



Decision-making criteria of an industrial investor and the role of an EDO
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Markus Wellmann – Senior Consultant

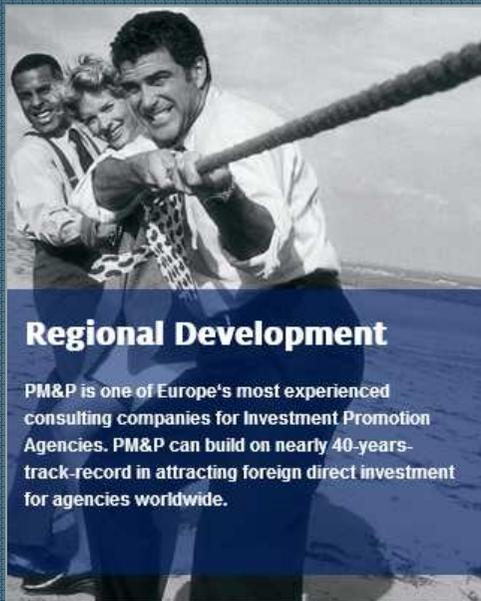
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Going international

There are various drivers for companies to expand internationally:

- ✓ Demand for their products in foreign markets
- ✓ Global coverage of markets is not feasible from homemarket
- ✓ Customers ask companies for a presence directly next to them in foreign market
- ✓ Reputation of company leads to office in different countries
- ✓ Export of goods is time-consuming, costly and has obstacles (custom regulations, different taxation, etc.)

At the same time, there is a wide range of potential pitfalls/obstacles:

- ✓ Lack of legal certainty
- ✓ Bureaucratic effort
- ✓ Lack of experience in going abroad
- ✓ No business partners
- ✓ Capitalization/Financing
- ✓ No Management capacities
- ✓ Language barriers
- ✓ Availability of skilled workforce
- ✓ Different mentality and business culture
- ✓ Tax system and fees

Economic Development Organizations – One-stop-shop and more

Due to multiple topics in question, companies will get in contact with the relevant Economic Development Organization – sooner (great!) or later (often not so great)

The companies expect the EDO to act fast, reliable, caring, etc. and even answers questions the companies have not mentioned yet.

The EDO is expected to play various roles:

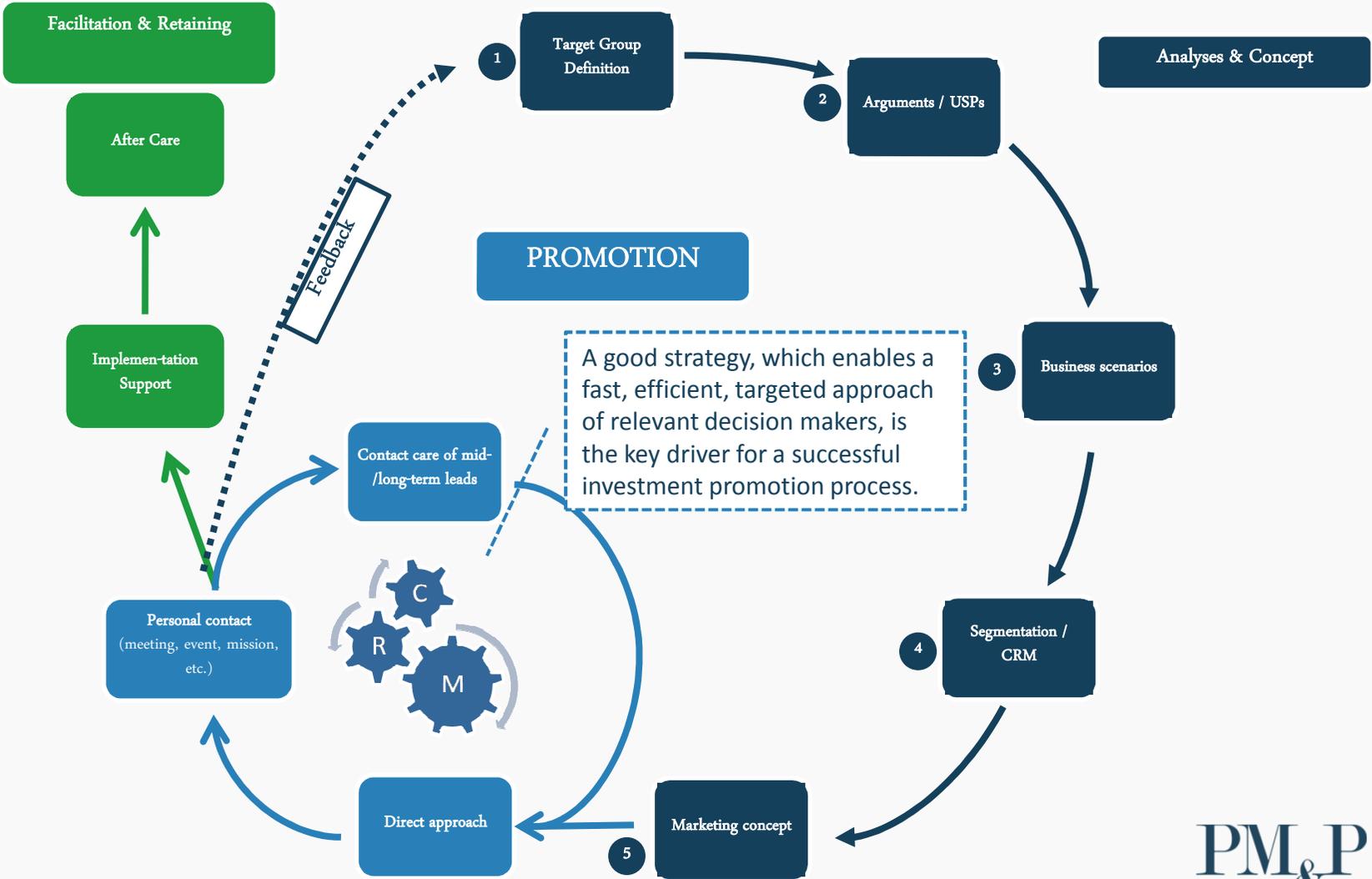
- ✓ Advocate
- ✓ Door-opener
- ✓ HR-Recruiter
- ✓ Incentive-bringer
- ✓ Site Selector
- ✓ Translater
- ✓ PR Agency
- ✓ Marketing advisor
- ✓ Travel Agent
- ✓ Tax Consultant
- ✓ And many more

In German we use the term
“Eierlegende Wollmilchsau”
– someone who provides
everything and beyond

An EDO should be prepared, and have this in mind already by setting up an adequate FDI & Trade strategy!

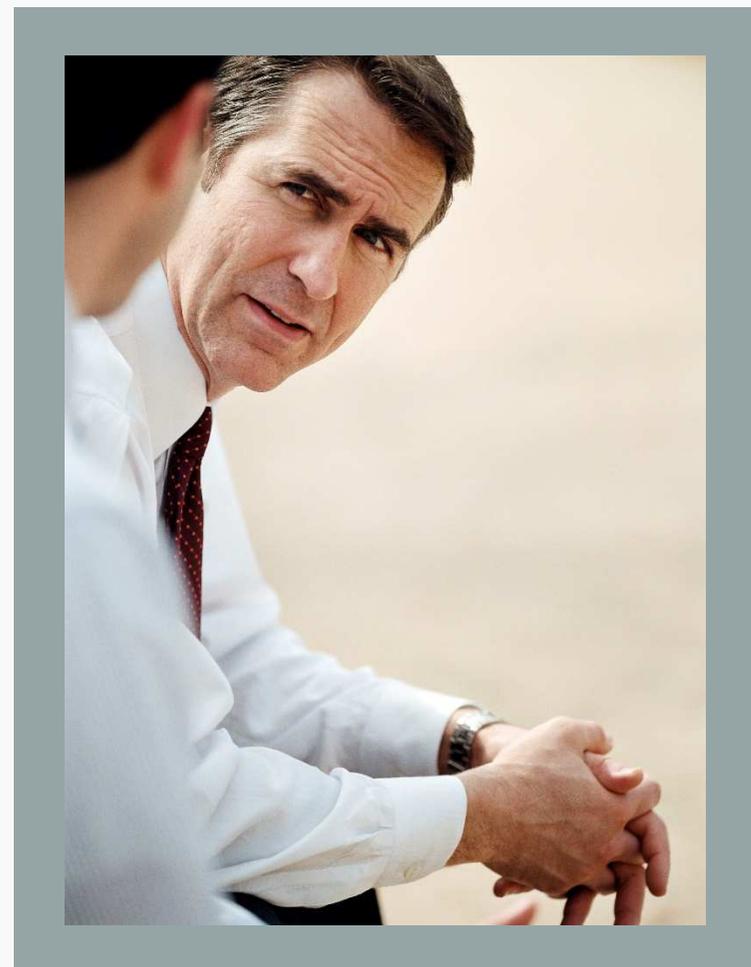
„There are far more possibilities to waste your promotion budgets than to allocate it efficiently. Defining your FDI-promotion strategy is the key for an efficient FDI-promotion.“

The Strategy Development Process



Pitfalls

1. Action without strategy
2. Service portfolio not adapted to market trends and company needs
3. Lack of cooperation with the political environment
4. Organizational structure not adapted to needs of target groups
5. Argumentation and information set is not adapted to the specific industry and clusters needs
6. Sometimes retention more important than FDI
7. Short-Term thinking



Success Stories

1. German State of Baden-Wuerttemberg concentrates successfully on incoming and outgoing cooperation support only
2. German State of Schleswig-Holstein concentrates 85% of their financial and men power efforts on retention, services for local companies
3. State of Florida is due to strong international office network highly successful in international investment attraction → return on investment 1\$: 4\$
4. Jetro (Japan) is extremely successful in investment attraction due to a strong international office network, ambitious targets and in-depth services such as individual market evaluations, efficient follow-up and door opening functions in Japan

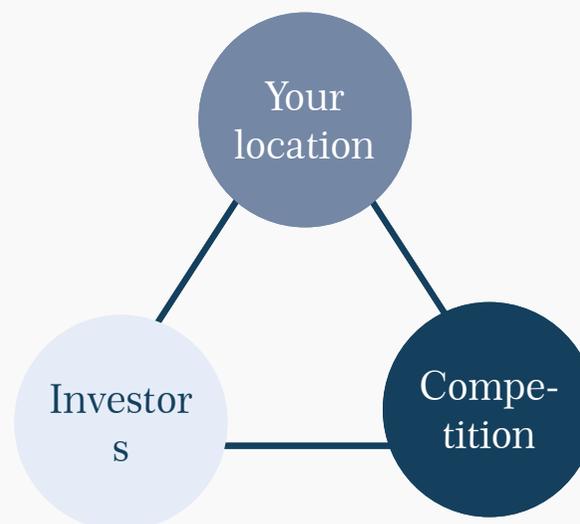


Challenges of FDI-Promotion

- **Promoting your location in order to attract foreign direct investment (FDI) is one of the most challenging business fields for several reasons:**
 - ✓ Competitiveness of locations and IPAs is constantly improving - number of competitors growing
 - ✓ An increasingly fierce competition for the investment projects
 - ✓ More and more demanding investors, more transparent location data, sophisticated site selection processes
 - ✓ In many areas: a declining number of investment projects
- **At the same time, there is a wide range of potential measures and instruments to promote investment:**
 - ✓ Long-term, mid-term and short-term measures
 - ✓ Events, PR, Advertising, Sponsoring, Direct Marketing and Direct Sales
 - ✓ Operating with an own global network or outsourcing to consultants
 - ✓ Defining the right target groups, the right promotion messages, the right propositions, etc.

Most Important: Positioning

- ✓ Image and awareness of your location
- ✓ Strengths and weaknesses of your location
- ✓ Competitive position of your location
- ✓ Development potential of your location
- ✓ Investment opportunities at your location



- ✓ Current global footprint
- ✓ Global expansion strategies
- ✓ Investment demand
- ✓ Location preferences
- ✓ Site Selection criteria

- ✓ Competitors' strengths and weaknesses
- ✓ Competitors' positioning
- ✓ Competitors' target groups
- ✓ Competitors' promotion strategy

Improving and Monitoring of Efficiency

Some Hypothesis

- 1. Put the work on different shoulders:**
 - Cooperation with Chambers, Associations, Government Organizations, Cluster Organizations
- 2. Contract out various activities in FDI and Support Services**
- 3. Financial support from companies and Sub regions:**
 - Joint Fair participation, Payment of companies for trade support
- 4. Systematic internal planning process to improve efficiency**
- 5. Pro active use of synergies within the service portfolio**
- 6. Monitoring:**
 - For FDI: Analysis of recruiting results according to target countries, industries, type of activities and adjustment; Intensive contacts to companies established to observe employee development over time
 - For Retention and Support Services: Continues interviewing of local companies
 - CRM-Database is important for monitoring and reorientation

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Frankfurt | Munich | Berlin | Chicago

www.pm-p.de

Head Office:

Lyoner Straße 34 | 60528 Frankfurt | Germany

Markus Wellmann

Senior Consultant

Markus.Wellmann@pm-p.de

Phone: +49-69 66 80 770

Cell: +49-163 611 1972

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