed.

Marketing and communication activities were developed to promote the offer, including standard presentation pages, brochures in multiple languages, web pages, PR, editorials and adverts. Alongside existing marketing activity, CUE provided additional value by marketing the programme through their own international network.

Since its launch, the offer was further enhanced. This included the creation of sector specific VIP offers e.g. a Healthcare sector offer, incorporating added-value regional services, selective properties offering up to six months' free rent, a desk space (company specific), and three out of the four regional chambers of commerce offering 12 months' free membership to new investors.

The scheme has been widely marketed, with eight companies taking advantage of the scheme since its 'soft' launch in March 2009. Of these, five have taken property support options and seven company registration.

The programme is not suitable for all companies. Indeed, it is appreciated that many will not be suited to 'rent a desk' facilities for example. However the programme has been well received by potential investing companies. It provides a response to the headline packages available in other UK regions, ensuring the East Midlands is not disadvantaged, and is seen as creating a good opportunity to open discussions with potential investors.



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KEY LEARNINGS

Due to the procurement process required at the time, the programme had a complex contracting structure. CUE acted as lead contractor, with Tenon subcontracted to deliver company registrations, and East Midlands Incubation Network (EMIN) to deliver property options. EMIN then contracted separately with individual business centres. This structure potentially increased reputational risk given the separation between property service provider and *emda* as primary inward investor relationship manager. This should be streamlined in any similar arrangement.

The property management portal, which was set up to allow investors to book 'rent a desk' time on line at their preferred location, has proven of limited real value with hindsight. International investors have tended to go direct to properties for any 'drop in' usage rather than use an online booking portal.

There is a degree of due diligence required, checking the background of potential investors before they take property support. It must be clear that commercial risk of tenancies remains with the properties themselves. However, there is reputational risk if an agency does not undertake basic checks with international business databases/ internet searches before introducing to supporting organisations.

There is an opportunity to consider a business development/marketing support element to a SLZ package, in line with Advantage West Midlands provision under the 'Bridge to Growth' programme. This would make available market opportunity/supply chain information and support exploitation of this information, to help investors launch into the UK market. However, this would also need to be balanced against the support available to UK businesses and state aid considerations.

There is an opportunity to consider strengthening the regional offer by packaging further with other regional support products – e.g. Manufacturing Advisory Service, iNets.



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Regional Profile Raising

Video Case Studies

How to engage with our international audience



Pictured: Bombardier video case study

Background Information

Profile raising has always been one of the main objectives for the England's East Midlands marketing campaign. Most of our activities have been aimed towards fully or partly achieving this objective. However standing out from the crowd is not always easy when using traditional methods of marketing support.

One of the most powerful ways of demonstrating the advantages of doing business in the East Midlands is to use testimonials from international investors already based in the region. We therefore commissioned a series of video case studies with key regional players to position the region as the number one business location in the UK, and to demonstrate the role that *emda* has played in contributing to their success.

HOW WE DID IT

To put together these case studies we first secured agreements from a range of regionally-based international businesses, research centres, universities and assets to be interviewed and filmed (interviews and premises) in order to put together the video case studies.

We then commissioned a video company to help us come up with the video concept and style, to carry out the interviews and filming, edit the videos and deliver the final videos in a range of file formats enabling us to use these across a variety of platforms.

Once both of these were organised and scheduled, we developed questionnaires, liaising closely with the companies, attended the filming and directed the events. Editing was crucial to ensure that key messages were highlighted in the final video and that both *emda*'s and the companies' interests were represented appropriately.

Video case studies that were created include:

- Caterpillar
- Speedo
- Bombardier
- Loughborough University Sports Department
- Sports Technology Institute
- GRACE – Galileo Research and Applications Centre of Excellence at the University of Nottingham
- Space applications businesses
- Menicon
- BioCity
- D&G (call centre for insurance).

These were chosen for their excellence, their country of origin or links with foreign markets, their industry sector of activity and their location within the East Midlands. In all our activities we always ensured that the whole region was represented in our examples, to give an accurate representation of the East Midlands and its localities.

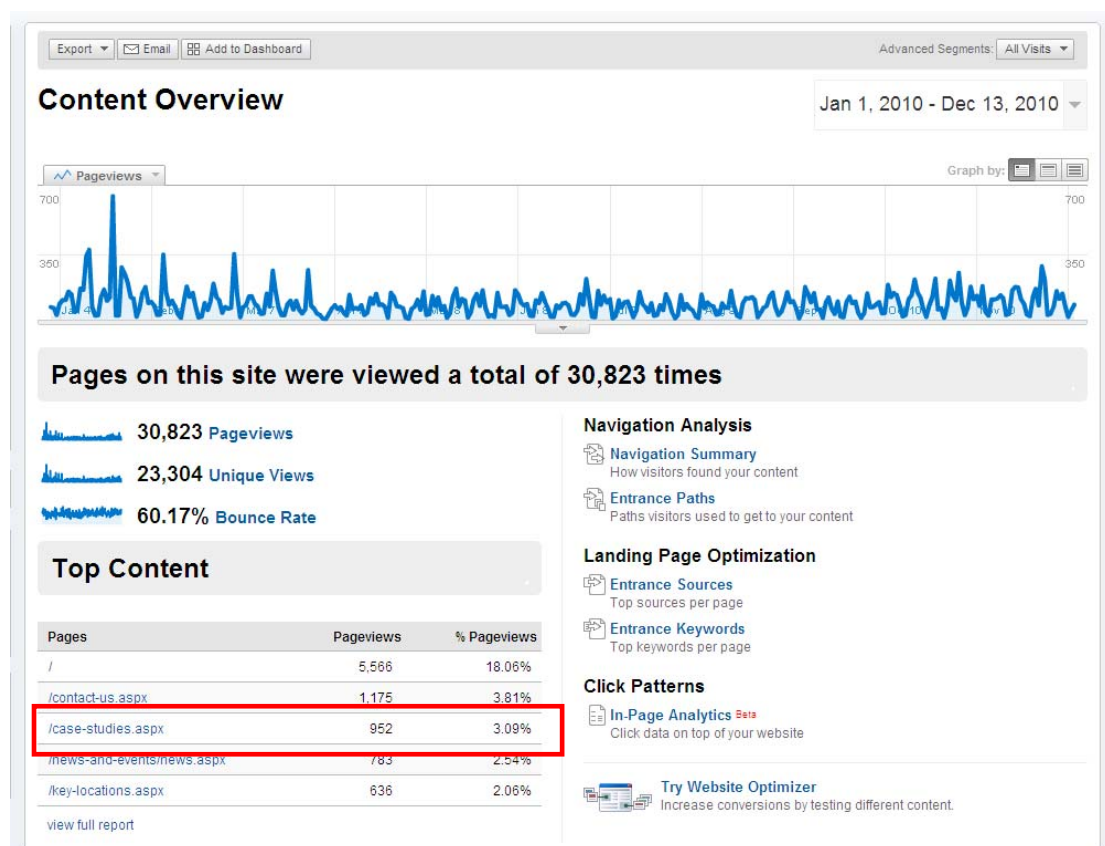
RESULTS

These video case studies have been very versatile and we have been able to use them in a wide range of situations.

We played a few of them during a webinar that we organised in November 2009. This webinar was organised in partnership with our North American agents ROI and aimed at promoting the region and its strengths to businesses in that market. The webinar being web based was the perfect platform to use video testimonials to corroborate *emda's* arguments.

The videos were also uploaded on our newly developed website in a case studies section. This proved to be highly appreciated by our web audience as the results we got on Google analytics were really high for these pages. Once again this just demonstrates that our audiences were after 'real life' examples and wanted to hear what the region has to offer from existing investors and organisations.





To ensure maximum use of the videos and therefore return on investment, these were also available on our England's East Midlands You Tube channel.

Finally, the videos have been used in a wide range of events to support the speaker's presentation and offer an interlude from traditional presentations.



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KEY LEARNINGS

Putting together these videos was a very time-consuming process and preparation proved to be the key to success. Time onsite with the company and the video company is always very limited.

Therefore, there is no room for last-minute arrangements if you want to maximise the use of the time these businesses have agreed to spend with you.

Several companies asked for a list of questions and discussion topics in advance, and also asked to approve the final edit of the interview. We were also able to offer to the companies use of the videos for their own purposes and most of them were pleased to be able to do so.

As mentioned above, case studies and testimonials are what the investors are looking for. Therefore, investing in such videos and using them appropriately will have much stronger benefits than more corporate campaigns.

Images are also often stronger than words; therefore it is crucial that the interview is accompanied by interesting and relevant shots of the location.



Annex 2: Additional Resources

Website

The England's East Midlands website is a useful resource for the following information:

- Key Sector Information
- Key Locations
- Business Support Services
- Case Studies
- Regional News and Events
- Interactive Map
- Newsletters and Brochures
- Team Contact Details

www.englandseastmidlands.com

Supporting Documentation

The following documents have been used in the development of this handbook:

- SQW Evaluation of International Investment Projects 2009
- DTZ Evaluation of Sub-Regional Partner Inward Investment Programmes 2009
- Ecotec Evaluation of Investor Development Project July 2008

Background Resources

Other sources of information (electronic and paper based) such as sector research, strategy papers, databases and historical reports have been catalogued and will be transferred to UKTI's appointed contractor at the appropriate time.



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