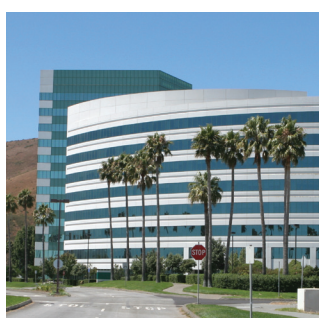


BUSINESS ATTRACTION MANAGEMENT FOR CITIES AND REGIONS

– Handbook of strategies, tools and activities





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EXECUTIVE SUMMARY

The last decade has witnessed intensified competition between places and regions for investments. New places have entered the competition, at the same time as the global pool of investments has been shrinking. More proactive promotion of incoming investments on both local and regional level will be needed in the future – and it needs to take new forms.

Many locations in Europe also need to step up their efforts to attract high-value investments that help drive innovation, productivity and competitiveness – and create new jobs and tax revenue.

The purpose of this handbook, therefore, is to identify strategies, tools and activities for effective and innovative Business Attraction Management for cities and regions.

The handbook offers inspiration and guidance on how business attraction can be managed and developed, and is designed to be used in two ways:

1. A go-to source for inspiration and suggestions when working with specific tools, activities or strategies.
2. Creating an integrated strategy for Business Attraction Management or initiating new or enhancing existing strategic business attraction efforts.

Business Attraction Management is the new approach to meet the challenges facing place-based investment promotion for cities and regions. As opposed to traditional sales and transaction-oriented investment promotion, Business Attraction Management is a holistic approach to the strategies, processes and activities, aiming at attracting and making full use of inward investment activity. It is based on the unique, localised competencies, resources and networks of the place, as described in this handbook.

The cornerstones of Business Attraction Management are four phases, interconnected in a cycle. The phases are: *Branding*, *Attracting*, *Establishing* and *Growing*. The handbook describes each phase and the strategies and tools relevant to each phase in terms of effective inward investment attraction.

Branding of the place can be seen as both the beginning and the end of a self-reinforcing cycle. Building the brand of the place needs to take business attraction into consideration, and the impact that the brand has on the specific target group – potential investors.

The **Attracting** activities are directed at making contact and developing a relationship with specific investors, as well as facilitating the investor's visit to the locations, and include sales and lead generation, marketing and packaging and one-stop-shop solutions.

An agreement to invest leads to the next phase, which is **Establishing**. Traditionally labelled as after-care, it entails activities like soft landing, and strategic and administrative support such as access to office space and land, networks, talent, innovation hubs and clusters and assistance with permits and licences.

Successful establishing, in turn, leads to the **Growing** phase, which means giving investors access to additional talent, innovation networks and projects and social and professional networks. A thriving and growing investor will make further investments and also become an excellent reference for business attraction, which, in turn, strengthens the brand.

One key success factor of this approach is to develop the relationship and dialogue with the investing business in all four phases. The more trustful and productive this relationship becomes in each phase, the more effective business attraction activities will become, not only in the given phase but in subsequent phases – and the better the reputation of the place as a preferred location for investment will become.

In addition to investment promotion, Business Attraction Management brings place-based multi-stakeholder place development, talent attraction and growth and innovation management to bear on the complex process of attracting business investments.

The handbook highlights the role of the *business attraction team*, and how it can manage complex co-operation with others through *orchestration*. Focus is on action, in an *agile* way, with early involvement from the investor. The division of labour between the national, regional and local levels is described, and a case is made for greater future co-operation between these levels as well as on the transnational level, between several countries, with the Nordic region being a case in point.

This handbook is one of the outputs of the *Business Attraction Management in Nordic Cities and Regions* development project (BAM), in which partners from 22 Nordic and Baltic cities and regions joined efforts to identify new, effective approaches and tools that meet today's and tomorrow's challenges regarding inward investments.



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The background of the slide features a collection of colorful pencils in various shades (green, blue, red, brown, yellow, orange) and a green pen, all resting on a surface. Behind them is a bar chart with several vertical bars of varying heights in shades of purple, yellow, and green. The overall aesthetic is clean and professional, with a light green and white color palette.

1.0

INTRODUCING BUSINESS ATTRACTION MANAGEMENT

- *Current and future challenges require a new paradigm of place-based investment promotion for cities and regions.*
- *Why business attraction is important and why businesses invest in other locations.*
- *Business Attraction Management explained – a holistic approach to strategies, processes and activities for attracting inward investments.*

1.1 INTRODUCTION

The last decade has witnessed intensified competition between places and regions for investments. New places have entered the competition at the same time as the global pool of investments has been shrinking.

More proactive promotion of incoming investments on both local and regional level will be needed in the future – and it needs to take new forms. Place managers and investment promoters need to be able to attract a broad array of investments. These range from greenfield and brownfield investments in the form of R&D or service centres to attracting growth capital, start-ups and individual entrepreneurs. At the same time, a continuous influx of smart capital, new technologies, innovations and talents will be imperative to support the competi-

tiveness, growth prospects and internationalisation of local business ecosystems.

Put simply, locations need to step up their efforts to attract high-value investments that help drive innovation, productivity and competitiveness – and create new jobs and tax revenue.

As a result, new, effective, smarter approaches and tools need to be applied – and additional local and regional stakeholders will need to contribute to enhancing a location's attractiveness for new investment, making a case for multi-stakeholder partnerships involving public sector, business and entrepreneurs and other talented individuals. In addition, new concepts and new management styles are needed.

We call this *Business Attraction Management* – a new paradigm of place-based investment promotion for cities and regions.

Business Attraction Management can be defined as a holistic approach to the management of strategic approaches, processes and activities aiming at attracting and making full use inward investment activity. It is based on the unique, localised competencies, resources and networks of the place.

The purpose of this handbook is to outline strategies, tools and activities for effective and innovative Business Attraction Management for cities and regions.

1.2 THE GLOBAL AND EUROPEAN COMPETITION FOR INVESTMENT

The world has witnessed a slower recovery from the financial crisis than anticipated; the world economy grew by a modest 3.4% in 2014, according to the International Monetary Fund. This has had a negative impact on foreign direct investments.

Global Foreign Direct Investment (FDI) flows were estimated by the United Nations Conference on Trade and Development (UNCTAD) to have fallen by 8% in 2014, and by 11% according to the Organisation for Economic Co-operation and Development (OECD) estimates. UNCTAD figures for 2014 show that the reduction in global FDI flows was particularly pronounced in Europe, which was down 16%.

At same time, new locations are entering the game, attracting business and investments, creating a situation where more places are competing for a shrinking pool of investments.

New locations are entering the game, attracting business and investments, creating a situation where more places are competing for a shrinking pool of investments



1.3 WHY BUSINESS ATTRACTION?

Even though the reasons why places engage in business attraction and investment promotion vary, there are several fundamental reasons why attracting businesses and investments should be key objectives for cities and regions.

Attracting new businesses as a means to create new jobs and tax revenues are, of course, a primary objective for business attraction. Research shows that one new job in an innovation-intensive industry, for example, can create up to five new direct and indirect jobs in a given community¹.

However, in an increasingly complex investment landscape, job creation is not the only reason for engaging in business attraction.

¹ I. Moretti, 2014

Resource transfer, both in terms of capital and technical knowledge, helps drive innovation in the local economy. Learning is another reason, since new entrants in the local or regional market can expose national, regional and local governments, local businesses and residents to new business and management practices, technologies and innovations². Potentially this creates spill-over effects that support cluster development around certain key competencies. As will be illustrated in case 1.7 in chapter 7, a significant investment can also lay the foundation for creating a smart specialisation around a sector or specific skill.

Other advantages include improvements in productivity resulting from increased competition in the local market, as well as consumer benefits, stemming

2. <http://study.com/academy/lesson/what-is-foreign-direct-investment-definition-advantages-disadvantages.html>

from both lower prices and the wider selection of goods and services on offer when new firms enter the market. New market entrants can also increase demand for local raw materials, components and service.

Finally, business attraction is important to attract resources for addressing societal challenges of a location (an illustration is found in case 1.1 in this chapter) or to increase the attractiveness of the location, as in the case of investments in hotels, amusement parks, sports facilities or urban regeneration projects.

Figure 1.1:
Main benefits of business attraction

BENEFITS OF ATTRACTING BUSINESS AND INVESTMENT

- Direct and indirect jobs
- Resource and tech transfer
- Impetus for learning
- Cluster development
- Embryo for new smart specialisation
- Higher productivity of existing firms
- Consumer benefits
- Increased demand for local raw materials, components and services
- Solving societal challenges or increasing attractiveness of place

1.4 WHY DO BUSINESSES INVEST IN OTHER LOCATIONS?

There are traditionally three general underlying motives, or combinations of motives, for businesses to invest in another location:

- **Resource-seeking investment** – These are aimed at acquiring natural resources, such as oil or minerals, or gaining access to talent, technological capability, research results, information, or management, organisational and marketing skills.
- **Market-seeking investment** – Access to national or regional markets (or free-trade areas in some part of the world) is a common reason for investment. The decision by transnational corporations (TNCs) to set up in a foreign market can be motivated by market size and growth, trade barriers, demand for locally adapted goods, transport costs or a combination of these factors.



Photo: Dag Jensen

- **Efficiency-seeking investment** – Commonly described as off-shoring, TNCs, especially in labour intensive sectors, may seek low labour costs in relation to the productivity of the work force.

Globalisation is not just a catchword – it is a reality. Essentially, all locations around the world are part of the intricate web of the global trade, consumption, and investment landscape

1.5 TEN GLOBAL TRENDS AND TENDENCIES AFFECTING BUSINESS ATTRACTION

Key global trends that drive and define today's and tomorrow's competition for businesses and investments are:

1. **Globalisation** is not just a catchword – it is a reality. Essentially, all locations around the world are part of the intricate web of the global trade, consumption, and investment landscape. A potential investor in any location in the Nordic countries or Europe can come from any country in the world, a reality many locations and their teams promoting inward investment have yet to adjust to.
2. **Increasing complexity:** As global supply chains become increasingly complex, particularly for manufacturing operations, a location's unique competitive advantages become more impor-

tant. Companies look for the locations that offer the optimal balance between market access, talent, resources and cost efficiencies. Thus, investors are increasingly looking for locations with particular value propositions and competitive advantages in a combination of sectors and functions rather than simply their own industry. Consequently, the combination of functional and sectoral capabilities will become more important, and countries and regions will have to position themselves with more comprehensive value propositions to investors³.

3. **Access to talent continues to increase in importance:** One clear trend is that access to talent is growing in importance for business attraction. In the past, the workforce tended to move to locations with many job opportunities, but now the opposite is increasingly true: companies tend

3. IBM, 2015

to move to places with an abundant supply of talent. As a result, locations need to focus on ensuring a high quality of life, liveability and attractive amenities in order to retain talent and attract business and investment.

4. **Increasing importance of entrepreneurship:** In 2012, entrepreneurs provided 67% of all new jobs in Europe⁴. Figures from Sweden show that 80% of all new jobs are created by small and medium sized enterprises (SMEs) with fewer than 50 employees. With more jobs and growth created by smaller firms, it will naturally become much more important for places to attract entrepreneurs as a part of their business attraction efforts.

4. EY, 2013
5. PwC, 2011
6. BCI, 2014
7. Ibid.

5. **Increasing global mobility and migration:** Global talent mobility increased by 25% over the previous decade, and is predicted to increase by 50% by 2020⁵. The millennial generation will enter the labour force in large numbers and research shows that many of them want international work experience, presenting new opportunities for employers (and locations) who seek to recruit an international workforce. At the same time, the world and Europe in particular are seeing the largest refugee crisis since the Second World War. New migration patterns bring new flows of trade, capital and investments, and, in turn, new opportunities for locations to attract businesses. One concrete strategy is to engage those living in a location with links to other countries in activities to attract business and investment from the countries in question.

6. **Changing patterns for research and development (R&D) activity:** Even though global R&D expenditure is growing, the levels remain stagnant in Europe. Large life science and high-tech companies, in particular, spend less on R&D in Europe and there is a trend that these firms operate fewer consolidated centres and instead engage in open innovation activities shared between several firms, according to a recent study⁶.

It is also increasingly evident that there is an emerging split between research and development activities. The attraction factors for research tend to be scientific excellence and a highly-skilled talent pool, whereas development activities are decentralised to individual business lines and divisions that move closer to emerging markets like Asia and Latin America. All in all, Europe is growing less attractive for new inward investments in R&D⁷. The most important elements that national and regional R&D policies

should focus on in order to attract investments, apart from investing in public R&D (institutes, programmes), are fiscal and cash incentives, place attractiveness and easy access for global talent.

7. **Internet of Things and Industry 4.0:** The emergence of the Internet of Things (IoT) and the changes associated with the Fourth Industrial Revolution (the smarter manufacturing movement also known as Industry 4.0), will continue to radically transform the manufacturing landscape. These developments will enable companies to operate complex networks of production, distribution and sales across multiple geographic locations, using the power of collected data to drive value creation. The transformation of industries will have many implications

8. IBM, 2015

9. fDiIntelligence, 2015

10. ILO, 2015

11. The ambition of the European Commission is to promote a gradual process of re-industrialisation of the European Union, bringing back industry's weight to 20% of the EU's GDP by 2020, from less than 16% now.

for labour markets and corporate skills requirements. Thus, locations and public-sector leaders that want to attract Industry 4.0-related business must foster educational programmes that better serve the skills requirements of companies in the sector⁸. They also need to work with partners such as tech centres, universities and science parks to create innovation hubs that attract the talent and skills that, in turn, attract advanced manufacturing⁹.

8. **Outsourcing and re-shoring:** Outsourcing from high-cost to low-cost countries continues, even if the pace has slowed down. In some cases, a reverse trend has been observed: the re-shoring of previously outsourced business activities from overseas markets back to the home market. Important drivers have been cost and quality, but also because consumers are increasingly looking for less standardised and more personalised products. The extent to which re-shoring will occur is a highly debated issue, particularly in the

Nordic countries, Germany and the UK. One important reason is that re-shoring is seen as a potential source of job creation, especially in sectors like manufacturing, that have been hit hard by outsourcing. Even though it is very difficult to isolate the re-shoring from general trade and FDI patterns, there are indications that re-shoring is more likely to happen in R&D and technology sectors such as electrical equipment and the computer industry¹⁰. Locations that want to compete for re-shoring activities need to make sure that workforce skills meet the demands for high-quality manufacturing. The re-shoring phenomenon is tightly linked to the prospects of "Industry 4.0", described in item 7, and can, according to the European Commission, bring prospects of a "re-industrialisation" of Europe¹¹.

9. **Urbanisation and the new role of cities:** With the fast pace of urbanisation, some cities are becoming international actors in their own right, often bypassing national governments. Twinning

agreements and strategic alliances, for example, between cities in different countries can focus on promoting trade and investment flows between the cities in question. The fast urbanisation also requires innovative solutions that meet urban challenges. In order to increase the liveability of cities and tackle their environmental footprints, business attraction is an important tool for attracting the resources that can address these challenges. One example is smart city solutions, where business attraction can play an integral role (a concrete example from Copenhagen is given in case 1.1 in this chapter).

Finally, there is also an on-going urbanisation of economic activity¹², illustrated by the fact that science and industrial parks try to expand into urban areas and become more “city-like” in their appearance, not least to become attractive to younger talent. One consequence is that finding readily available office and other space for new

businesses is becoming more complex, involving more stakeholders. Also, this may prompt a shift from greenfield to brownfield investments, as it is naturally more difficult to find land readily available for new construction in more urban areas.

10. Regionalisation and clustering – place matters: Despite the exponential increase in the speed of digital communication, the role of the place is increasing. Economic growth tends to cluster in regions where proximity and knowledge sharing lead to innovation. When firms are increasingly attracted to clusters of firms in related sectors and with a pool of specialised labour, naturally those locations that exhibit specialisation in similar sectors are in a good position to attract investment. In other words, companies want to benefit from the sectoral concentration in the region in order to create backward and forward integration with the existing domestic firms, which could increase

Cluster development and regional specialisation are becoming increasingly important tools for attracting inward investment

their innovativeness and profitability. Thus, cluster development and regional specialisation are becoming increasingly important tools for attracting inward investment¹³.

¹². A vivid illustration of this phenomenon is that especially young tech start-ups tend to focus their attention away from the less urban districts in the Silicon Valley Bay Area to more central and vibrant areas in San Francisco City.
¹³. Petrakou, M, 2013

1.6 BUSINESS ATTRACTION AND INVESTMENT PROMOTION ACTIVITIES

Investment promotion matters. A study from the University of Oxford concludes that USD 1 spent on investment promotion on the national level increases inward investments by USD 189 and that USD 78 spent creates one additional job in investing businesses¹⁴.

Traditionally, investment promotion consists of activities managed by investment promotion agencies (IPAs) that typically have four different mandates:

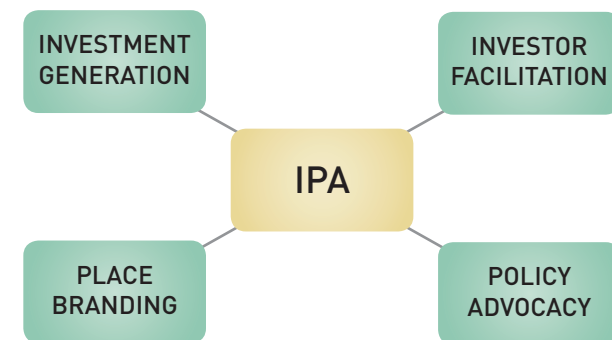
1. **Place branding**, with the aim to create the perception of a location as an attractive site for investment.
2. **Investment generation** entails targeting specific sectors and companies with a view to stimulating investment leads, which include activities such

as identification of potential sectors and investors, direct mailing, telephone campaigns, investor forums and seminars, and individual presentations to targeted investors. These activities can be done both at home and overseas.

3. **Investor facilitation and investor services** refer to the range of services provided in a host location that can help an investor in analysing investment decisions, establishing a business and maintaining the business. These can include activities such as information provision, 'one-stop shop' services aimed at speeding up approval

¹⁴ Hornberger, et al. 2011

Figure 1.2:
Traditional activities of investment promotion agencies (IPAs)



processes and assistance in obtaining sites, utilities, and more.

4. **Policy advocacy** is composed of the activities through which the agency supports initiatives to improve the quality of the investment climate and identifies the views of the private sector on

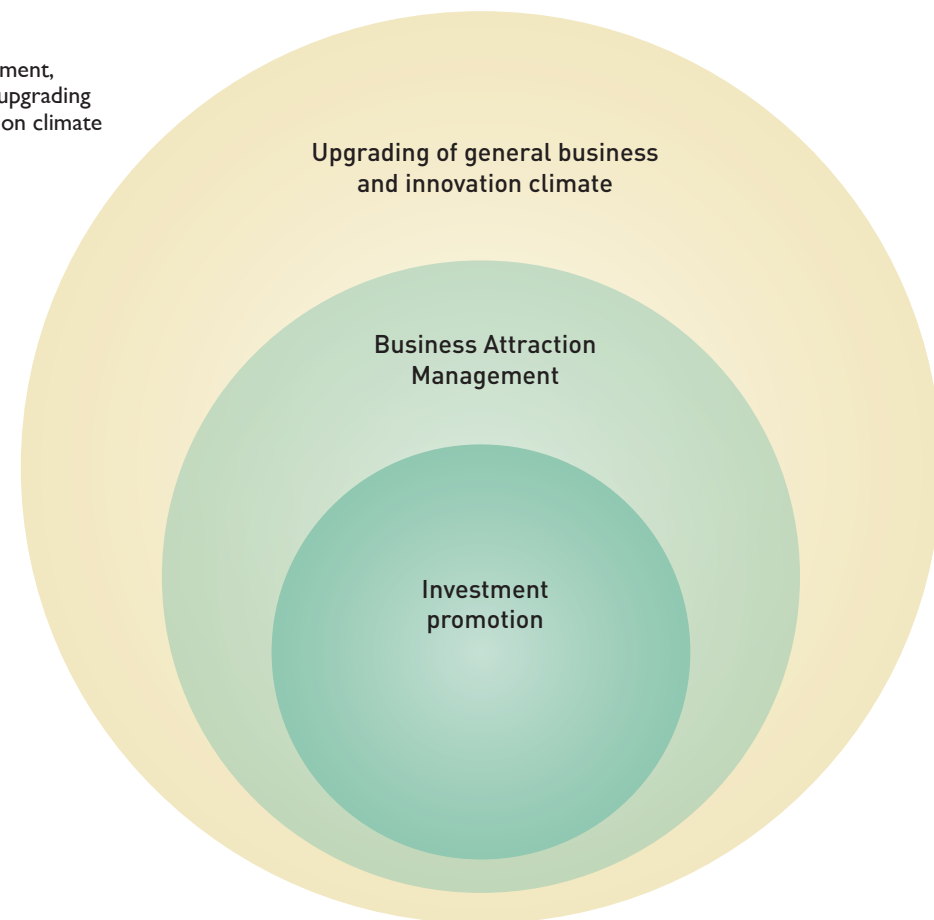
that matter. Policy advocacy can be defined as efforts to effect changes in regulations, laws, and government policies as a way of improving the business climate. Activities can include surveys of the private sector; participation in task forces, policy and legal proposals and lobbying¹⁵.

Investment promotion as a discipline plays an integral role in Business Attraction Management. However, Business Attraction Management is a broader concept, not only focusing on attracting an investment and giving the investing firm due after-care, but also drawing on local and regional strategies and policies for making the place attractive to investment-led growth and innovation. As such, policies and strategies for innovation and growth, cluster development and talent attraction play an important role as enablers for business attraction.

Figure 1.3 illustrates these relationships.

¹⁵. Morisset and K. Andrews-Johnson, 2004; Szondi, 2007.

Figure 1.3:
Business Attraction Management,
investment promotion and upgrading
of the business and innovation climate

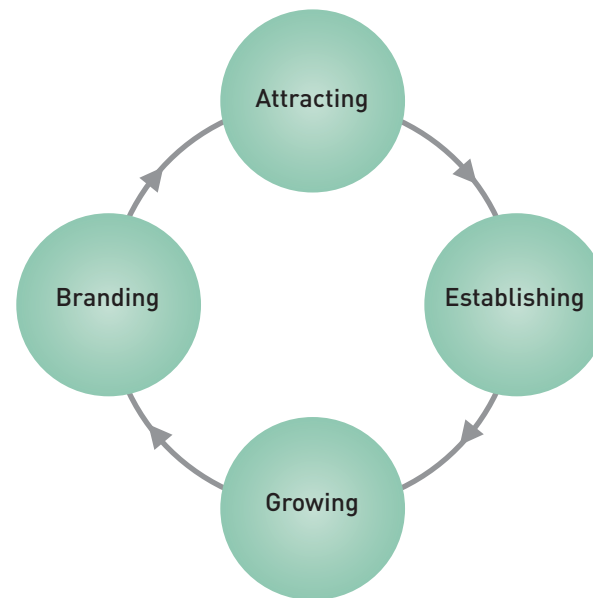


1.7 BUSINESS ATTRACTION MANAGEMENT EXPLAINED

Business Attraction Management can be defined as a holistic approach to the management of strategic approaches, processes and activities aiming at attracting inward investment activity.

The Business Attraction Management model in figure 1.4 illustrates the four main categories of activities.

Figure 1.4:
The cornerstones of Business
Attraction Management



1. **Attracting:** activities focusing on attracting and connecting the investing business to the location, and facilitating and hosting visits.
2. **Establishing:** activities aimed at providing a good reception and soft landing support for investors that have made the decision to invest.
3. **Growing:** making sure that investing business can grow and innovate in the location. A successful establishment process, with conditions conducive to growth, and investing firms growing and innovating, will contribute to building the brand and value proposition of the location.
4. **Branding:** processes and activities aimed at branding the location and identifying, packaging and communicating the value proposition to the investor.

These four phases will be further described in chapter 2 and illustrated in case 1.1, using Copenhagen as an example.

CASE 1.1:

BUSINESS ATTRACTION MANAGEMENT IN PRACTICE – THE CASE OF COPENHAGEN

Copenhagen's work with investment promotion and business attraction can serve as an illustration of a Business Attraction Management approach – and which reflects many of the innovative and dynamic components that are described in the different chapters in this handbook. This case also illustrates a possible division of labour between different stakeholders in a locality.

In terms of *branding* (chapter 3), the **City of Copenhagen** has formulated a bold vision for the future that helps brand the city in the eyes of investors: it wants to be the world's first carbon neutral city by 2025 (read more about this in case box 3.1 in chapter 3). The city and its surrounding region have also initiated the Greater Copenhagen Collaboration, which aims to create a global branding strategy for Copenhagen, also including southern Sweden. The regional investment promotion agency (IPA) of Greater Copenhagen region, **Copenhagen Capacity**, plays an integral role in these endeavours, not the least as hosts to the secretariat of Greater Copenhagen.

Copenhagen Capacity takes the lead in the efforts aimed at *attracting* (chapter 4) businesses. Hallmarks of these efforts are proactive lead generation, prioritisation of direct sales over broad marketing efforts and an experimental approach to investment promotion, characterised

by flexibility, responsiveness to market changes, agility and “doing and learning”. Copenhagen has also employed innovative measures to attract global tech companies to help reach carbon neutrality goals; for example, by using innovative public procurement as a tool for business attraction – here termed challenge-driven business attraction. The cleantech cluster organisation, **CLEAN**, has played a key role in this work. As an independent public-private platform it can be more experimental than public sector organisations when it comes to, for example, the use of public procurement. A concrete example in this regard is the process to procure a big data platform – the City Data Exchange – for the city.

When it comes to the *connecting, facilitating* (chapter 5) and *establishing* (chapter 6) phases, Copenhagen Capacity and its investment promotion team takes a lead role in facilitating visits from potential investors, connecting the investors with different local stakeholders such as innovation centres and cluster organisations, research institutes and city departments. In the case of especially important visits, Copenhagen Capacity orchestrates different stakeholders by putting together a task force before the visit takes place. In addition, a one-point entry desk that tailors programmes to visiting business delegations has been set up.

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Once a decision to invest in the city has been taken, Copenhagen Capacity assists with a set of other measures, such as helping the investor to recruit talent. City of Copenhagen and other stakeholders have also created a one-stop-shop for soft landing, **International House Copenhagen**, where Copenhagen Capacity acted as a catalyst in the creation of the house. Different cluster organisations also play a key role in the establishment phase, offering networks and innovation activities that help the investing business to settle in.

Finally, in the *growing* (chapter 7) phase, access to triple-helix innovation ecosystems, cluster networks and talent are important aspects to help the investing firm to grow and innovate. One unique feature of Copenhagen Capacity is that it, in addition to investment promotion, has an additional mandate to promote cluster development and talent attraction, and has dedicated departments doing this. Especially the talent attraction efforts are seen as supporting investment promotion, and many different measures are taken to grow the pool of international talent in the city.

Copenhagen Capacity is also an orchestrator and driver of new cluster initiatives. The CLEAN cluster started partly on their initiative, and a new health tech cluster is being built, which helps create new prospects for growth and innovation for investing businesses. In the specific area



of smart city development, the City of Copenhagen also works closely with a number of international tech companies that have invested in the city, to co-create new solutions and innovations. This, in turn, has created opportunities for co-branding: these companies can communicate that they help Copenhagen build its carbon neutral brand vision, and Copenhagen can draw on the brand image of these globally known brands, thus creating a self-reinforcing cycle that supports the branding of the location as an attractive investment destination for new innovative projects.

Characteristics of Business Attraction Management

The following characteristics help explain Business Attraction Management:

- **From national to regional to local.** Traditionally, investment promotion has been managed on the national level and, to some extent, by larger city regions. However, in order to attract potential inward investments, regions and municipalities proactively need to develop strategies for attracting and making the most of inward investments, often in close collaboration with national-level actors (refer to case 2.2 in chapter 2 for an overview of possible division of roles and responsibilities between different levels).
- **From linear investment promotion to circular Business Attraction Management.** There is a tendency to see investment promo-

tion as a linear process that starts with marketing and branding and ends with an investment. This fails to demonstrate the interlinkages and mutual dependencies between different phases in the investment process. Business Attraction Management is a circular approach, emphasising that investment attraction is an on-going process with several closely interlinked development processes and activities.

- **From transaction to relationship-based.** Business Attraction Management is a relationship-based approach, developing the relationship and dialogue with the investing business in all four phases of the model introduced earlier. The better, more trustful and productive this relationship becomes in each phase, the more effective business attraction activities will become, not only in the given phase but also subsequent phases – and the better the reputation of the place as a preferred location for investment will become.

The opposite is a transactional approach, which sees the investment process simply as a business transaction between the investor and the place and/or firm in the place.

- **Place-based.** Business attraction is a place-based approach, drawing on the assets, resources and networks of a specific location (whereas traditional investment promotion has had a tendency to focus mostly on the main actors involved in a transaction, i.e. investment promotion agency, the investor and the target business opportunity).
- **Need for systemic leadership in a multi-stakeholder setting.** Business Attraction Management cannot rely on one organisation managing and controlling the required processes in a traditional, hierarchal manner. Instead, successful business attraction requires *orchestration and management* of an ecosystem of different public and private, and often also academic and

societal stakeholders, also known as quadruple-helix (quad-helix) collaboration. Therefore, team efforts are needed, as will be further described in the next chapter. That said, the people in charge of orchestrating the ecosystem do not need to personally provide all services and activities. The point is that *someone* needs to provide the services – and the role of the orchestrator is to act as a catalyst or facilitator to ensure that the services are delivered.

- **From planning and executing operations to agile, project-based work modes.** Business Attraction Management rests on the idea that in an increasingly complex, changing and competitive investment and business landscape, public and semi-public organisations need to adopt work methods that allow for agile processes, characterised by experimentation, innovation, a certain amount of risk taking, and continuous learning and improvement.

- **Innovation promotes business attraction; business attraction promotes innovation.** Innovation is the key driver behind advances in productivity and growth, and increasingly also in solving societal challenges. Therefore, individual firms and places all need to promote innovation, and attract capital, businesses and entrepreneurs that support innovation. Vice versa, innovation is a key attraction factor for investments.
- **From number of jobs to quality of jobs.** Not many locations can expect to get investments overnight that create hundreds of jobs with a pen stroke. Instead, the quality and content of new jobs created is a key factor. In chapter 5 a model for determining what can constitute a high-quality investment is outlined.



Photo: Melker Dahlstrand

1.8 ABOUT THE BUSINESS ATTRACTION MANAGEMENT IN NORDIC CITIES AND REGIONS PROJECT

This handbook has been created as part of the project *Business Attraction Management in Nordic Cities and Regions* (BAM), which is a partnership-based development project with the goal of providing the 22 participating Nordic cities and regions with new strategies and tools for Business Attraction Management.

The project is a part of the *Nordic Place Academy* initiative and is a collaboration between *Tendensor* and *Place Consulting* (read more about Nordic Place Academy, Tendensor and Place Consulting at the end of the handbook).

Case studies of successful cities and regions in Europe and the Nordics have been combined with experience sharing and learning among the participants in the project.

In total, 76 interviews with key representatives of investment promotion and regional development agencies, city and regional governments, cluster organisations, business councils and consultancies have been conducted as a part of the case studies.

Seven comprehensive case studies have been performed, describing the following places, initiatives or phenomena:

- Smart City Copenhagen, Denmark.
- Ireland and Cork.
- Nordic data centre investments – Luleå and Facebook (Sweden), Hamina (Finland) and Google and Apple and Viborg (Denmark).
- Place-based ambassador networks.
- Kongsberg, Norway.
- Logistics investment – Gothenburg, Norrköping and Örebro, Sweden.
- Attracting start-ups and growth capital – Oulu, Finland, Movexum, Sweden, Berlin, Germany and Start-up Chile.



Photo: Lasse Hyldager

A number of “mini-case studies” have been completed, focusing on the following locations, initiatives or phenomena:

- Kaato, Finland – an ambassador network promoting ICT investments into Finland.
- Regional partnerships for business attraction.

- “Life-style oriented business attraction” Ål i Hal-
lingdal in Norway.
- Ida-Virumaa Industrial Areas Development in
Estonia.
- The future of investment promotion – trends
and tendencies.
- Thematic investment alliances for business.
- Cultural clashes and business attraction – the
case of City of Kalmar and the China Europe
Business Exhibition Centre.

Finally, a survey titled “the Future of Investment
Promotion” has been carried out with investment
promotion professionals in Northern Europe. The
aim was to understand how the investment promo-
tion landscape and practice might change over the
coming years. In total 50 people responded to the
survey.

The participants of the project represent 22 cities
or regional partnerships in six countries:

- BusinessOulu, Finland.
- LADEC – Lahti Region Development, Finland.
- Cursor – Kotka-Hamina region, Finland.
- Kouvola Innovation, Finland.
- Kehy – Imatra Region, Finland.
- Silkeborg municipality, Denmark.
- Triangle Region (Trekantområdet), Denmark.
- Buskerud County Authority, Norway.
- Kongsberg Region, Norway.
- Telemark County, Norway.
- Olofström Municipality/Netport Science Park,
Sweden.
- Falun-Borlänge Region, Sweden.
- City of Halmstad, Sweden.
- Laholm Municipality, Sweden.
- Kalmar Region/Kalmar Science Park, Sweden.
- East Sweden Business Region/City of Linköping,
Sweden.



Photo: Sofia Sabel

- City of Umeå, Sweden.
- City of Örnsköldsvik, Sweden.
- Business Region Örebro, Sweden.
- Uppsala Region, Sweden.
- Invest Lithuania/Lithuanian regions.
- Enterprise Estonia/Estonian regions.

1.9 HOW TO USE THE HANDBOOK

This handbook can be used for two main purposes:

1. A go-to source for inspiration and suggestions when working with specific tools, activities or strategies.
2. Creating an integrated strategy for Business Attraction Management and initiating new or enhancing existing business attraction efforts.

Chapter 2 suggests ways to get started and enhance the Business Attraction Management work; chapters 3-7 suggest concrete strategies, tools and activities for Business Attraction Management; chapter 8 suggests a process and tools for creating a comprehensive strategy and scaling up the strategic work to attract businesses to regions or cities.



An isometric illustration of a city or industrial park layout, featuring various buildings, roads, and green spaces. A large, semi-transparent '2.0' is overlaid in the center, indicating a second version or update of the content.

2.0

MANAGING AND ORCHESTRATING BUSINESS ATTRACTION

- *The concept of orchestration in a business attraction context – managing and co-ordinating organisations, networks, people and teams representing multiple place-based stakeholders.*
- *The new role of the business attraction professional – and of the “business attraction team”.*
- *Tools and activities to get the mandate, get the job done and manage the time pressure.*

2.1 INTRODUCTION

This chapter introduces the concept of *management and orchestration* in a business attraction context. Attracting investments is increasingly becoming a question of managing and co-ordinating organisations, networks, people and teams representing multiple place-based stakeholders, as well as entities on the local, regional and national levels. This brings the management skills and leadership required to orchestrate the efforts to the fore.

Attracting investments is increasingly becoming a question of managing and co-ordinating organisations, networks, people and teams representing multiple place-based stakeholders, as well as entities on the local, regional and national levels

2.2 ORCHESTRATION – CO-ORDINATING ORGANISATIONS, PEOPLE AND TEAMS

The need for team orchestration

Business attraction is of long term, strategic importance to the place, municipality and region. The strategic dimension involves setting objectives, allocating resources, and indicating the long term direction that business attraction efforts should take. Implementing and carrying out a business attraction effort is not a “one person show”, but a matter of systemic leadership, involving multiple stakeholders. Experience and case studies show unequivocally that successful business attraction is the result of a team effort. The team approach is critical for several reasons;

- The investor usually demands one (or very few) contact persons.
- Many different functions and organisations (stakeholders) are involved in responding and servicing.
- Short lead times are expected, which means that many activities have to be performed in parallel.

Managing a team effort is a challenge, especially when stakeholders and team members represent

Orchestration:

The scope of Business Attraction Management encompasses several different place-based processes and activities – like investment promotion, place branding and cluster development, which means that management becomes a key word. All team efforts need to be managed. When the team represents different stakeholders and functions, and in the absence of a rigid hierarchy, the management and leadership need to be adapted to this systemic setting, hence the describing word orchestration, which

implies a combination of formal and informal management styles.

Orchestration takes place on the national, regional and local levels, typically reflecting the formal organisations and their mandates. National investment promotion agencies (IPAs), for example, often orchestrate multiple regional or local entities at the initial stages of contact with international investors. But the focus of orchestration in Business Attraction Management is on the local and regional levels, to enhance effective co-operation and boost regional competitiveness.

different organisations with potentially conflicting interests. Orchestrating and engaging different entities and competencies are needed to convince an investor:

The word *orchestrating* captures:

- That the team is informed about the investment scope and time plan (the same musical score).
- That the role to orchestrate/manage the differ-

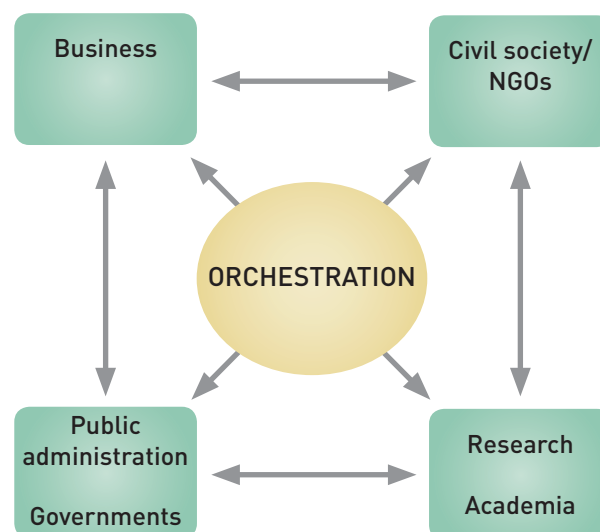
ent teams' involvement is recognised (musical conductor).

- That different organisations need to contribute time and resources (different budgets).
- That the result of the orchestrated effort (e.g. an investment proposal) resonates with the specific investor requirements (the audience).

Stakeholder orchestration

Business attraction requires long-term co-operation between different local and regional players, as illustrated by the quad-helix model (figure 2.1). The *public sector* typically hosts or at least provides the lion's share of the funding to the business attraction entity, and, in addition, is responsible for providing other functions fundamental to investments (land use planning, real estate, utilities, etc.). The *private business sector* not only represents the potential investor but also the existing business community, which can both accommodate and influence invest-

Figure 2.1:
Orchestration of
quad-helix stakeholders



HOW DO OTHERS DO IT?

The national investment promotion agency in Ireland, IDA, employs its own staff on an international, national, regional and local level. In practice, this means that a very small IDA team, led by a regional executive, has to orchestrate efforts and inputs from various local and regional actors, in order to present a convincing case to the investor. In their formal role as investment promoters, they can request the participation of city or regional staff, especially regarding specific functions (land use planning, utilities or permits, for example), but may also need to coax recent investors to act as references. Both formal and informal management styles make orchestration possible. Widespread understanding of the regional and national benefits to Ireland of inward investments facilitates this process. Since the people in various local and regional functions share IDA's ambition to attract more investors, and have a common objective, orchestration takes place in a "team Ireland" spirit.

ments as references. Creating linkages and synergies between existing businesses and the investing business is also an integral component of Business Attraction Management. The role of academic institutions can be critical when it comes to attracting and supplying talented individuals, a skilled workforce and industry-relevant research. Academic institutions are usually also important partners in the local or regional innovation ecosystem. Last but not least, mobilising *civil society* – both individuals such as individual entrepreneurs and thought and opinion leaders and non-government organisations (NGOs) and associations, is important when mobilising support for business investments.

An agile and innovative way of working

The complete synergies of orchestration are not achieved immediately, but elements of agile management can speed up the process. An agile way

HOW DO OTHERS DO IT?

Brainport Development is responsible for attracting inward investments to the Brainport Eindhoven Region in the Netherlands, and regularly involves stakeholders, including investors, in its development processes – launching new activities or services. Early involvement from important stakeholders with clear requirements helps cut lead times before launch. The activity/service can then be improved in each step (see Branding, Attracting, Establishing and Growing on the next page) in a cyclical way. Action, successive improvement and early involvement from customers/investors are typical of an agile way of working.

of working is characterised by action, corrective iteration, and early customer/investor involvement. With several parties being involved in an activity, an iterative process, which improves over time, is preferred. A review of what does not work or what takes too long allows for improvement next time. The important thing is to start up activities. If this is combined with early involvement from the investor, the demands will be apparent and the quality of the orchestration can improve rapidly.

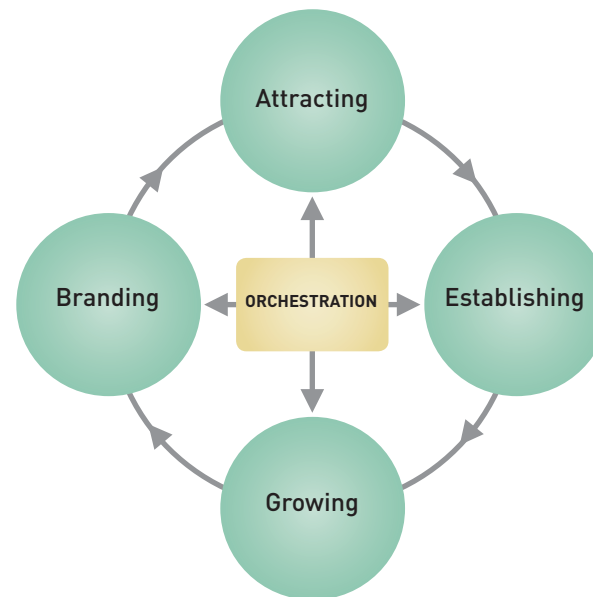
Making the stakeholders engaged in and co-creators of the place's value propositions, solutions and services for investors is a key element of orchestrating successful business attraction management. As outlined in chapter 1, public sector and semi-public sector organisations working with economic development in general and business attraction in particular need to become more innovative in their way of working. Evidence from numerous case studies is conclusive: when it comes to attracting

businesses, the most successful local and regional organisations have all managed to introduce innovative work methods and promote an atmosphere characterised by experimentation, creativity, learning by doing, and a degree of risk taking. In short, they have found a more entrepreneurial way of working.

Orchestrating the efforts of people involved in the whole cycle of business attraction activities

Long-term success in business attraction can be viewed as the result of a number of inter-connected phases, each of which is a necessary but not sufficient condition for a positive outcome. These activities are illustrated in figure 2.2.

Figure 2.2:
Phases of Business Attraction Management – including orchestration



Branding of the place can be seen as both the beginning and the end of a self-reinforcing cycle. Building the brand of the place needs to take business attraction into consideration, and the impact that the brand has on the specific target group – potential investors. This can entail galvanising industrial strengths and opportunities, the particular advantages of the place in a smart specialisation context, soft factors and highlighting the track record of investments made into a specific place value proposition (See chapter 3 on branding).

The **attracting** activities are directed at making contact and developing a relationship with specific investors, as well as facilitating the investor’s visit to the locations, and include sales and lead generation, marketing and packaging and one-stop-shop solutions. Successful attracting culminates with an

agreement to make an investment in the place (See chapter 4 on attracting and chapter 5 on connecting and facilitating).

An agreement to invest leads to the next phase, which is **establishing**. It entails activities like soft landing, and strategic and administrative support such as access to office space and land, networks, innovation hubs and clusters and assistance with permits and licences (See chapter 6 on establishing).

Successful establishing, in turn, leads to the **growing** phase, which means giving investors access to additional talent, innovation networks and projects and social and professional networks. The objective is to ensure that the investing enterprise becomes a successful and integrated member of the busi-

ness community that can generate innovation and growth opportunities. A thriving and growing investor will make further investments and also become an excellent reference for business attraction, which, in turn, strengthens the brand (See chapter 7 on growing and innovating).



CASE 2.1:

ORCHESTRATION IN PRACTICE – LULEÅ AND THE FACEBOOK CASE STUDY, AS REPORTED BY FORMER MAYOR KARL PETERSEN

In a book describing the process of getting Facebook to select Luleå in Sweden for its next data centre investment, Karl Petersen outlines a number of challenges. Many of them can be viewed in the light of orchestration with multiple stakeholders in a regional setting.

Over-arching leadership; the business attraction function has a formal responsibility, but success requires top-level endorsement.

Top political and civil-servant levels engaged; the scope of an investment sometimes requires not only the endorsement, but also the direct involvement of top-level politicians and civil servants. Being able to get support of incumbents and, concurrently, from the political opposition ensures long-term stability for investors.

Responding to customer needs, sometimes even outside the scope of the team's responsibility and mandate. Short lead times can mean that

not all details can be confirmed or committed by the formal decision maker.

Winning the trust of the customer/investor; works on several levels. One level is investor trust in the ability to deliver on promises (a hands-on support team can be created for this purpose), and the other is trust in the orchestrating team having the mandate to represent the place.

Minimising time of approval processes; in practice, finding ways to allow team members and functions to work in parallel. For example: early warning to teams in the next step, and duplicating documents so different teams can avoid working sequentially.

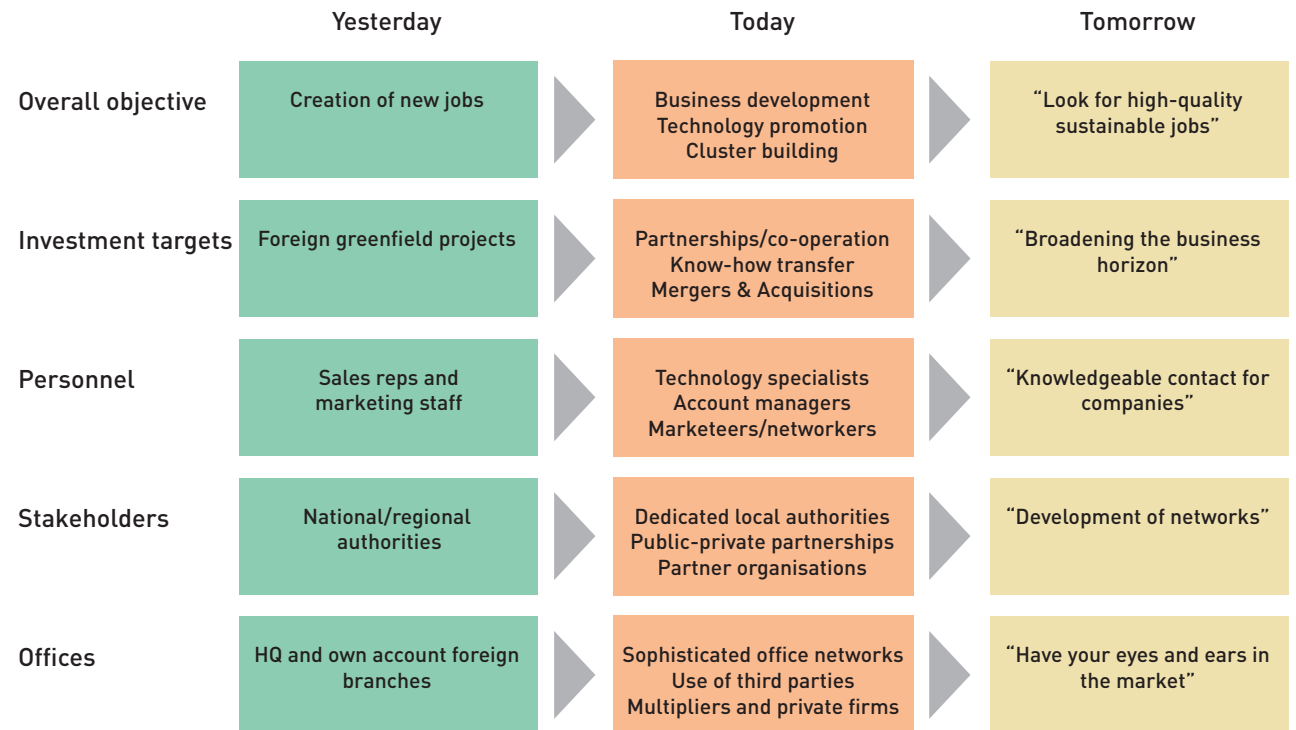
Read more about the Luleå and Facebook case in case box 7.1 in chapter 7.

Figure 2.3:
New challenges with business
attraction management scope

2.3 THE NEW ROLE OF THE BUSINESS ATTRACTION PROFESSIONAL

The new and widened scope for investment promotion reflected in Business Attraction Management highlights the benefits of a holistic approach. The range of activities is greater, from branding to growing, and the range of investments is becoming more diverse.

The figure describes a shift of focus and objectives in business attraction over time. The “Tomorrow” column implies that in the future, the role of the business attraction professional will involve managing an increasing number of interfaces with a broader range of organisations, networks and functions.



Source:
Modified from Buck Consultants International's
view of future investment promotion (BCI, 2013).

The need to create relationships with and *orchestrate* additional groups, as reflected by the figure, will increase with regard to:

Investors

- Representing a broader set of investors and new types of business opportunities like entrepreneurs, growth capital, partnerships, transfer of know-how and Mergers & Acquisitions.
- Brownfield investments can mean investors requiring offices or plants at short notice (implies orchestrating real estate actors, private property owners, etc.).
- Shift from extra-regional/national to more international investors (which may open up opportunities and require new interfaces to agents, international consultants, lawyers, etc.).

Business attraction personnel

- Need for new industry and technology specialists and marketing staff.

Stakeholders

- *Orchestrating* quad-helix stakeholders as outlined earlier in this chapter; but also dedicated local authorities, public-private partnerships, partner organisations.
- Additional stakeholders/groups/functions with new types of investments.
- Involvement in growth and business attraction through innovation (means working closer with business investors, startup capital, existing business community, science parks and incubators).

Branch offices/representatives outside own organisation

- Possibly setting up branch offices, and involving third-party representatives like ambassador networks or other organisations to generate leads.

2.4 TOOLS AND ACTIVITIES

The large number of people and functions typically involved in getting an investor on board makes the orchestration approach viable. But even with a dedicated and motivated business attraction team driving the process it is not without challenges.

The challenges facing a business attraction team can be summarised as: *getting the mandate*, *getting the job done* and *racing against the clock*:

1. **Getting the mandate** is a challenge that projects and matrix organisations struggle with, since time, effort and resources from other entities are required to execute the task at hand. Top management and senior political commitment is usually the solution, but even that can be a challenge to obtain. The business attraction team typically has the formal mandate, but may need

to consolidate it in order to effectively orchestrate the different aspects of business attraction.

2. **Getting the job done** is at the core of orchestration – finding the right competencies, getting the right priority and the desired output with the right quality.
3. **Racing against the clock** adds the dimension of an investor, possibly with other options/locations to explore, who has limited time and who will interpret long lead times as a lack of interest on the part of the municipality/region. This point also raises the issue of internal efficiency, removing bottlenecks and improvement over time.

Here are some tools addressing each of the main challenges.

Orchestration tools to get the mandate

Orchestration requires recognition of the role that the business attraction team plays. The greater the recognition the easier it is to both formally and informally rally participation from contributors in the various steps.

This recognition of mandate can be generated in several different ways; *by merit*, *by proxy* and *by external demand*. They all work in slightly different ways, but the objective is always the same – to increase the mandate of the business attraction team.

1. By merit – earning the mandate by creating results

- Focus on low-hanging fruits that are possible to influence, secure the quick wins and results that can be communicated to stakeholders.
- Adopt an agile approach, starting activities, involving other stakeholders and accepting that the

The business attraction team

The term *business attraction team* is used to describe an imagined group of people who work closely together and are the target users of this handbook. Typically, a business attraction team represents a municipality or region vis-à-vis an investor, and, most importantly, *orchestrates* other functions and organisations.

As a group, it has a functional skill set including marketing and communications, inward investments, and business know-how which enable it to participate in each of the various Business Attraction Management phases (branding, attracting, establishing, growing).

Participation in the different phases can imply orchestrating the work of others. Whereas the group does not have to correspond to one organisational unit and can, in that sense, be informal, it must include a *formal responsibility* for inward investments.

The notion of a business attraction team is important for several reasons:

- Effective and efficient business attraction, now and in the future, requires the efforts and skills of many, and a core team addresses that.
- The business attraction team is also at the centre of *orchestration*, subsequently involving different people and more functions, like layers of an onion.
- In addition, a business attraction team is a prerequisite for *one-stop-shop*. The one-stop-shop concept formalises the business attraction team in the eyes of external investors and internal organisations, and strengthens its mandate.

On the local level, the team is usually determined by co-location. People working with business attraction related issues, and sharing the same premises, naturally form a team. Different office locations and different organisations mean that frequent and regular meetings of the members managing investment related business define the team.

Ideally, a regional business attraction team includes the same skills and formal responsibility as described earlier. The regional business attraction team has representatives from all participating local authorities/municipalities as members, and, ideally, the regional co-operation is governed by a board/committee with the mayors (or equivalent) from each municipality.

The imagined team can include investment promotion staff, trade and enterprise development, growth and innovation managers, tourism development, etc. In reality, a business attraction team can range from an individual to a full-fledged team, and be part of local or regional organisations, public-private joint ownership companies or other similar structures.

The skills set of the business attraction team will be discussed in chapter 4 on attracting.

outcome will not be perfect but good enough. The important thing is to act and show results.

2. By proxy – assuming the mandate delegated by top-level decision makers and working to align objectives set by the organisation

- Top political and civil-servant levels need to be engaged. They have a formal responsibility, but in practice business attraction might undeservedly receive too little attention.
- Engage key people by discussing and informing about the importance of inward investment; for example, making presentations about business attraction effects on growth and innovation (consult chapter 1 for an overview of possible effects). Refer to the importance given to inward investment in other places to create a sense of urgency. (For example, consider the case of IDA, Ireland, where both the national and regional/local commitment is strong, and priority of inward

investment is crystal clear. See the info box on p. 29 on IDA.)

- Take the initiative to include stakeholders in strategy processes (the “how” questions) with the aim of making them co-creators of the strategy.
- Whenever possible, in municipal/regional planning and other situations, create a mandate by linking inward investment objectives to the objectives for other key functions and areas, in order to have objectives that are aligned.
- Introducing a *one-stop-shop* concept as way of working will require information/communication in the organisations involved, which can raise awareness of the role of the business attraction team and strengthening its mandate.

3. By external demands – strengthen the mandate by positioning business attraction team as a solution to external demands

- Boost the interfacing role of the business at-

traction team by referring to the demands and expectations of the investor.

- Get commitment from key functions and individuals by involving them directly in customer demands.
- Create a sense of urgency and opportunity by benchmarking with other competing places.
- Create an inclusive governance structure: get private sector support and strengthen the mandate by involving investors/the business community, in addition to key individuals from the municipality/region, by creating steering committees, advisory boards, or similar functions.

Orchestration tools to get the job done

- Map the actors involved – identify key people that you will be needing services from (public sector, business, university and civil society/NGOs) and in the various functions of the municipality/region. Meeting and getting to know

the people personally can be important, as is letting them understand that the inward investment activities are important. Make Business Attraction Management presentations (<http://placeacademy.com/business-attraction-management-presentation/>), if possible.

- Keep stakeholders informed and involved – depending on the size of your municipality/region it may be necessary to make distribution lists, to send e-mails/newsletters or set up an internal website.
- Form functional teams, such as a “task force” – temporary or more permanent task forces to meet investor demands for each of the four phases.
- Responding to specific customer needs can sometimes be outside the scope of a team’s responsibility and mandate. The business attraction team is best positioned to drive such efforts.

Orchestration tools to increase efficiency and cut lead-time

- Minimise the time of approval processes – by duplicating input (for example, making copies of plans or documents) so that different functions can start working in parallel.
- Create a sense of urgency – using specific case (stressing the importance of external actor/ investor) as a way of engaging and creating support from others (other functions and units). Confidentiality, if required, is an issue – but if something needs to be confidential, it is probably important.
- What gets measured gets done – identify a few important parameters that you can measure and track.
- Tools to facilitate hand-over between functions – agree with other functions that you co-operate with how a hand-over should be handled. Decide the criteria between establishing and growing, for example.

Form functional teams, such as a “task force” – temporary or more permanent task forces to meet investor demands for each of the four phases

Chapter 8 outlines further insights into how orchestration can be supported by an approach to *change management for places*.

2.5 BUSINESS ATTRACTION ON DIFFERENT LEVELS

The target audience of this handbook is cities and regions in general and *business attraction teams* (see the info box on p. 38) in particular. A Business Attraction Management perspective, however, includes the national level and *orchestration*, as a way of working, means freely involving the different levels as the task requires.

Having said that, the different levels have different responsibilities and, typically, they entail the following:

National level

National IPAs handle national marketing, investor lead generation, national/political legitimacy, facilitat-

ing attracting and connecting abroad/internationally. The national level's involvement in business attraction phases can include branding and attracting (including connecting and facilitating).

From an orchestration point of view, this implies that a business attraction team needs to co-operate tightly with the national IPA. International leads and Requests for Information or Proposals (RFIs/RFPs) can reach the team this way. The team's proactive contacts with potential investors abroad can also be facilitated by the IPA.

Regional level

The regional level needs to link the national and local level (passing on information from national level and representing groups of co-operating local authorities/municipalities) and strengthen regional attraction, regional smart specialisation and place value proposition. The regional level involvement in

Business Attraction Management phases can include branding, attracting (including connecting investors and facilitating), establishing and growing.

Both establishing and growing involve introducing the investor to social and professional networks, and innovation systems, including clusters, science parks, incubators, etc. These assets are typically more dynamic, varied and inclusive when managed on the regional level.

A strong trend in Europe and the Nordics is to join forces between several municipalities in regional partnerships to enhance economic development and business attraction. Consult case box 2.2 for more on this phenomenon.

Local level

The establishing, that is, an investment, takes place locally. The local level involvement in Business

Attraction Management phases can include branding, attracting, establishing and growing. Branding can be managed at both local and regional level, depending on the level of co-operation. Attraction requires orchestration between the regional and local levels.

Establishing and growing requires orchestration between the local and regional levels in order to provide long-term investor support. Successful establishing and growing of local investments may require access to professional networks, suppliers, logistics solutions, innovation system actors or support that is available only on a regional level. The business attraction team can be instrumental in orchestrating access to these regional assets.

Case 2.3 illustrates an example of the division of roles between different levels.

A strong trend in Europe and the Nordics is to join forces between several municipalities in regional partnerships to enhance economic development and business attraction

CASE 2.2: REGIONAL PARTNERSHIPS FOR ENHANCED BUSINESS ATTRACTION

Bringing several municipalities together in a regional partnership to attract businesses is a common trend in Nordic and European countries. The purpose is typically to increase the deal flow of business opportunities, enhance brand recognition and pool resources.

These partnerships can range from common organisations that take over functions from municipalities, a secretariat which co-ordinates the joint work, to projects that present a unified offering to investing businesses. There is a strong trend towards partnerships based on functional or labour market regions, rather than administrative regions.

There are four basic types of regional partnerships:

1. **The sector-specific co-operation:** The Node Pole concept in northern Sweden, aiming to attract data centres, illustrates sector-specific co-operation. Four municipalities have joined forces with a number of private players in the industry to create the concept

to market the region to potential data centre investors.

2. **The co-ordination model,** illustrated by the Triangle Area in Denmark. A secretariat representing the co-operation of seven municipalities has been charged with co-ordinating and synergising the economic development and marketing of the region.
3. **The project model** can be illustrated by Telemark County in Norway. A three-year project, Invest in Telemark, has been set up with the sole purpose of attracting new business to the region.
4. **The regional development agency model:** illustrated by LADEC – Lahti Region Development in Finland, Vekst in Grenland in Norway and Business Region Göteborg in Sweden. In these cases, all or many of the municipal functions related to business development and business attraction have been taken over by a common regional development agency.

There are a number of considerations and success factors for regional co-operation in business attraction:

- **Make the economic and functional regions the basis of co-operation** (rather than administrative regions).
- **Create close links between regional and local levels:** make sure that regional business attraction officers/teams at the regional level work closely with local, municipal representatives.
- **Strengthen links to cluster development:** By shifting from local to regional business attraction management, links to cluster development can be strengthened, since clusters tend to span across several municipalities.
- **Communicate the success stories,** which can help create trust that the co-operation creates results and is worthwhile.
- **Create a common narrative for all municipalities involved.** A narrative will help mobilise different stakeholders and help justify the common efforts.
- **Loose co-ordination may not be enough.** Informal co-operation may need a formal mandate and administrative functions in order to be able to implement new business attraction initiatives.

CASE 2.3:

THE RELATIONSHIP BETWEEN NATIONAL, REGIONAL AND LOCAL BUSINESS ATTRACTION – THE CASE OF NORRBOTTEN, SWEDEN

The northernmost region of Sweden, Norrbotten, offers instructive insights into what a division of roles between organisations on different levels could look like in practice.

The regional investment promotion agency (IPA), Invest in Norrbotten (IIN), is comprised of two specialised investment promotion officials. In a geographically vast region with 13 municipalities, IIN needs to use its scarce resources in a smart way and rely on co-operation with organisations on both the local and national level to carry out different branding, attraction, establishment and growing activities – which necessitates strong orchestration skills.

One role of IIN in the region is to facilitate the packaging of different assets and recourses,

called competence areas, to attract investment. A competence area usually spans several municipalities and can revolve around a specialised cluster or innovation hub, but also around a certain expertise. For example, the business attraction effort the Node Pole region of four municipalities, aimed at attracting data centres, is one competence centre and another one is the cold climate testing cluster, which spans a region comprising four other municipalities.

In order to increase the attractiveness for the investors, the individual municipalities in the region are encouraged to join forces to develop business opportunities. IIN also acts as a catalyst that mobilises different local actors to intensify efforts to build new competence

areas that can match opportunities observed in the surrounding world. A concrete example is how IIN has assisted to develop the cold climate test cluster, building a winter rail testing infrastructure, set to open in 2018, drawing on the already established experience of car testing and the cold climate.

The creation of IIN has, in turn, been supported and facilitated by Business Sweden, the national IPA, which has contributed with advice, training and process support. IIN works closely with Business Sweden in both identifying and attracting investors that can further develop the different competence areas in the region.

2.6 KEY TAKEAWAYS OF CHAPTER:

- Implementing and carrying out a business attraction effort is not a “one person show”, but is rather a matter of systemic leadership, involving multiple stakeholders.
- The business attraction team needs to orchestrate, manage and engage different stakeholders, interests and competencies.
- The challenges facing a business attraction team can be summarised as *getting the mandate*, *getting the job done* and *racing against the clock*.
- Business Attraction Management also necessitates effective orchestration of local, regional and national level actors.

Implementing and carrying out a business attraction effort is not a “one person show”, but is rather a matter of systemic leadership, involving multiple stakeholders



3.0 BRANDING

- *Challenges and pitfalls in place branding.*
- *A framework for place branding – and how to involve businesses in place branding.*
- *Forming your place value proposition.*
- *Smart specialisation – a powerful tool for enhancing the attractiveness of a place for business and investment.*

3.1 INTRODUCTION

Place branding, at its best, is a cornerstone of Business Attraction Management: how the place manages its reputation and achieves a distinct position based on its identity and what it does most effectively.

Business Attraction Management benefits greatly from a well-executed place brand strategy. If a region or city is well known and has earned a solid reputation, it will positively affect the investor's decision.

For example, in a highly competitive market of cities and regions seeking investments, some places have managed to capitalise on the value of first mover advantage. The Danish island of Samsø was selected as a testbed for wind power energy in 1997, and has since then taken the position as the world's first 100% renewable energy powered island, which has created interest in investor circles.

Another place brand-oriented strategy is to benefit from cultural or other place-based authentic values that set the place apart in the international competition. Oulu in northern Finland organises the Polar Bear Pitching event every year – a hole is cut through the ice and entrepreneurs pitch their start-up ideas as long as they can, in the freezing cold. The unique event is broadcasted all over the world and contributes to the image of Oulu as one of the best cities for start-ups in the world¹⁷. It may, at first glance, seem like “just” a marketing stunt, but the event is closely linked to the habits and identity of northern Finland.

This chapter describes how place-brand building can be managed and which tools are available to make Business Attraction Management stronger by connecting the place branding to the investor-oriented value proposition.



Photo: Henri Luoma

¹⁷. Fortune Magazine, September 2012

3.2 CHALLENGES AND PITFALLS WITH PLACE BRANDING

Place branding can be a challenging discipline to master. Below are some common mistakes in place brand and reputation building:

- **No leadership behind the brand promise.** Bold promises have not been backed up with a decisive long-term action plan.
- **Sameness in concept.** Many places claim to be sustainable, innovative or smart without having a strategy for how to differentiate themselves.
- **Mixed messages.** The place is sending out conflicting brand images. This is often due to gaps between different stakeholder initiatives.
- **Weak outside-in perspective.** The values that are communicated are out-of-date or of no interest to the external target group.
- **Identity versus image conflict.** External messages do not resonate with how citizens perceive their place.
- **Marketing without branding.** Advertising campaigns are mistaken as place branding – often due to a lack of understanding of what long-term image building really is.
- **“Always nice with something new”.** Branding initiatives are being replaced before they have made a long-term impact, often by newly elected politicians who want to make their impact on how the place should be perceived.



Place branding, at its best, is a cornerstone of Business Attraction Management: how the place manages its reputation and achieves a distinct position based on its identity and what it does most effectively

3.3 A FRAMEWORK FOR PLACE BRANDING

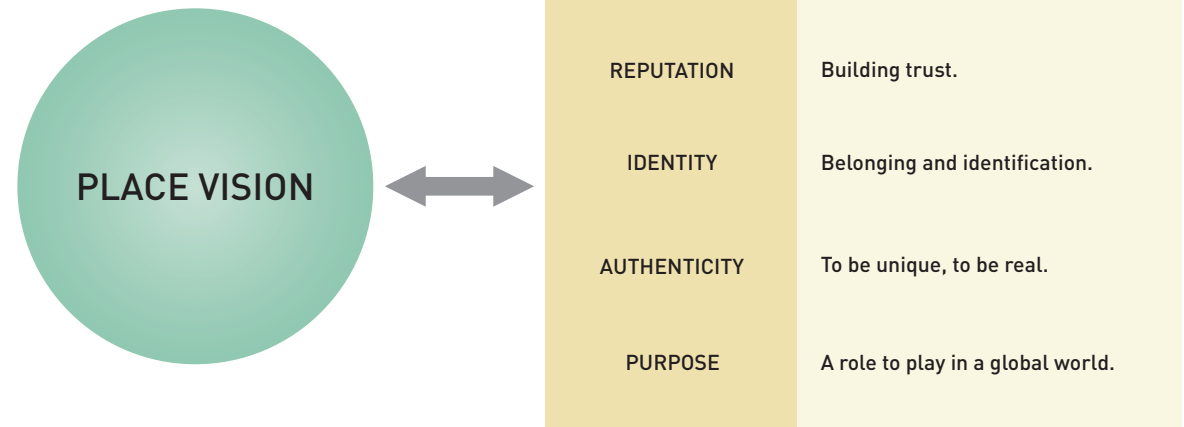
In order to create a branding context for Business Attraction Management it is useful to introduce a framework for place branding with different dimensions, including place vision. The vision element underlines the importance of a strong, guiding idea for the place's future.

In the project Talent Attraction Management for Nordic Cities and Regions¹⁸ a five-dimensional framework for place branding was introduced. The purpose of this toolset was to explain the building blocks of a consistent and well-managed place branding. This framework has been complemented with place vision as a sixth, overarching element.

It is important to bear in mind that the place brand should cater to all target groups of the place;

¹⁸ Tendensor, 2014

Figure 3.1:
Framework for place branding



talents, visitors and business investments. To form a consistent place brand without conflicting messages, branding must be shaped and co-ordinated by actors who can see to all these three target markets. As a consequence, the business attraction team needs to work with other place stakeholders to initiate place-branding efforts, and, in addition, have a realistic understanding of the long-term nature of place-brand building.

In the following, the six dimensions of the place-branding framework will be discussed, alongside

possible tools for enhancing each specific dimension.

A. Place vision

A *vision* is a clear and compelling picture of the ideal future; inspirational, ambitious but still attainable. Places that can show where they are heading and what their ambitions for the future are, will send a clear and appealing signal to those investors or entrepreneurs sharing this vision.

An example is Copenhagen's clear vision of being carbon neutral by 2025, that has generated global publicity and local innovative initiatives, as well as inward investments, which is described in case box 3.1.

Possible tools: Illustrate the place vision in all communication. Place leaders must be committed and actively articulate the vision. Communicate success stories and involve people and stakeholders in tackling global local challenges.

B. **Visibility**

Visibility is about reaching out and making your voice heard in a noisy, crowded world of place messages, both nationally and internationally. Being visible on the radar of investors and entrepreneurs is a prerequisite for making the short-list of

CASE 3.1:

PLACE VISIONS THAT ATTRACT GLOBAL BUSINESSES: THE CASE OF COPENHAGEN

Copenhagen strives to become the world's first carbon-neutral capital by 2025. The vision, embodied in the Carbon Neutral Plan – the 'CPH 2025 Climate Plan' – was adopted by the city council in 2012. The plan has the highest political backing, with the current Lord Mayor Frank Jensen as one of its most vocal advocates.

The vision and the ambitious plan have received worldwide attention and praise in international media and government circles – and have become a driver for local innovative initiatives that aim at reaching the goals.

The vision has also been very useful for storytelling about Copenhagen; for example, when talking to international investors. Indeed, over the last few years, several global tech firms such as Cisco and Hitachi have established themselves in Copenhagen, enticed by the opportunity to help the city tackle the challenges associated with the transition to carbon neutrality.

Read more about Copenhagen's general business attraction work in case box 1.1 in chapter 1.

potential investment locations. Start-up Chile is one of the most successful cases worldwide when it comes to creating visibility to businesses (read more in case box 3.2).

Possible tools: Launch initiatives that are unexpected and that create media coverage. Search visibility within the areas (industries, themes) where the place has a competitive edge. Use well-known place names when branding value propositions. Arrange or attract international events.

C. Reputation

Reputation is the overall trust or confidence that people in the target market feel for the place. Since investments often are risky decisions, places that are trusted will have a distinct advantage. Finland's global reputation in architecture and design, supported by well-known individuals like Alvar Aalto and Eero Saarinen, helps the new generation of architects, construction companies as well as design start-ups to gain international credibility.

CASE 3.2:

START-UP CHILE – BUILDING INTERNATIONAL VISIBILITY TO ATTRACT ENTREPRENEURS

A new player has entered the stage of top global entrepreneurial hubs and ecosystems. Chile has, within just a few years, managed to position itself alongside global hubs, such as Berlin, Silicon Valley and Tel Aviv as an attractive place for start-ups to launch their operations.

It is the disruptive nature of what the entrepreneurs are offered that sets Start-up Chile apart. Carefully selected entrepreneurs from around the world are granted a

one-year work visa, around USD 33,000 in equity-free seed capital together with free office space, internet access, mentoring and other acceleration services.

By going against the stream, Start-up Chile has received significant media exposure. Already by the second year in operation, more than 928 global media outlets were talking about the initiative, up from 19 in the first year.

Possible tools: Invest in areas of excellence. Show social responsibility. Use storytelling to express a strong heritage. Innovate to keep your position.

D. Identity

An often-overlooked aspect of the place brand is identity; that is, the meaning and significance of the place, for its inhabitants and other groups of people relating to it. The identity aspect is not directly

linked to the investor's perception of the place, but it is mirrored in the degree of openness, working culture and attitudes that investors will meet.

Possible tools: Involve citizens in co-creation of place and local neighbourhoods. Seek consistency between external messages and local perception of the place.

E. **Authenticity**

Being *authentic* means being true, unique and “for real”. It could be seen as the opposite of copied, generic or mass-produced. When Denmark participated in the World Expo 2010 in Shanghai, they displayed the original sculpture the Little Mermaid, normally sitting on a rock in Copenhagen. Few other participating countries in the expo succeeded to connect to the cultural interest of people like Denmark did, resulting in a large number of visitors to the Danish pavilion.

Possible tools: Identify and display cultural markers and symbols of your place. Use storytelling to communicate the place’s heritage. Let investors experience the regional culture and way of life.

F. **Purpose**

Purpose – in a changing world, smart places manage to find a role to play in certain fields where their competence and resources can be combined to a

natural position in the market. Purpose is closely linked to vision, but it underlines the need to be number one in some segment or category. Lessons from successful places show that a strong place leadership is needed, as well as willingness to take risks from the local stakeholders.

How Estonia has used its “e-credentials” to create global purpose and a strong positioning that is hard to copy is a vivid illustration, described in case box 3.3.

Possible tools: As presented, finding your purpose is the first step to a successful positioning of your place on a national or international market.

Here are six rules for successful positioning of places:

1. **Builds on a unique combination of resources**

Other places should not be able to claim that they have the same strengths. Make a smart choice of market category to dominate. Or invent a new category where you are alone.

2. **Is perceived as valuable by the target market**

The place position must correspond to values or assets that are truly perceived as worth paying for, in the eyes of the target market. Find values that will continuously be more important for investors.

3. **Is distinct and bold**

To achieve the desired attention and visibility, the positioning must be intuitive and striking. Be careful not to exaggerate or be something you are not.

4. **Can be defended and sustained**

As technology develops or the competitive

landscape changes, some positions are hard to maintain. The Swedish city of Växjö claims it is the greenest city in Europe – which is getting harder and harder to defend.

5. Is in line with the place's vision and strategies

Bold statements must go hand in hand with leadership and how the place is developing its assets.

6. Inspires people to act

If the place's purpose and positioning contributes to local pride and inspires the creation of new companies or civic initiatives, a brand strategy that is followed by action has been formed.

CASE 3.3:

E-RESIDENCY GIVING ESTONIA A GLOBAL PURPOSE

In 2014 Estonia introduced an innovative feature in their government services, the e-residency. Now anyone in the world can become an e-citizen in an EU Member State and do business with the tools "E-stonia" provides them with.

In short, any person, from New Zealand to Peru, can apply for e-residency in Estonia in order to benefit from government and private sector services without travelling all the way to Northern Europe. By using the personal digital identity, one can e-sign documents (equal status with hand written signatures), use Internet banking, start a company, utilise financial services, pay taxes and do business. It is not the same as a residency or living permit. It can practically be described as an online bridge to a huge EU market.

But what are the implications for Estonia's brand and reputation in the world?

Estonia is already a European and global frontrunner when it comes to e-services. There is the electronic tax filing, e-voting, accessing personal electronic health records, e-prescription, consulting one's child's progress in the e-school environment, and starting a company in less than 20 minutes. These elements are vividly marketed in the government's communication and public diplomacy, also to investors.

It is logical then that Estonia, as the first country in the world, launched the e-residency. It is not only a very useful tool for people in other countries, it is also a symbolic action with strong communicative power that lends credibility to and helps galvanise the *E-stonia reputation* – and that helps bolster the country's role and purpose in the world. The disruptive element of the initiative also created immense worldwide media publicity, contributing to building the brand further.

3.4 INVOLVING BUSINESSES IN PLACE BRANDING

In order to make place branding more aligned with Business Attraction Management, six possible strategies can be applied:

1. **Involve businesses in creating the brand**

Today, place brand ideas and strategies are often created in multi-stakeholder creative processes. Make sure that business leaders and entrepreneurs – especially those who have recently invested in the place – are deeply involved and dedicated. Branding ideas that do not appeal to local businesses should be abandoned.

2. **Set up a business-oriented brand steering group**

Place-brand management (analysis, strategy development, idea generation and monitoring) is best

handled by a steering group representing place leaders and brand professionals from both the private and public sector:

3. **An open toolbox for co-branding**

To successfully use the communicative power of businesses, the concept of co-branding must be broadened, from displaying logos side by side to a range of available communication tools to choose from; from graphics, text and photos to smart, collaborative marketing projects.

4. **From one place brand to brand portfolio**

In a dynamic region there are normally a range of place-related brands, concepts and initiatives, which sometimes causes frustration for place branders seeking one overall message. A more flexible approach, the use of a brand portfolio, can be better aligned with reality and an agreement to use some common elements to achieve better recognition.

5. **Branding for transformation**

As mentioned earlier, place branding should be *authentic*, in the sense that it benefits from the cultural and historical values of the place. Often, businesses are keen to communicate innovation and more future-oriented messages in order to transform the place and to get rid of old perceptions. This has to be balanced in order to make the branding credible.

6. **Storytelling to allow businesses to shine**

Brand messages need to be communicated in an interesting way and there is a need to prove claims. Storytelling is a powerful way of bringing brands to life by telling real-life stories about entrepreneurs, business achievements or innovations. This will make the place brand more business oriented and more appealing to investors.

3.5 FORMING YOUR PLACE VALUE PROPOSITION

For most investors, a general place brand message is not distinctive enough to match specific business needs and aspirations. The competitive edge of the place, which takes the investor's perspective, must be formulated and efficiently communicated.

As in this case, the place value proposition can be labelled and branded to make it more visible and easier to communicate. In some other cases, value propositions are successfully deployed simply by using the reputation of the place's name.

Do not underestimate the need for leadership and substance behind the proposition: weak place conditions can never be compensated by glossy images or marketing messages. The creation of the place's

A place value proposition is a targeted investment offering that is based on the place's competitive edge or smart specialisation. Place-specific culture, values or characteristics are used to differentiate the offer in a highly competitive market.

value proposition is a result of a value-creating process based on competitive resources.

Five inputs are critical to forming the place value proposition:

1. **Alignment with place specialisation strategy**

The value proposition has to be aligned with the strategic direction and path of smart specialisation that has been chosen for the location. See case box 3.4 for more details on smart specialisation in a business attraction context.

2. **Investor-targeted market preferences**

The needs and wants of the investors must be mapped and met when designing the value proposition.

3. **Market and technology trends**

On-going or expected economic and technological

changes will affect the outcome of the value proposition and, therefore, need to be taken into account.

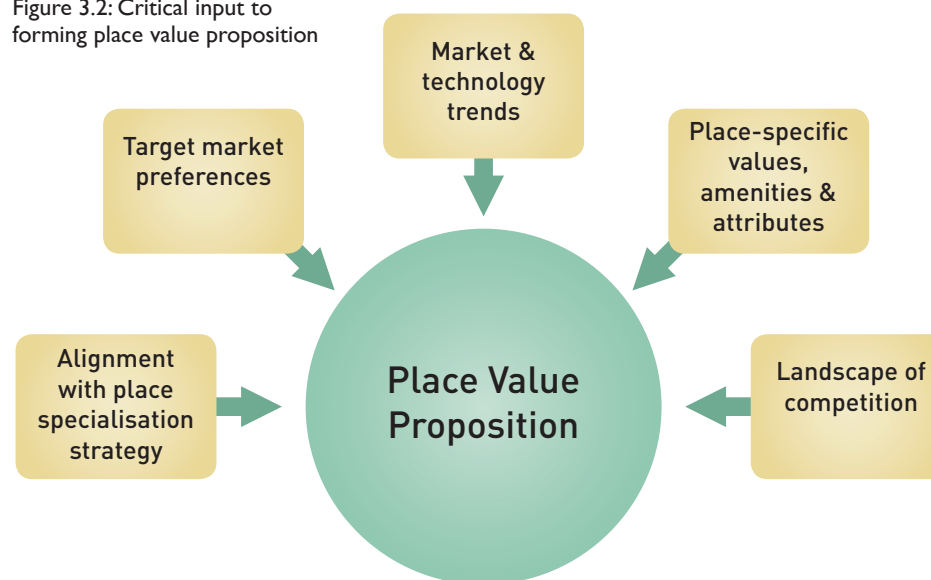
4. **Place-specific values, amenities and attributes**

Places' overall attraction, amenities and quality of life, are of great value for investments that need talent to prosper.

5. **Landscape of the competition**

Alternative investment locations and their competing offerings will affect the design and positioning of the value proposition.

Figure 3.2: Critical input to forming place value proposition



CASE 3.4: SMART SPECIALISATION

Smart specialisation, as a strategy for regional development based on competitive advantage, innovation and entrepreneurship, can be a powerful tool for enhancing the attractiveness of a place for business and investment. Furthermore, since many Nordic regions are eligible to apply, it is important to stress that having a smart specialisation strategy in place is a prerequisite to receive funding from the European Regional Development Fund (ERDF) for projects which, in turn, help strengthen business attraction.

Background

The Research and Innovation Strategy for Smart Specialisation (abbreviated RIS3) is a useful regional development strategy, favoured by the European Commission to develop regions in Europe, and a cornerstone in the EU's growth strategy for Europe 2020.

As economies have developed, they have been categorised into three different types:

1. Factor-driven economies have low-cost labour and unprocessed natural resources as the basis for competitive advantage and exports.
2. Efficiency-driven economies based on producing advanced products and services efficiently, through investments in efficient infrastructure, investment incentives, improving skills, etc.
3. Innovation-driven economies with a competitive advantage based on the ability to produce innovative products and services at the global technology frontier.

Since the EU was seen as lagging behind the US in competitiveness with

regard to R&D, and Asia and South America (no longer only factor-driven economies) were challenging, Europe was in need of a more innovation-driven economy. Smart specialisation as a strategy was introduced to address this, and at the same time avoid perceived weaknesses in previous regional innovation strategies such as lack of international and trans-regional perspective, too much public involvement in R&D and not sufficiently business-driven development, lack of analysis regarding the region's assets and a "picking winners syndrome" (governments encouraging certain sectors or businesses).

Understanding smart specialisation

The purpose of smart specialisation is for regions and European member states to identify their long-term competitive advantages based on local strengths, and define the actions that can lead them to maintain and/or create their competitive position. From an EU perspective it is a strategic approach to economic development through targeted support to research and innovation (R&I) that accomplishes five important things:

- They focus policy support and investments on key national/regional priorities, challenges and needs for knowledge-based development, including ICT-related measures;
- They build on each country's/region's competitive advantages and potential for excellence;
- They support technological and practice-based innovation and aim to stimulate private sector investment;
- They get stakeholders fully involved and encourage innovation and experimentation;

- They are evidence-based and include sound monitoring and evaluation systems.

To understand what differentiates smart specialisation from earlier regional development strategies, and how to develop a strategy based on smart specialisation, the following three core strategy elements are crucial:

1. **Self-discovery or entrepreneurial discovery process.** Although smart specialisation strategies involve structured analysis and conclusions, they are based on a bottom-up entrepreneurial discovery and prioritisation process, in which quad-helix stakeholders need to be involved. The private sector is discovering and producing information about new activities and government provides conditions for the search to happen, assesses potential and empowers those actors most capable of realising the potential.
2. **Activities, not sectors per se, are the foundation for setting priorities for knowledge investments.** While sectors still matter, the issue is not to target sectors but rather activities. Activities that constitute a potential smart specialisation strategy, such as development projects, start-ups or on-going research activities are signs of energy and willingness to invest time and resources. Activities can be tied to specific technologies or a technology mix, to specific capabilities, natural assets, etc. In general, what are selected as future priorities are those activities where innovative projects show strong drive and complement existing productive assets.
3. **Smart specialisation entails strategic and specialised diversification.** Rather than encouraging specialisation along pre-determined paths, the smart specialisation approach recognises that new or

unexpected discoveries of activities might emerge within a given part of an innovation system leading to “specialised” diversification. Sometimes company supported activities, business development, and “spin-offs” lead to new business based on competitive advantages when applied in a new diversified business context.

Are you on the right track?

If you already have a smart specialisation for your region or are planning one, check it according to the following assessment criteria:

- Is the strategy based on an appropriate stakeholder involvement? How does it support the entrepreneurial discovery process of testing possible new areas?
- Is the strategy evidence-based? How have areas of strength and future activity been identified?
- Does the strategy set innovation and knowledge-based development priorities? How have potential areas of future activity been identified? How does it support the upgrading of existing activities?
- Does the strategy identify appropriate actions? How good is the policy mix?
- Is the strategy outward-looking and how does it promote critical mass/potential?
- Does the strategy produce synergies between different policies and funding sources? How does it align/leverage EU/national/regional policies to support upgrading in the identified areas of current and potential future strength?
- Does the strategy set achievable goals, measure progress? How does it support a process of policy learning and adaptation?

CASE 3.5:

KONGSBERG: A SMALL SPECIALISED PLACE IN THE GLOBAL ARENA OF BUSINESS ATTRACTION

Kongsberg in Norway, with 27,000 residents, has managed to build a globally competitive stronghold in the field of systems engineering, which is attracting investment, talent and business and academic interest from all over the world. Kongsberg has been appointed “The Norwegian Technology City number 1” and received various national and international rewards for outstanding achievements.

What was the secret behind these achievements?

In Kongsberg, the strong local partnership between business and public sector managed to turn around a negative development spiral, starting in 1987 when the dominating company Kongsberg Våpenfabrik A/S suffered a serious financial crisis. To counter this, Kongsberg developed the fundamentals for successful business attraction. Kongsberg used smart specialisation as a strategy, long before the concept was coined, to attract and work with the best customers and knowledge institutions in the world.

The main lessons learned behind the success of Kongsberg include:

- The importance of creating a joint platform, Kongsberg Industry Forum, where local private and private stakeholders could outline joint visions, strategies and operative actions in an environment characterised by trust and understanding.
- How building an academic infrastructure by creating links with highly ranked international universities and competence centres can help develop smart specialisation and talent attraction, and, in turn, business attraction.
- The importance of working with and attracting the best customers in the world to build the business attractiveness of local cluster.
- The importance of working with quad-helix partnerships, involving public, private and academic stakeholders as well as resourceful individuals, in business attraction.

Today the one dominating company has evolved into 24 companies with multiple specialised diversification.

3.6 KEY TAKEAWAYS OF CHAPTER:

- Place branding – how the place manages its reputation and achieves a distinct position based on its identity and what it does most effectively – is a cornerstone of Business Attraction Management.
- A place vision is a key component of a place brand. It can show where the place is heading and will send a clear and appealing signal to those investors or entrepreneurs sharing this vision.
- To form a consistent place brand without conflicting messages, branding must be shaped and co-ordinated by actors who can see to all main three target markets: attracting talents, visitors and investments.
- A place value proposition is a targeted investment offering that is based on the place's competitive edge/smart specialisation, culture or values in order to differentiate the offer in a highly competitive market.
- Smart specialisation can be a powerful tool for enhancing the attractiveness of a place for business and investment.

A place vision is a key component of a place brand. It can show where the place is heading and will send a clear and appealing signal to those investors or entrepreneurs sharing this vision

The background of the slide features a hand with the index finger pointing upwards, set against a blurred image of a person in a business suit. Overlaid on this are several semi-transparent circular shapes and a grid of white icons representing various business professionals (men in suits and women in blouses).

4.0

ATTRACTING

- *Setting up the business attraction team.*
- *New and innovative methods for reaching out to investors.*
- *Tools necessary for identifying the investor target market and for efficiently selling the place and its investment opportunities to the investors.*
- *Adopting an entrepreneurial mindset and agility and flexibility to successfully meet the individual demands of investors.*

4.1 INTRODUCTION

The *attracting* phase follows the branding phase, described in the previous chapter.

This chapter explains the tools necessary for identifying the investor target market and for efficiently selling the place and its investment opportunities to the investors. It is followed by chapter 5 on connecting and facilitating; the one-to-one business relationship with an identified investor, aiming at closing the deal.

As competition between places for investments is getting more intense and more complex, new and innovative measures for reaching out to investors are needed. Place actors need to adopt an entrepreneurial mindset and agility and flexibility to successfully meet the individual demands of investors.



Photo: Sofia Sabel

Figure 4.1:
Six capabilities of a successful business attraction team

<p>Eyes and ears to the market</p> <p>To act on changes in the market and to capture new investment opportunities.</p>	<p>Business mindset and skills</p> <p>To manage the business relation with the investor and to understand their business model and needs.</p>	<p>Marketing and communication</p> <p>To reach out on a competitive market and to control information flow throughout the investment process.</p>
<p>Responsiveness and flexibility</p> <p>To act quickly upon requests and to form tailor made offerings within a short time limit.</p>	<p>Well connected and legitimised</p> <p>To mobilise local leadership when needed and to form the necessary alliances.</p>	<p>Knowledge in specialisation areas</p> <p>To match the investors' need for specialised and detailed information, and guidance.</p>

4.2 SETTING UP YOUR BUSINESS ATTRACTION TEAM

When putting the business attraction team together, different competences and skills need to be represented to meet the various challenges associated with the different phases of Business Attraction Management.

There is great variation in available resources for attracting investments between different places, not the least when comparing national, regional and

local levels. In some cases, there are fully-fledged investment promotion agencies (IPAs) with an international outreach and the capacity to manage complex investment processes. In other cases, especially at the local level, investment promotion is

one activity among others on the agenda of public officials and business developers.

As described in chapter 2, Business Attraction Management is a systemic approach, involving orchestration of actors from all sectors and is increasingly dependent on agile and innovative work methods. In this chapter, the focus is on forming a business-oriented investment team with some key skill sets in order to successfully manage the attracting, connecting and facilitating and establishing phases will be pointed out. Six capabilities of a successful business attraction team are outlined in figure 4.1.

To reach its goals, the team needs to work in close co-operation with international, national and regional supporting organisations.

HOW DO OTHERS DO IT?

Innovative, private initiatives for attracting investments have traditionally been rare, but are now emerging in some locations. KAATO in Finland is a pro bono business community initiative, where 450+ experienced high tech business leaders help international companies to quickly establish and expand operations

in Finland. The core team of the initiative is made up of former Nokia executives who are committed to promote investment opportunities by using their ICT industry experience. KAATO works closely with the major regional investment promotion agencies in Finland and the national IPA, Invest In Finland.

4.3 LEAD GENERATION: HOW TO IDENTIFY AND TARGET THE INVESTORS

A clear strategy for targeting investors is needed for an efficient use of resources and for aligning business attraction with the place's specialisation strategy. Precise targeting can be pointed out as a key success factor for attracting investments, and goes hand-in-hand with the carefully selected marketing tools described later in this chapter:

The traditional way of defining a target investor market is through segmentation based on a combination of business sector and geography. The targeting of investors can be more powerful by applying some of some of the following strategies:

Recent or on-going investments

A key priority for targeting is on-going investment cases in order to maximise the investment itself, and to identify and connect to the possible followers – that is, businesses that can reinforce or complement the investment. As pointed out in chapter 6, many investment promoters see getting

established investors to reinvest as the most efficient investment attraction tool.

Companies with an existing connection to the place

Businesses that have suppliers, partners or customers in the region, already have a commercial and mental readiness to invest. These companies can be identified through dialogue with local business leaders or by mapping the local business community.

Smart specialisation opportunities

With smart specialisation, a starting point for a precise targeting has been created, since it is narrowing down the investor search to more specific firms and competencies that can reinforce or benefit from the specialisation. See case box 3.4 on smart specialisation in chapter 3 for further details on how to use smart specialisation in the business attraction context.

HOW DO OTHERS DO IT?

Québec International, the regional Economic Development Agency of Québec in Canada, has shifted focus from attracting new investments to expanding ongoing or existing investments, from 80/20 to 20/80 in proportion with good results.

Gaps in business value chains or cluster ecosystems

When local businesses cannot find suppliers, partners or competencies nearby, there may be an investment opportunity for an outside actor that can fill the gap in the value chain. In addition, identifying actors that can help strengthen the total ecosystem of a business cluster is also a viable strategy.

Challenge-driven business attraction

Defining and communicating challenges that the location faces – and which businesses can help solve them – can form a starting point for targeting. A case in point is how Copenhagen uses its smart city development as a starting point for business attraction, described more in detail in case box 1.1 in chapter 1.

Entrepreneurs with a personal connection

Investments sometimes follow the personal dreams, aspirations and place preferences of the entrepreneur behind the company. Entrepreneurs that have

a link to the place – perhaps family connections, a summer house or practice a sport or hobby in the location – can be seen as potential investors worth connecting to.

Ambassadors, diaspora or other networks

By cultivating networks of business individuals with a connection to the place and with a national and international outreach, investment leads can be generated and doors can be opened. In addition, there are innovative tools emerging that can support diaspora-based marketing, such as big data mining services that are based on name recognition software. A frontrunner ambassador network is GlobalScot, described in case box 4.1

Find the brokers and advisors

Investors at some point in their investment process often use brokers and advisors: site selection consultants, major accounting firms, law firms and government officials overseas.

HOW DO OTHERS DO IT?

The Swedish island of Gotland has experienced difficulties in attracting investments due to its relatively small market and geographical isolation. Nevertheless, Gotland has a unique attraction as a destination for entrepreneurial and prominent people looking for a balanced lifestyle. Gotland has set up an effective talent reception service called Inflyttarbyrån that has proved to be successful in matching entrepreneurs with the right opportunities on the island.

The Norwegian ski resort Ål has managed to attract creative and digital entrepreneurs by promoting a combination of adventure sports, culture and business development. A recently inaugurated business hub has created a natural meeting place for the start-ups that come to the place.

CASE 4.1:

GLOBALSCOT – BUSINESS ATTRACTION THROUGH AMBASSADOR NETWORKS

Since 2001, Scottish Enterprise has managed one of the most extensive global ambassador networks there is, called GlobalScot. Today, it includes around 650 people across 51 countries globally and the members are referred to as GlobalScots – business leaders, entrepreneurs and senior executives with a passion for Scotland and Scottish businesses. The members are carefully recruited and they cover a wide spectrum of markets and business areas.

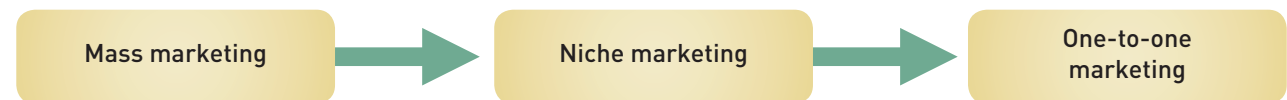
The GlobalScot ambassadors are active in attracting investments to Scotland. They handle introduction meetings in other countries and they help develop investment propositions. The ambassadors participate throughout the investment process as an extension of the in-house investment teams.

In addition, the GlobalScot programme works closely with another Scottish Enterprise programme, TalentScotland, to attract critical skills to Scotland that, in turn, will make the country more attractive to businesses.



Why does one-to-one marketing work? Having created a trustful dialogue, you will learn about the individual investor's preferences and intentions, which enables you to form tailor-made solutions, just in time

Figure 4.2: From mass marketing to one-to-one marketing



4.4 TOWARDS A ONE-TO-ONE MARKETING STRATEGY

To successfully attract investments with scarce resources, a shift is needed from mass marketing approaches to niche marketing and preferably, a focused one-to-one strategy – a value-creating dialogue with individual potential investors.

Why does one-to-one marketing work? Having created a trustful dialogue, you will learn about the individual investor's preferences and intentions, which enables you to form tailor-made solutions, just in time. Furthermore, from the investor's point

of view, there will be an increasing transaction cost for starting to search for alternative investment locations.

A trustful relationship with the investing business will also pave the way for a better understanding of the needs and servicing of the investor in the later stages of the business attraction process: the establishing phase (described in chapter 6) and growing phase (chapter 7).

4.5 A THREE-DIMENSIONAL MARKETING TOOLBOX

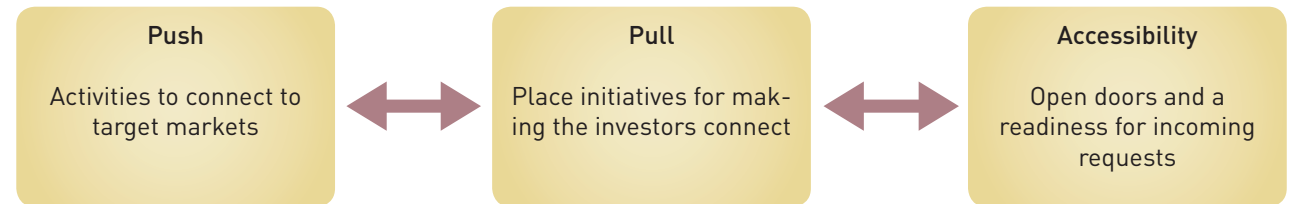
Combining *push*, *pull* and *accessibility* tools can facilitate the necessary move towards more focused marketing. Push tools are necessary for creating awareness around the place value proposition and for establishing a proactive investment promotion. Pull tools are initiatives that by their very nature are appealing to firms outside the location. Accessibility is about being ready and available when investors pay attention to a place and its opportunities.

Push tools

Push tools should be used with a distinct target market in mind, and they are aimed at creating awareness, interest and desire. It is important to expose the place's unique value propositions, pull offerings and accessibility – such as portals, one-stop-shop concepts and contact persons in the activities.

- Exhibitions, trade fairs and conferences.
- Public relations (media coverage).

Figure 4.3:
A three-dimensional marketing toolbox



- Personal selling.
- Ambassador networks.
- Direct marketing by e-mail or post.
- Direct contacts and network building in social media.
- Inward/outward missions.

In the survey *Future of Investment Promotion*¹⁹, distributed to investment promotion professionals in the Nordic countries, the respondents were asked to rank tools and activities that will be the most important for attracting investments in the next five years. *Strategic partnerships*, *Customer Relationship Management (CRM)*, *aftercare services*, *direct selling* and *ambassador networks* came out on top. It is also interesting to note that all forms of advertising was ranked lowest of all tools (consult figure

5.8 in chapter 8 for the full survey result). All these top-ranked tools can be categorised as push tools suitable for one-to-one oriented marketing. Many of these tools also focus on creating a relationship and dialogue with the investing business, directly or indirectly.

In addition, teaming up with neighbouring locations in business attraction activities is ranked highly. Another way of using collaboration with other locations is to engage in *thematic co-operation*, based on similarities in characteristics or context. Case box 4.2 showcases two innovative cases of thematic co-operation.

¹⁹. Nordic Place Academy, 2015

CASE 4.2:

THEMATIC CO-OPERATION BETWEEN REGIONS

In addition to geographical co-operation – working together with usually adjacent municipalities or regions, a number of European places are starting to engage in *thematic co-operation*, based on similarities in characteristics or context.

In the case of the **Arctic alliance** of Tromsø, Luleå and Oulu, or the **Challenger Cities** in the case of Birmingham, Gothenburg and Lyon, they could be competitors in the search for investors. By working together with a common theme, however, they are more likely to increase their individual share of prospects, be noticed in an increasingly international setting, and can project their marketing message with greater credibility.

Thematic co-operation encourages an exchange of experience, enables a flow of goods, services and talents from one to the

other, and presents concrete opportunities for business attraction – like participating in trade shows together, creating critical mass and pooling resources.

This type of business attraction co-operation is most clearly illustrated by the Arctic cities' participation at MIPIM, the international real estate show. Also, the Challenger Cities decided to exhibit together to make a greater impact by pooling their budgets at the investment and real estate trade fair Expo Real in Munich.

Lessons learned for other locations

Thematic co-operation has worked well for the Arctic alliance and the Challenger Cities, and other municipalities and regions can reflect on the following:

- **Can your competitors instead be your partners?** Especially in an international

context, places with similar characteristics may benefit more from co-operating than competing.

- **Be clear about your objectives.** Practical objectives like joint trade show participation will enable quick evaluation.
- **Start – but one step at a time.** Does your municipality/region have an international twin city? University co-operation is another opportunity to “piggy-back” an existing relationship, as are industry trade shows.
- **Synergies between business, investment and tourism.** Examples of thematic co-operation indicate that there are close ties between attracting visitors and investments.

Pull tools

Places only using push tools would have problems facing competitors with creative place-based initiatives for getting the investor's attention. Pull tools are offerings with low thresholds (easy to connect to) for investors or are of such a competitive and unique character that they create action from the investors. Pull tools alone though, cannot substitute a strong overall place brand or targeted place value propositions.

Pull tools include:

- **Procurement / innovation procurement**

Public and private procurement, if they are of significant economic value or are innovation oriented, can attract outside investors. The use of public procurement to attract outside investors harbours significant opportunities and will increase in the future, it is argued here.

- **Test-beds and demo sites**

Top class test-beds, demo sites and similar experimental environments can attract outside companies to take the first step towards a more permanent investment.

- **Packaging clusters and science parks**

Packaging opportunities in clusters and science parks are especially useful when attracting growth capital or when larger companies invest in or acquire start-ups, as a well-reputed cluster can add a reputational value to lesser-known SMEs.

- **Large scale, recent investments creating follow-the-leader effect**

Typically, large investments lead to increased attraction for followers; similar investors, suppliers, customers or support services.

Accessibility tools

Being accessible, as in being easy to reach, is key to getting the most out of both push and pull initiatives. On a higher level it can be linked to the ambi-

HOW DO OTHERS DO IT?

Port of Gothenburg Logistics Park is being built adjacent to Gothenburg Port, covering an area of around 1 million square meters. The new logistics park will have five different property owners: Gothenburg Port, Prologis and three real estate companies. A turn-key investment opportunity, the park presents a golden opportunity for those companies seeking warehouse and logistics services in the hard-to-get location just by the international port.

Figure 4.4:
Push, pull and accessibility tools in the marketing toolbox

Push tools	Pull tools	Accessibility tools
<ul style="list-style-type: none"> • Exhibitions, trade fairs and conferences • Public relations (media coverage) • Personal selling • Ambassador networks • Direct marketing by e-mail or post • Direct contacts and network building in social media • Inward/outward missions 	<ul style="list-style-type: none"> • Procurement / innovation procurement • Test-beds and demo sites • Packaging clusters and science parks • Large scale, recent investments creating follow-the-leader effect 	<ul style="list-style-type: none"> • Representatives and ambassadors • Being searchable • Investment web portals • One-point entries • Turn-key investment opportunities

tion to be top-of-mind among investors or to have created personal relations early in the investor's decision-making process.

Some tools that have a direct impact on accessibility of the place in the eyes of investors are:

• **Representatives and ambassadors**

Offering the potential investor a personal contact in his or her home country or region can give an advantage in accessibility over more hard-to-reach competitors.

• **Being searchable**

Digital media has reshaped the landscape of marketing and there is an on-going shift towards search. Consumers (and investors) actively find, evaluate and interact with actors that have created a competitive online presence. The need to be searchable is even more pronounced when aiming to attract entrepreneurs and start-ups.

• **Investment web portals**

Web portals do not only give the investor an overall positive impression of the place but they can also be a source of in-depth relevant key information necessary for further action. See Copenhagen's investment web portal for inspiration: www.investcph.com

• **One-point-entries**

Simplifying the first contact or request can be done by providing a one-point-entry or one-stop-shop, that handles any type of investment inquiry, sometimes by its own means but also by connecting the investor to the right person or body.

• **Turn-key investment opportunities**

When attractive investment opportunities with a short time range or a low threshold are announced, it can be a trigger for investors to act quickly.

4.6 ONLINE BUSINESS ATTRACTION

A well-planned online presence is of significant value for all the phases of Business Attraction Management. A wide range of social media and online tools are available for branding, attraction and connecting purposes.

Since the landscape is changing quickly, the focus is on the content of an investment web portal – how to present the place, its investment offerings and services to stand out in the competition. However, the content and structure of information can serve as inspiration for other marketing channels too.

The essential components of an online presence for business attraction are:

- **An overall welcoming place brand**

The attraction, reputation and authentic values of the place are reflected in the look and feel as well in the overall message.

- **Value propositions in focus**

The investment opportunities, in terms of value

propositions, are highlighted. These can include "pull initiatives" such as on-going public procurement or test-beds.

- **Business structure and culture**

Facts and information about the national/local economy, key sectors, clusters, competencies and business culture. Correct and up-to-date facts and figures.

- **Personalised success stories and testimonials**

Business leaders and entrepreneurs, having invested in the place, give testimonials. Investment-related news and progress.

- **Vision and leadership**

Place leaders explain the vision of the place and the milestones for achieving it.

- **Quality of life and talent attraction services**

A place's liveability and quality of life is highlighted as well as services for talent reception and integration, as described in chapter 6 on the establishing phase.

HOW DO OTHERS DO IT?

ConnectIreland (www.connectireland.com) is an innovative way to attract business to Ireland by harnessing the power of the global Irish diaspora. Anyone can become a connector and make an introduction between a key decision maker in a company interested in setting up in Ireland and the ConnectIreland team.

Following an initial meeting the connector can step back, allowing the ConnectIreland team to bring the potential project to contract signing phase. To stimulate connectors, there is a reward from EUR 1,500 to EUR 3,000 per sustainable job resulting from the investment.

- **One-stop-shop**

Easy-to-find access for all types of requests. Services to investors throughout the process, including growth, are presented, as well as the business attraction team and their contact details.

4.7 KEY TAKEAWAYS OF CHAPTER:

- A business-oriented investment team should include skill sets in the following areas: eyes and ears to the market, business mindset and skills, marketing and communications, responsiveness and flexibility, well-connected and legitimised, and with knowledge in specialisation areas.
- The traditional way of defining a target investor market is through segmentation based on a combination of business sector and geography. The targeting of investors can be more powerful by applying a set of other segmentation keys outlined in the chapter.
- To successfully attract investments with scarce resources, shift from a mass marketing approach to niche marketing and preferably, a focused one-to-one relationship-based strategy. A trustful relationship with the investing business will pave the way for a better understanding of the needs and servicing of the investor in the later stages of the business attraction process.
- A three-dimensional marketing toolbox that

combines push, pull and accessibility tools is introduced. *Push tools* are necessary for creating awareness around the place value proposition and for establishing a proactive investment promotion. *Pull tools* are initiatives that by their very nature are appealing to firms outside the location. *Accessibility* is about being ready and available when investors pay attention to a place and its opportunities.



To successfully attract investments with scarce resources, shift from a mass marketing approach to niche marketing and preferably, a focused one-to-one relationship-based strategy



5.0

CONNECTING AND FACILITATING

- *The connecting and facilitating phase; starting with an investor inquiry to ultimately closing the investment deal.*
- *Handling investor inquiries, mapping the investor, screening the investment, creating the business offering and arranging a personal visit.*
- *Success factors for winning the race.*

5.1 INTRODUCTION

The *connecting and facilitating* phase starts when an investor sends an inquiry or when a business dialogue has commenced. The goal for the business attraction team is to make sure that the investment process is as smooth as possible for both the investor and other stakeholders and, ultimately, to close the investment deal. It is important that unforeseen obstacles do not interrupt the investment. Figure 5.1 illustrates the five essential steps of this phase.

Successful facilitation of the investment process will

not only increase chances of a decision in favour of the location, but also pave the way for the smooth establishing (chapter 6) and growth of the investing business (chapter 7).

This part of the business attraction process – maybe more than others – requires high-level business skills and a well-managed orchestration, not only to fully meet the demands from the investor but also to act more rapidly and in a more customer-oriented way than competing locations.

Figure 5.1:
Five steps of the connecting
and facilitating phase



5.2 HANDLING INVESTOR INQUIRES

As in any business situation, it is important to make a good first impression when dealing with potential investors. A significant number of inward investments start with inquiries from companies, investment promotion agencies (IPAs) or investment brokers seeking business related information in an early phase of the investment process. The reply given to the investor is an indication of the responsiveness and service level of the business attraction team and, thus, the location.

At this stage, it can be difficult to know what kind of investment is being researched, so there is a risk of spending time on actors without serious intentions. If the inquiry is regarded as serious and the potential investment falls within the target market or could be of economic or social value for the place, you should:

- Send a direct reply and state a delivery time for the full response.
- If possible, find out more about the motives of the inquiring investor.
- The response should be quick, accurate and meet the investor's need for details.
- Reinforce the response with references to prior investments and a place value proposition.
- Open a direct link for further discussions or invite them to a visit at the place.
- Make sure that the inquiry stays confidential within your team.

It must be underlined that there is a good chance to exceed investor expectations by acting quicker and more creatively than the competition. For example, if a tailor-made, professional business case is presented within 24 hours it may send a clear signal

of the place's readiness and the professionalism of the business attraction team. Naturally, this is only possible when the needs of the investor are known.

It has been shown²⁰ that 80% of national IPAs fail to respond to investor requests for information, thereby risking losing out on valuable opportunities to win inward investment.

20. World bank, 2012

5.3 WHO ARE YOU DEALING WITH? MAPPING THE INVESTOR

To win the competition for the investment, understanding the investor's needs, wants and aspirations is a strong advantage. Moreover, it is often necessary to perform an in-depth analysis: mapping ownership, business model, earlier investments and other business data in order to successfully facilitate the investment. There are basically three ways of collecting the relevant information:

- Conducting in-house research using all available corporate and market resources.
- Buying the service from an external consulting company, national investment agency or similar.
- Establishing a trustful, open relationship with the investor to access first-hand information.

Results from the investor mapping should be used for a risk analysis for the investment process and for creating a business offering meeting the needs of the investor.

To win the competition for the investment, understanding the investor's needs, wants and aspirations is a strong advantage

HOW DO OTHERS DO IT?

In 2006, the owner of the Chinese company Fanerdun visited Kalmar, Sweden, to present his bold vision of an international trade centre. The investment process failed due to cultural difficulties and financial problems on the part of the investor. Even if an initial business analysis of the investor was made, the major risks of the investments were not assessed and acted upon: the entrepreneur's lack of experience of large-scale investments in Europe and a limited understanding of Nordic laws and regulations.

5.4 SCREENING THE ATTRACTIVENESS OF THE INVESTMENT

There are several reasons to evaluate the consequences of potential investments.

First, the economic, social and environmental long-term impact must be taken into account. Will it contribute to job creation and transformation of the business community? Could it bring environmental risks or have a negative effect on the place's liveability?

Secondly, the investment may be categorised as inside or outside the strategic scope of the place's ambitions and value propositions. If it is outside the scope, one risks spending time on the wrong investment cases, and in the long run the investments will not fully contribute to the place's specialisation strategy and to its future ambitions. And vice versa, the investing business may become disappointed with the place and move elsewhere, negatively affecting the reputation of the place.

HOW DO OTHERS DO IT?

Copenhagen Capacity in Denmark has put together a list of criteria for high-quality investments (apart from the number of jobs the investment can create):

1. Is this the investor's first investment in Scandinavia/the Nordics?
2. Will the operation in Denmark have an international function, or administrative/decision-making responsibility for the Scandinavian/Nordic markets?
3. Will the investment focus on science-based R&D or knowledge-intensive activities?
4. Does the investing firm have over 1,000 employees?
5. Is this investment in one of Copenhagen Capacity's value propositions?
6. Will the investment amount to over DKK 15m (approx. EUR 2m) in the first year?
7. Will the investment create or retain at least 15 jobs in the first year of operation?

5.5 CREATING THE BUSINESS OFFERING

As presented in chapter 3 on the branding phase, a *place value proposition* is a general investment offering to the target investor market, based on the place's competitive edge. The *business offering* is tailor-made for a single investor or investment on the basis of the specific demands that have been identified.

Put simply, the business offering is a written document that should serve as the single most important decision-making basis for the investor. It must be fact-based, but also creative and inspirational in its tone of voice. It may contain:

- A confirmation of the needs and wants of the investor.
- The place value proposition, its strengths and potential benefits for the investor.

- A tailor-made solution for the investor including suggested locations.
- Economic and legal information; labour, costs, taxes, regulations.
- Soft factors of the place such as living conditions, schools and housing.
- Reference to other investors or to supporting companies.
- Specification of the services provided by the business attraction team throughout all phases of the business attraction process.
- A welcoming invitation to further personal visits.
- A clear declaration of the will and ambition to fully facilitate the investment.

In larger business attraction cases, the initial inquiry from the investor can be an extensive list of demands that have to be met. If these demands are fulfilled, a process of business offering, facilitating and problem solving will follow. This phase has been described as a *beauty contest*, since the investor still has other options and places that will try to appear as the most attractive choice.

The business offering is sometimes created in a continuous process though the involvement of different actors such as real estate companies, the business attraction team, public officials and service providers. A solid, business oriented leadership and orchestration is important to manage this process.

5.6 ARRANGING A PERSONAL VISIT

Creating a trustful relationship with the investor is a key task in Business Attraction Management. Therefore, arranging the first personal meetings and receiving or sending business delegations are important activities of the business attraction team. A one-point-entry approach can help systemise and enhance this work, providing a co-ordinated reception of visiting potential investors.

Inviting the investor to the place is a unique chance to introduce them to the local place's qualities, including cultural and social aspects, and to showcase the business community. Just as important, the investor should be given the best opportunities to evaluate the specific parts of the proposed business offering.

Some key success factors when arranging the visit are:

Thorough project planning

The time the investor can spend at the location may be short, so the schedule and other preparations must be carefully planned.

Adapt the level of formality

There is a difference between countries and corporate cultures when it comes to degrees of formality. Try to foresee and adapt to this difference.

Meet on the same level

If the investor sends top managers it is important to mobilise the leading, senior politicians and business leaders to match this.

Language barriers must not be underestimated

When receiving international delegations language problems can arise and turn out to be a more difficult hurdle than expected. Having an interpreter available may be necessary.

HOW DO OTHERS DO IT?

Several successful locations researched in the case study process preceding this handbook have created **task forces** to ensure a positive visiting experience for potential investors. They are usually co-ordinated by the investment team from the local or regional investment promotion agency and typically involve partners from different city departments, landlords, innovation hubs and universities. One key factor in orchestrating these task forces is to clearly agree on the division of tasks and roles before meeting the investor.

Face-to-face meetings with other investors

Investments are high-risk decisions so meeting other corporate leaders, especially those having recently invested in the location, can contribute to a sense of security.

Be prepared for new demands

When the investor has first-hand information about the exact conditions at a site, new demands may emerge that can affect the outcome of the investment.

5.7 WINNING THE RACE – SUCCESS FACTORS

The final decision of the investor on which location to choose is based on both rational reasons such as facts and figures and more emotional aspects. Experience shows that successful facilitating from the business attraction team and other involved actors can be game changing.

Some overall success factors for facilitation of investments include:

- There is a need for an entrepreneurial way of working in order to be as responsive and solution-oriented as it takes to meet an investor's expectations. The local planning system is often too slow so the business attraction team must sometimes work around the system to find a rapid, suitable solution. Deploying an agile way of working, meaning continuously adapting to new investor requirements, is important.

There is a need for an entrepreneurial way of working in order to be as responsive and solution-oriented as it takes to meet an investor's expectations

- Another key success factor is to orchestrate and connect different actors into a single problem solving process. These actors can be found on national, regional and local level and can be private, academic and public actors. In order to succeed, excellent trustful personal relationships must be created, or even better, have been built in advance. The value of readiness for new investment enquires cannot be underestimated. Also, having established face-to-face meetings with investors, public officials and other key players will have a better understanding of business needs.
- Finally, handling information and securing confidentiality when needed, is a difficult task in the multi-stakeholder facilitation process. For many larger and well-known companies it causes problems if the investment intentions leak to competitors or the media. In some case not even the local politicians will know who a business investor is. The business attraction team must ensure confidentiality and set up Non-Disclosure Agreements (NDA) if demanded by the investing business.

5.8 KEY TAKEAWAYS OF CHAPTER:

- Successful facilitation of the investment process will not only increase chances of a decision in favour of the location, but also pave the way for the smooth establishment (chapter 6) and growth of the investing business (chapter 7).
- This part of the business attraction process – maybe more than others – requires high-level business skills and a well-managed orchestration, not only to fully meet the demands from the investor but also to act more rapidly and in a more customer-oriented way than competing locations.
- Like in any business situation, it is important to make a good first impression when dealing with potential investors. Try to exceed investor expectations by acting quicker and more creatively than the competition.
- An attractive business offering is key: a tailor-made document that should serve as the single most important decision-making basis for the investor. It must be fact-based, but also creative and inspirational in its tone of voice.
- Experience shows that successful facilitating from the business attraction team and other involved actors can be game changing. This includes: an entrepreneurial, agile way of working in order to be responsive and solution-oriented, to orchestrate and connect different actors into a single problem-solving process, and securing confidentiality when needed.



6.0

ESTABLISHING

- *Why support for establishing is an essential part of the business attraction process.*
- *Tools and strategies for servicing the investing business after a decision has been made to invest in a particular location.*
- *Removing obstacles and connecting the firm with operational and strategic assets and resources found in the location – through administrative, soft landing and strategic support.*

6.1 INTRODUCTION

This chapter outlines tools and strategies for servicing the investing business after a decision has been made to invest in a particular location.

The purpose of these tools and strategies is to ensure that the investing firm can start operations as quickly and seamlessly as possible – and continue growing in the location. To this end, the business attraction team needs to assist with removing obstacles and connecting the firm with operational and strategic assets and resources found in the location.

Many of the activities needed in the establishment phase are tightly connected to both the previous connecting and facilitating phase, as well as the next growing phase. For example, one-stop-shop services can be useful both for facilitating a visit as well as the actual establishment, and many of the

strategic support services outlined in this chapter can be continued after the establishment phase into the growth phase.

Attracting new investors is traditionally the main activity of business attraction and investment promotion. However, the job is not done just because an investor has made the decision to invest – investors that get a positive welcoming and soft landing will be more prone to stay and grow in the place, and be more satisfied with their investment – and happy investors are the best promoters and brand builders of the location.

In addition, since many locations already have a number of investors present, new investments can often be realised more cost-efficiently through these of type of services.

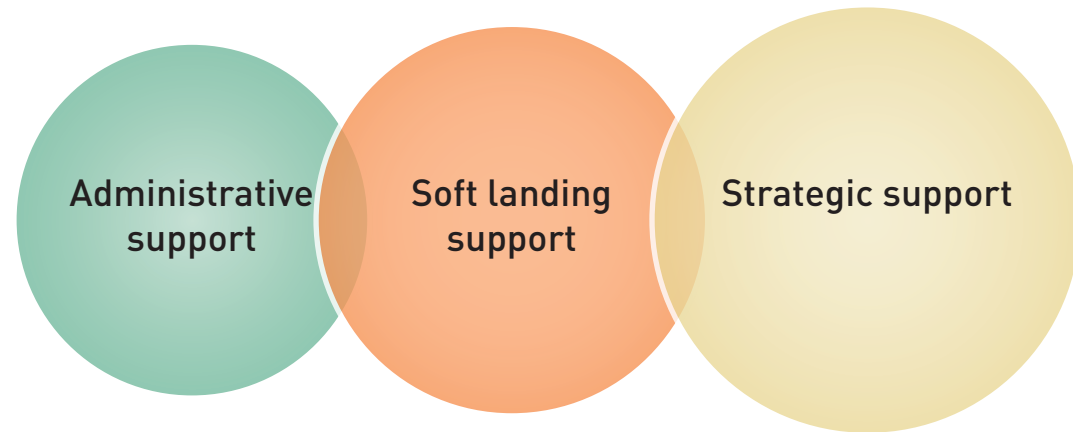
There are many compelling reasons for business

attraction managers to engage in establishment, soft landing and after-care services:

- **Efficient use of resources**, since focusing on the established investors is less costly than marketing a location to new ones abroad.
- **Benefits to existing companies** and help to enhance the potential benefits from business attraction, such as diffusion of new technology, local supply chain development, cluster development and, as a consequence, further job creation.
- **Helps to build the brand of the location** – satisfied investors are good promoters of a host location.

Traditionally, the investment promotion terminology labels this phase *after-care*, but to broaden the understanding of this process more fine-tuned categories are described in this chapter. Also, the word “after” suggests that the most important part of the process is over, whereas the model for Business

Figure 6.1:
Three categories of establishing phase support
tools



Attraction Management proposed in this handbook assigns equal importance to all steps in the process.

Research by PwC indicates that after-care services have the highest potential to generate new leads of all investment promotion activities, way higher than, for example, organising outgoing missions, participating in conventions and exhibitions and advertising in the trade press²¹. In the same vein, in the more recent survey Future of Investment Promotion, after-care services are ranked far higher than any other investment promotion tool (consult figure 8.5 in chapter 8 for full result).

The establishing phase can be divided into three main categories:

1. Administrative support.
2. Soft landing.
3. Strategic support.

In the next section, the administrative and soft landing support tools and activities will be described in brief terms, whereas the strategic support tools will be given more focus.

21. PwC, 2000

6.2 ADMINISTRATIVE SUPPORT TOOLS

The purpose of administrative support is to get all permits and administrative procedures arranged to help the investing business to start its operations as quickly and seamlessly as possible. These services are typically offered at an early stage of the establishment process.

Services can include:

- Assistance with sales or rent of office space or land.
- For entrepreneurs: access to temporary office space to get started or permanent, subsidised co-location with other firms.
- Fast tracking permits and business licences for establishing an operation.
- Tax and IPR advice.
- Fast-tracking access to broadband, electricity, water, etc.
- Proactive zoning and land use planning.

To provide these services, the business attraction team needs to work closely with different departments in the municipal administration, land and property owners, tax authorities and different utilities. In addition, the business attraction team may need to draw on the expertise of those who work with business development and innovation and IPR advice in science parks or cluster organisations. Hence, the role of orchestration and providing one-stop-shop solutions are as critical in this phase as in the previous phases.

One of the most important establishing support activities for entrepreneurs and start-ups is easy access to temporary or permanent office space, ideally co-located with other entrepreneurs that can provide access to a network of peers for experience exchange and potential co-operation partners. More rural regions may need to offer co-location with other firms to reach create critical mass and

synergies between entrepreneurs. One opportunity regarding additional office space is to find new uses for old industrial buildings by converting them into creative business hubs for start-ups and entrepreneurs.

Key success factors for administrative support include:

- Proactive planning of land use.
- Proactive dialogues with property owners and real estate agencies, in order to be able to establish relevant contacts for new businesses.
- Being able to respond to the different business needs from investors with a range of offerings, covering different business models. For example, some companies want full ownership of land or facilities, while others prefer an external service provider.

6.3 SOFT LANDING SUPPORT TOOLS

Soft landing service activities make sure that the investing business and its personnel get smooth 'landing' into the new location through a positive welcome and access to professional and social networks.

Often investors send staff to the host location, temporarily or more permanently, whose role is to make sure that the business is set up and becomes operational. Some of these may stay on to manage operations after the initial phase. In fact, firms increasingly tend to relocate managerial staff permanently to new headquarters or R&D functions, a trend triggered by the need of many firms to be close to markets where their customers are²².

Coming new to a place can be a bewildering experience for the individual, especially if it involves relocating overseas.

SMEs in particular can struggle to muster the resources needed to move personnel between locations. Large multinational corporations (MNCs) may have internal procedures and departments for transferring staff between locations, but not have all the resources necessary to ensure a smooth transfer to a new location. In addition, there is a trend that many MNCs go from relocating key staff on expatriate contracts to encouraging more voluntary cross-border movement but on less generous local contracts. This means less relocation support from the employer and, as a consequence, a larger societal responsibility to ensure this function²³.

While many locations provide just a minimum level of soft landing services, it can be argued that en-

22. Called one-way relocation: when organisations move their regional or global headquarters to be closer to business interests and markets, permanent relocation of key managers and their families may follow (Tendensor, 2014).

23. The clear trend is that more and more locations in Europe create solutions aimed at ensuring a positive reception and soft landing of international talent.

suring a positive reception for the management and employees of an investing company is a competitive advantage for a location. People who get very positive experiences will become ambassadors of the location and tell others about it.

The following services and activities are key to providing smooth soft landing:

- **Advice on or fast-tracking visas/work permits** to make sure that employees that relocate with a company can start working as quickly as possible, and that they can bring family members.
- **Access to social and professional networks** to ensure that those new to a region can settle in and feel at home, as well as advance their career, in the region. Concrete activities that support this are mentoring/buddy programmes, "newcomers' clubs" and ambassador networks.
- **Social events and leisure time activities** can also help those arriving to the region feel at home.

Case box 6.2 provides an example of the role of these activities.

- **Help to find schools and day-care for children and help to find jobs for spouses** is a key component to ensure that the whole family feels at home. That the spouse cannot find a job is one of the main reasons why expats leave a region they have moved to.
- **Advice on housing** is especially important in locations where it is difficult to find housing.

All of these services, besides advice on visas and work permits, target both those who move inside their own country and foreigners, even though foreigners may have greater needs.

Success factors for providing these services are to work closely with the investing firms and to work with different stakeholders such as migration boards, the city administration, relocation firms and those working with general talent attraction

CASE 6.1:

INTERNATIONAL HOUSE COPENHAGEN – ONE-STOP-SHOP FOR SOFT LANDING

International House Copenhagen is a unique and innovative one-stop-shop supporting soft landing of, among others, employees of investing firms. Initiated by the City of Copenhagen and University of Copenhagen, it was inaugurated in 2013. In one physical place, the International House Copenhagen, state, academia, municipality and the private sector join forces to make international citizens and their families looking for work or study feel at home. At the centrally located International House, international citizens get co-ordinated assistance with all the necessary official pa-

perwork and a range of services, including advice on job hunting, introduction to Danish working and living conditions and help to create a social network. Other services include help to accompanying spouses, relocation help, CV writing and more. The International House is also a hub for social networks.

The house has been a major success, and the good reception offered by Copenhagen has become well-known in investor communities.

activities in the city or region. It might also be an advantage to include team members in the business attraction team with experience of international contexts and, ideally, who have lived abroad themselves.

More and more locations introduce *one-stop-shop* services that can help ensure soft landing for talent coming new to a region. Copenhagen is one of the pioneers, described in case box 6.1.

6.4 STRATEGIC SUPPORT TOOLS

Strategic support is aimed at helping the establishing business become fully operational and ready for growth by linking it up with different critical assets.

These types of services are essential for both creating the best possible conditions for the investing businesses to thrive and upgrade its operations in the region and for the host region to make the most of the establishment and unlock all its potential benefits.

Many of these services can continue after the initial establishing phase, and support growth and innovation in the long run.

Services and assets can include:

- Recruitment and access to pools of talent.
- Access to business and quadruple-helix co-operation networks and open innovation platforms.
- Advice on how to compose the board and man-

agement groups and connecting with potential recruits.

- Identifying and connecting the firm with potential clients or suppliers.

Each of these tools will be further described in the next sections.

Recruitment and access to a pool of talent

This tool aims at assisting the investing business to find key staff and a workforce to be able to set up operations. The support is especially important for SMEs, which generally do not have a strong employer brand of their own, or large establishments recruiting many people at the same time.

As outlined in chapter 1, access to talent has become one of the most important factors for attracting investment and businesses.

HOW DO OTHERS DO IT?

An innovative example when it comes to providing access to a pool of talent is **Brainport Eindhoven Region** in the Netherlands that, together with 28 IT and tech employers, have set up a **TalentBox**, a portal through which the employers can access a shared talent pool. It is based on the idea of CV sharing: if an employer gets many applications for one position, they can encourage those who they cannot offer a job to the TalentBox, where they can find similar jobs.

Support tools and activities can include:

- Setting up databases of potential employees.
- Maintaining a dialogue with recruitment firms.
- Organising virtual and live matchmaking between employers and talent.

Here the business attraction management team needs to work with partners such as the local/regional employment office, recruitment firms, universities and other educational institutions.

An important success factor is that the business attraction management team can orchestrate the involvement of both the private and public actors needed to help the investing firm to access talent.

Access to business and quad-helix co-operation networks and open innovation platforms

Investing businesses, especially those in tech, R&D and innovation intensive sectors, can benefit from

being able to tap into existing innovation networks and platforms in the location. The faster the establishing business can get access to these networks, the better.

To this end, the business attraction team needs to establish direct lines of communication and close relationships with science parks, cluster organisations, incubators and other types of innovation hubs. The innovation hubs also need to tailor their services to new firms in the location; for example, making sure that information and welcome packages are available, both in the local language and in English.

Activities and services include:

- “Handholding”, bringing representatives of the investing firm to meetings with representatives of the networks/platforms.
- Organising matchmaking events between investing firms and established networks and firms.
- Inviting new firms to events and meetings in the

cluster/science park.

- Membership offers and welcome package from cluster organisations.

The more tailored and specific these activities are the better. Thus, a thorough matching of the focus, innovation processes and competencies of the investing firm with those of the existing firms in the location, is a key requirement.

Advice on how to compose the board and management groups and connecting with potential recruits

An investing firm may have few networks to draw on when setting up and recruiting its board and management. International firms also may have little knowledge of governance practices and regulations in the host country. In addition, SMEs may have scarce resources in-house to draw on when setting up their board and management.

Figure 6.2:
Establishing support tools and services

Administrative support	Soft landing support	Strategic support
<ul style="list-style-type: none"> • Assistance with sales or rent of office space or land • For entrepreneurs: access to office space or subsidised co-location with other firms • Fast tracking permits and business licences for establishing an operation • Tax and IPR advice • Fast-tracking access to broadband, electricity, water, etc. • Proactive zoning and land use planning 	<ul style="list-style-type: none"> • Advice on or fast-tracking visas/work permits • Access to social and professional networks • Social events and leisure time activities • Help to find schools/day-care for children and jobs for spouses • Advice on housing 	<ul style="list-style-type: none"> • Recruitment and access to a pool of talent (through databases, dialogue with recruitment firms and matchmaking) • Access to business/quadrhelix co-operation networks and open innovation platforms (through "handholding, matchmaking and cluster events) • Advice on board and management groups • Connecting the firm with potential clients or suppliers (through a directory of existing firms, tailored match-making, etc.)

Support for setting up a board and management group may have strategic significance for the investing firm and its prospects in the location. A bonus effect is that involving local business people in the new firms is that it supports integration and links between investing and existing businesses.

Activities include setting up meetings between the investing firm and individuals who can become part of the board or management group. These people need access to strong networks and market knowledge.

Case box 6.2 describes a region that successfully introduced this service as part of their establishment services, alongside other strategic support and soft landing services.

Identifying and connecting the firm with potential clients or suppliers

The faster investing firms can find new clients or suppliers in the new location, the better the chances that they will stay and grow.

Concrete activities include:

- Providing a directory of existing firms in the same sector in the location.
- Tailored matchmaking: bringing representatives of the investing firm to meetings with potential clients and suppliers.
- Organising matchmaking events between investing firms and potential clients and suppliers.

6.5 WHO IS DOING WHAT?

Much of the work related to establishing is intrinsically local: an investing business will always end up establishing in a given municipality. Therefore, it is essential that the municipal or city council is involved in providing services, especially the administrative services that relate to property and land use and zoning.

That being said, many of the activities can benefit from being carried out on the regional level, where regional actors can pool local resources and have a better overview of opportunities that exist in different localities. For example, soft landing support like finding jobs for spouses benefits from access to larger pool of possible jobs in a region within commuting distance. In the same vein, many cluster networks have a regional dimension spanning several municipalities.

The orchestration of the entire process can be done on both the regional or local level, and the division of labour will differ between regions, but it is clear that both the regional and local level will need to be involved in the establishment phase.



Photo: Susanne Walström

6.6 SUCCESS FACTORS AND CONSIDERATIONS FOR ESTABLISHMENT SUPPORT

There are a number of success factors and considerations for effective establishment support:

- **To realise that the job is not done just because an investor has made the decision to invest** – much work will still need to be done to ensure smooth establishing, and pave the way for growth of the investing firm.
- **Understanding the investing firms and their needs** is a key requirement for being able to carry out this type of support.
- **Political commitment from local and regional government.** The process to facilitate establishing will inevitably require making choices that balance different political interests. In the case of large investments, economic interests may conflict with environmental interests. To create procedures for fast tracking licences and permits or providing soft landing to individuals may be seen as “VIP treatment” by residents of the location. Hence, local and regional policy-makers need to be aware

CASE 6.2:

ESTABLISHMENT SERVICES IN GÄVLEBORG REGION, SWEDEN

The regional incubator, **Movexum**, has, in collaboration with the cluster organisation Future Position X, developed an effective package of establishment services that focus on soft landing and strategic support. Examples of soft landing services provided by Movexum include:

- **Access to networks** that facilitate the exchange between the new and existing firms in the local cluster.
- **Advice on where to establish physically** within the region to optimise proximity to other firms and cluster stakeholders.
- **Help to set up vital functions** of the company such as the board and management group, by finding competent individuals that can help the companies with their

market introduction.

- **Tailored matchmaking** by putting together a plan for both potential clients and already present collaboration partners and scheduling meetings with them.
- **Social activities** tailored to the needs of the individuals from abroad. that move with the firm. Examples include visits to restaurants, tourist attractions or trade fairs. These types of activities are seen as especially important: If newcomers feel at home and want to stay, it will benefit the company and regional growth. Here some observers also point out that a smaller region can be more personal, as opposed to big cities where a new person may be just one in a crowd.

of potential trade-offs and conflicts and ready to take and justify decisions.

- **Staff/account managers in the business attraction team that are dedicated** to providing and orchestrating establishment support.

- **Close relationships** with land use planning departments within the municipality, land and property owners, construction companies and cluster organisations and science parks is a key factor.

6.7 KEY TAKEAWAYS OF CHAPTER:

- The job is not done just because an investor has made the decision to invest – investors that get a positive welcoming and soft landing will be more prone to stay and grow in the place and be more satisfied with their investment – and happy investors are the best promoters and brand builders of the location.
- Research indicates that this type of support has the highest potential of all investment promotion activities to generate new leads.
- Dedicated staff/account managers in the business attraction team are needed to provide and orchestrate establishment support.
- Three types of support are needed: administrative support (get all permits and administrative procedures arranged to help the investing business to start its operations), soft landing support (make sure that the investing business and its personnel get smooth landing into the new location), and strategic support (helping the establishing business become fully operational and ready for growth by linking it up with different critical assets).
- Most of this work is intrinsically local, but collaboration between local and regional levels is essential, as many activities such as soft landing support benefit from having a regional dimension.



Photo: Niklas Lundengard

A scientist wearing a white lab coat and hood is working in a laboratory. The scientist is focused on a piece of equipment, possibly a microscope or a specialized instrument. The background shows various laboratory components, including a large white box with warning signs (a lightning bolt, a heart with a slash, and a biohazard symbol) and a fan. The scene is brightly lit, and the overall atmosphere is one of precision and scientific inquiry.

7.0

GROWING AND INNOVATING

- *Strategies, activities and tools that ensure that the investing enterprise becomes a successful and integrated member of the business community that can harness innovation and growth opportunities in the long term.*
- *Boosting the value of investments through the diffusion of new technologies, human resources, attitudes and management expertise and linkages between investors and local firms.*
- *Management of place-based innovation and growth strategies, focusing on giving investors access to talent, innovation networks and projects, venture capital resources as well as social and professional networks.*

7.1 INTRODUCTION

Once a business has invested in the location and is becoming fully operational, a new set of supporting strategies, activities and tools are needed to help the investing firm thrive and grow. Some of these can be seen as a continuation or ramp-up of the Establishing support, described in the previous chapter, and others are completely new.

This *growing* phase entails giving investors access to additional talent, innovation networks and projects, venture capital resources as well as social and professional networks.

The objective of this phase is to ensure that the investing enterprise becomes a successful and integrated member of the business community that can harness innovation and growth opportunities in the long term. This will also benefit existing firms and other stakeholders in the location's business and innovation ecosystem, through access to new know-how, technology, capital and new competencies.

A thriving and growing investor will re-invest, and become an excellent reference and ambassador for the location – which, in turn, strengthens the reputation of the place as a good place for investments.

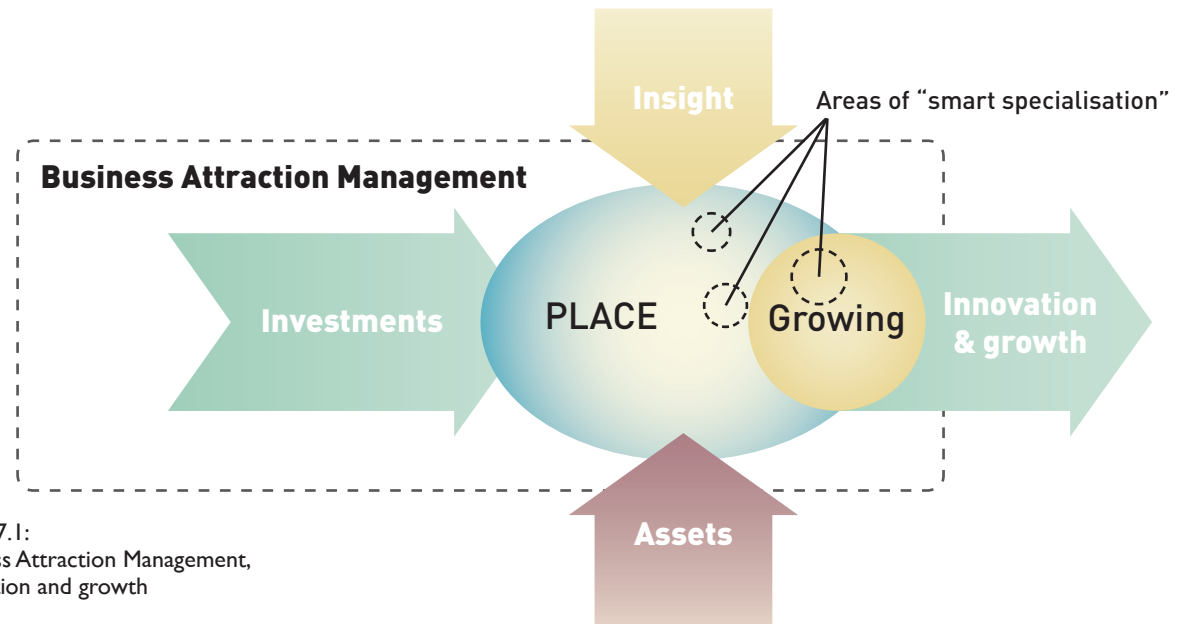


Figure 7.1:
Business Attraction Management,
innovation and growth

Even though the management of place-based innovation and growth strategies and operations may be considered to be outside of the scope of Business Attraction Management, it is of utmost importance that these two areas of responsibility are aligned and mutually reinforcing.

The purpose of this chapter is, therefore, to provide insights and inspiration related to strategies, activities and tools that can boost the value of initial investments by follow-on investments as well as growth and innovation – to the benefit of both the investing business and the receiving location. As explained in chapter 1, the value of, especially

foreign, direct investment is not just related to higher overall levels of investment and employment, but also to additional benefits to local citizens through the diffusion of new technologies, human resources, attitudes and management expertise. These spill-over effects arise largely through linkages between (foreign) investors and local firms, be they suppliers, customers, partners or competitors. Furthermore, synergies with new investors can be identified, possible gaps and missing elements in local value chains can be identified, and actions can be taken in the local environment to maximise the impact of investments.

7.2 OVERVIEW OF STRATEGIES FOR GROWTH AND INNOVATION

The business attraction team's strategies and activities to orchestrate growth and innovation can be divided into eight major categories. This section provides an overview of the different areas, and their respective strategies and tools are presented in section 7.3.

1. **Growth through the local business ecosystem.**
2. **Talent pool growth**, through orchestration of both new educational solutions and talent attraction management programmes.
3. **Social and professional integration support.**
4. **Venture capital availability for growth** – especially for SME growth
5. **Direct growth opportunity orchestration** for the investor by enabling partnerships and memberships in existing clusters, networks and orchestrating support by existing growth facilitation programmes.

6. **Innovating for new co-operation possibilities**, through:

- a) new cluster initiatives.
- b) joint research programmes.
- c) joint innovation programmes and networks.
- d) joint test beds and demo sites.

7. **Policy advocacy** to influence framework conditions.

8. **Reshaping and reinforcing the branding and place value propositions** after the establishing phase.

1. **Growth through the local business ecosystem**

By ensuring that investors are effectively embedded in the local business environment, several benefits can be achieved for existing local businesses. The business attraction team should try to facilitate the following to achieve the best results:

- Local companies can get access to large investors as partners and subcontractors via international market channels, which can boost their business.
- Local companies can be inspired, provided with new insights and talent, which may have similar effects.
- In some cases, large investors are looking to acquiring talent in a non-organic way, via acquisitions. This normally generates new growth opportunities for acquired companies as well as providing new venture capital through serial entrepreneurs in the local innovation ecosystem.

2. **Talent pool growth orchestration**

Access to talent is increasingly becoming a major factor both for attracting business and for supporting the growth and innovation of recent investors. Generally, there are two aspects of the talent availability issue that need to be orchestrated beyond the successful establishment of a new investor in order to assist the growth and innovation of investing firms:

- Local and regional educational systems might need to be adapted and optimised for the needs of large investors, and connected to specific focus areas and place value propositions.
- Talent attraction programmes might need to be organised in order to handle competence gaps in the local environment.

3. **Social and professional integration support**

Ensuring the professional and social integration of staff and families that have been relocated by an investing company is a key aspect of making the business thrive and grow in the long term.

4. **Venture capital availability for growth**

The availability of capital for innovation and growth is almost always a scarce resource. Well-organised regional venture capital value chains, preferably bridging the “valley of death” between early-stage capital and later-stage venture capital, are very attractive to smaller innovative business investors as

well as single entrepreneurs. Well-funded regional development programmes can attract both smaller and larger investors.

5. **Direct growth opportunity orchestration for the investor**

By making sure that investors are effectively integrated in the local business environment with access to local talent, clusters, and innovation ecosystems, the likelihood of follow-on investments and growth of the investors’ local business increase. By introducing and actively linking the investor to existing relevant industrial clusters, the business attraction team can contribute to value generation for the investor, as well as for the local community.

6. **Innovating for new co-operation capabilities**

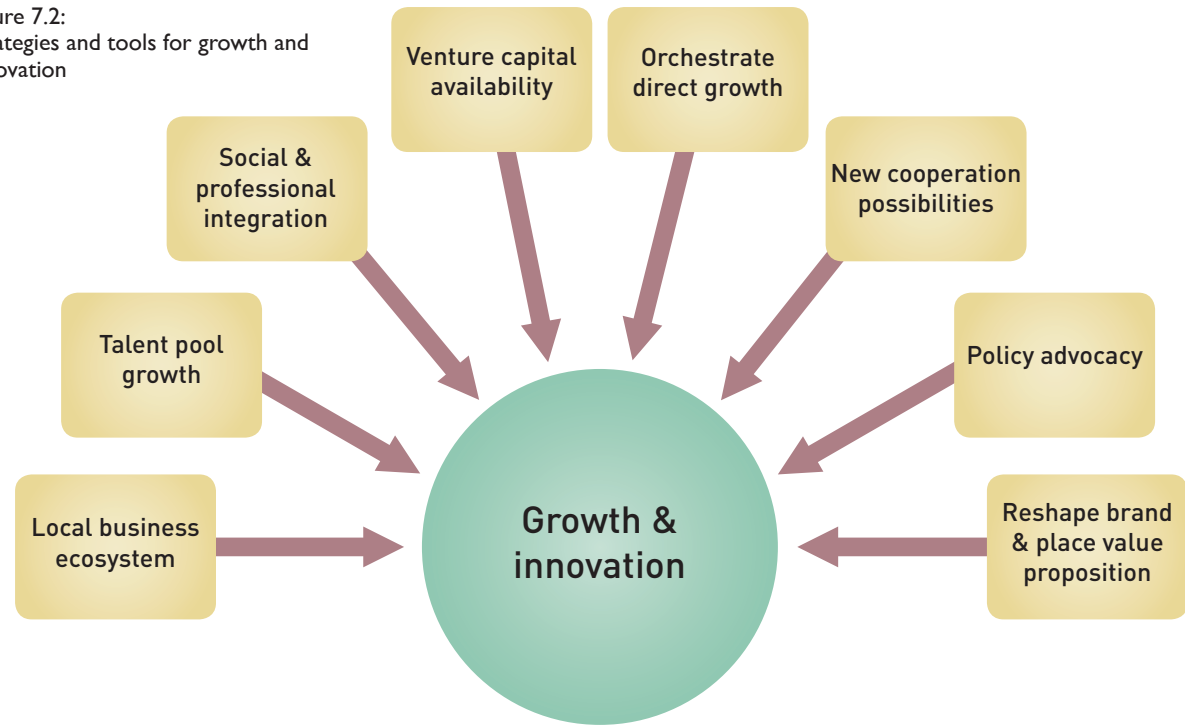
This innovation orchestration part describes how Business Attraction Management strategies and activities can improve and be effectively integrated with the local and regional innovation systems in

order to facilitate innovation co-operation between local actors and new investors.

An innovation system typically consists of collaborating actors from all sectors in the quad-helix model described earlier in the handbook. Ideally, the business attraction team should identify relevant existing “innovation areas” which the investor should be linked to. By introducing the investor to existing relevant industrial clusters and networks the linkages for future innovation collaboration are loosely established.

To achieve the maximum value and long-term effects of investments, it is recommended that the business attraction team organises and engages in (or as catalysts make sure that others in the location set in motion) another set of activities to boost innovation and growth. A number of examples are described in the tools section.

Figure 7.2:
Strategies and tools for growth and innovation



7. Policy advocacy

In some cases active policy advocacy is required in order to strengthen investor relations, improve retention and increase appetite to invest and grow locally. There might be policies at local, regional or even national levels that are barriers to long-term growth and innovation for investors. This is a very complex and cumbersome area to have an impact on, especially for small business attraction teams, but can nevertheless be very important to deal with in creative ways.

8. Reshape and reinforce the place branding and place value proposition after the establishing phase

It is crucial to regard the actors in the innovation ecosystems as key assets when developing the place-branding messages and specific place value propositions as described in chapter 3 on Branding.

- Large business investors are often interested in establishing operations close to vibrant start-up communities and ecosystems. Some of these large companies have realised that they have

limited internal innovation capabilities and need to base their strategies more on partnerships in open/cross innovation programmes, and on acquisitions of start-ups.

- Entrepreneurs and small business investors are often very attracted to and sometimes even dependent on strong local/regional innovation systems in order to grow their businesses.
- The successful integration of a new investor with

high brand value should be used to attract new talent and boost the general attractiveness of the place.

- Large investors within growing market segments, and with globally relevant brands, can constitute a foundation upon which to build a new smart specialisation area for the place and region. Refer to case box 7.1 for an example, the Facebook data centre investment in Luleå, Sweden.

CASE 7.1:

GROWTH AND INNOVATION STRATEGIES AND ACTIVITIES IN LULEÅ, SWEDEN

During and after the construction of Facebook's first data centre, the relationship between Facebook and the Luleå region has developed, and Facebook announced in March 2014 the decision to build a second mega data centre in Luleå. There are now plans for a third stage.

The establishment of Facebook's two data centres are, according to BCG, estimated to generate a total of SEK 9 billion (approximately EUR 970 million) over a 10 year period, in the Swedish economy – and half of that in the Luleå region. The successful investment of Facebook in Luleå was followed by several initiatives and actions to get the most possible financial and brand value out of this mega investment – and using it as a basis for new smart specialisation around data storage services and competencies. Examples of growth and innovation support steps and measures taken include:

- Facebook (FB) was engaged right away in regional development activities and was providing project funds for different kinds of social innovation projects.
- FB participation in marketing of the region.
- The “attraction factors” were quickly re-calibrated and used in investment promotion.
- Industrial cluster effects were created with more data centre investments by other companies, partly due to the presence of FB, but also made possible by new investment attraction initiatives related to that.
- In order to boost sales efficiency and regional branding a regional foreign direct investment company, “The Node Pole” was started. It packages, sells and supports a wide geographical area around Luleå, including the surrounding municipalities, which has resulted in the emergence of a new data centre ecosystem in the larger Luleå region where also surrounding municipalities like Boden and Piteå have already benefitted from the Luleå-Facebook investment.
- Ambitious cloud/data centre research programmes like “Cloudberry” have been launched
- A Big Data Research Centre has been announced.
- A new Northern Sweden Data Centre Initiative has been started recently. The ambitions there are to broaden the geographical scope of collaboration even further, including more locations, joint R&D programmes, innovation support, etc.

7.3 STRATEGIES, TOOLS AND ACTIVITIES

The following sections describe a number of more specific strategies, activities and tools that support growth and innovation of investing firms, presented under the eight categories outlined earlier in the chapter.

1. **Tools to maximise growth through the local business ecosystem**

Here the recommendation is to adopt policies that provide access to new investors, particularly by proactively assisting local firms and other actors wishing to become suppliers or to collaborate with the investor. Policies to harness the potential of local SMEs, which sometimes struggle to create links to large investors, are especially helpful. Recommended activities include:

- Organising matchmaking and pitching events between investor and local companies, where investors can express specific needs of resources, sub-supplier opportunities and possible longer-term

collaboration opportunities. Local companies are given the opportunity to pitch their capabilities and willingness to provide services, products and co-creation resources.

- If needed, inspire and coach the investor through a process of internal needs analysis before match-making and pitching events.
- Local companies normally need to be trained before pitching events in order to understand the cultural differences and the appropriate level of formality and pitching attitude.
- Arranging inspirational events and networks where investors are invited to be key players. This can also help create a better collaboration climate and a more entrepreneurial culture.

2. **Tools for talent pool growth**

Several of the tools for supplying investing companies with access to a pool of talent in the Establishing phase can be continued and up-scaled also in the growing phase, in order to increase the total

HOW DO OTHERS DO IT?

The town of Kongsberg in Norway is an interesting case where the local cluster organisation and its private and public partners have managed to attract many internationally-leading universities to set up programmes in the location, supporting existing and new firms in its systems engineering cluster. See case box 5.3 in chapter 3 for further details about the case.

pool of highly skilled potential employees. Strategies and activities include:

Enhancing the regional educational system

- In order to provide the right talent for investor retention and growth, collaboration with academic partners is often needed. Academic partners may need to be convinced to introduce new courses that ensure a supply of talent to investing firms. To this end, arrange high-level discussions with relevant local educational actors and facilitate processes leading to results on an operational level.
- Another viable strategy is to attract international higher education institutions to establish themselves in the location to ensure graduates with the right skills.
- The global MOOC (Massive Open Online Courses) trend is a possible basis for innovative local municipality/regional initiatives for e-education and training concepts without traditional university and campus presence. One strategy is

CASE 7.2:

TALENT ATTRACTION MANAGEMENT FOR CITIES AND REGIONS

Talent Attraction Management is a holistic, integrated approach to efforts at primarily local and regional level aimed at attracting and retaining talents. The objective is to attract a skilled workforce, entrepreneurs and international students to ensure a supply of critical skills for existing companies and future investors. Talent Attraction Management sees talent attraction and retention as the management of four interrelated types of activities:

1. **Attraction** – such as marketing and recruitment activities.
2. **Reception** – such as welcoming and ‘soft landing’ activities.
3. **Integration** – activities aimed at helping talent to settle in and prosper in the longer term, e.g. networks for professional and social integration.
4. **Reputation** – such as place and employer branding efforts and ambassador models.

Successful talent attraction and retention depends on active work with all four aspects. However, cities and regions can put emphasis on different steps, to compensate for lack in resources or weak performance.

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It is becoming more common for regional development and investment promotion agencies in Europe to be assigned a dual mandate of promoting inward investment and attracting talent. Examples include Copenhagen Capacity (read more in case box 1.1 in chapter 1), Brainport Development in Eindhoven in the Netherlands (running the Brainport Talent Centre programme), Scottish Enterprise (running the TalentScotland programme) and Tampere in Finland (running the Talent Tampere Network).

Concrete activities with a proven track record that city and regional actors can undertake to attract and retain talent include:

- **Portals for marketing and recruitment:** there are a growing numbers of portals with a distinct talent attraction focus, often integrated with portals for job seekers. Examples include Make IT in Cork (<http://makeitincork.com>), supporting ICT investors in finding

the right skills, TalentScotland (<http://www.talentscotland.com>) and Brainport Talent Box (<https://www.talentbox.nl>). The latter example is described in chapter 6.

- **Providing co-branding toolkits and activities,** making it easier for recruiting firms to add a “place” component to their employer branding efforts. One recent example is www.talentattractiondenmark.dk where companies can access videos, testimonials, texts, infographics and photos communicating the culture, work life and qualities associated with life in Denmark. Another example is the Twitter account @movetostockholm, managed by Stockholm Business Region, where fast-growing tech firms that want to attract talent, such as Spotify, Klarna and iZettle, are given the opportunity to utilise the account to build their employer brand and communicate openings.
 - **Targeted campaigns:** The town of Örebro in Sweden needed to attract more ICT profes-
- sionals. A thousand top individuals in the country were recognised and each of them received a personal invitation to Google their own name. A personalised message met them on the screen: “Get a life, X – you are one of the brightest in ICT”, alongside arguments about the superior quality of life in Örebro, compared to bigger cities like Stockholm.
- **One-stop-shop solutions** facilitating reception and integration, such as International House Copenhagen (read more in case box 6.1 in chapter 6).
 - **Mentoring programmes:** The regional development agency in Tampere, Finland and its Talent Tampere Network has developed a series of successful mentoring programmes for international students, with the aim of making it easier for them to stay and work in the region.

to develop relationships with different actors in this field, like the Open University.

Talent attraction

Initiatives to convince talent to relocate to the location should be considered. In addition, making it easier for local graduating students to stay and work there is a challenge for many locations, and dedicated efforts might be needed.

The regional investment development agency in Tampere, Finland, has instituted a whole unit and programme for talent attraction and retention, aiming at supporting the investment promotion. Another example is Copenhagen Capacity. Consult case box 7.2 for more about Talent Attraction Management.

3. Social and professional integration support tools

The importance of actively facilitating both the professional and social integration of relocated staff and families cannot be overstated. Activities include:

- Organising “networks” and “buddy” systems for both relocated staff, their spouses and children.

Prepare relevant schools for welcoming and integrating children of relocated staff.

- Organising “welcoming” events of different types, professional as well as on a family level.

4. Tools for growth capital development

Viable opportunities and solutions include:

- Developing an overall summary of available growth and innovation funding alternatives in the region. These summaries are sometimes available from regional development agencies, incubators, etc.
- Early expansion capital for global growth-oriented SMEs is often lacking, causing the “valley of death” gap in the venture capital value chain. A possible solution includes the mobilisation of regional business “angels” in more efficient structures, for instance by establishing close and structured co-operation between regional business angels in so-called “business angel” companies, and, as a complement, applying for EU funding for growth capital funds, in collaboration with regional business angels²⁴.

²⁴. This is in line with the EU 2020 policies.

- Innovating public procurement processes to enable growth in specific targeted sectors, mobilising the innovation power of large enterprises as well as enabling SMEs to afford to co-create is another area with great potential for boosting the access of innovation and growth capital.

5. Direct growth opportunity orchestration for the investor

It is important to actively facilitate that investors are effectively integrated in the existing local and regional innovation and growth support systems. These activities normally start already in the establishment phase and continue thereafter with increased emphasis as investors have settled in. Recommended activities include:

- Provide an overview for the investor of the local and regional actors providing innovation and growth support, by competence and capital. Examples are incubators, accelerators, science parks and venture capital actors.
- Actively facilitate investor partnership and membership in relevant existing clusters, business networks, etc.

- Identify relevant local and regional research programmes and innovation projects that can be of interest for the investor.
- Organise first meetings with the actors described on the previous page.

6. Tools for innovating new collaboration capabilities

There are a number of toolsets available here. The examples given here all assume the close connection between Business Attraction Management and innovation and growth support:

Developing sector understanding, insights and foresight for better understanding of specific investors and target sectors

- Organising business sector reference groups in order to understand business sector trends, opportunities and threats.
- Developing target strategies based on this insight.

Identifying specific value web gaps and opportunities related to a specific investor or target segment:

- Organising workshops with local/regional companies, regional academia, relevant public actors and established and/or potential investors in order to identify gaps and opportunities in local value chains and value webs, specifically addressing the needs of specific investors and/or investor groups.
- Developing and executing specific business attraction initiatives targeting identified areas with “gap filling” purposes.
- Organising concept development of identified collaboration opportunities with interested local actors and investor(s) involved in the process.
- During the workshop(s), or separately, focus on identifying relevant research programmes at regional universities, institutes, etc. that could be of interest to the investor and that could lead to innovation and growth further down the road.

Developing new collaboration platforms related to a specific investor or target segments

An often forgotten but effective opportunity for business attraction teams is to orchestrate the creation of new collaboration platforms such as new

cluster networks and open innovation platforms. In addition, innovative public procurement can bring many advantages in this regard.

A. Cluster development

By initiating processes that involve relevant, normally larger, investors as catalysts for new clusters, the business attraction team is maximising the longer-term place benefits and value of the investment.

The creation of a cluster is normally a longer-term effort relying on significant contributions from many actors with a shared vision. The business attraction team could take different roles depending of the size and capabilities of the team. A cluster development process could consist of the following logical steps, requiring powerful orchestration, initially catalysed by the business attraction team.

- Workshops as above or separately, indicating cluster potential for technology, competence/talent, solutions or value chain clusters, etc.
- Resource mobilisation, actor mapping, achieving stakeholder commitments.

- Concept development, including vision, wanted position, branding strategies, governance structure, business models, etc.
- Legal structure and agreement development.
- Funding strategies and process.
- Cluster network and core organisational development.
- Launch.

B. *Open innovation*

Business attraction teams can use the potential innovation capabilities of an investor to stimulate the interest for new innovation collaboration concepts like “open innovation” and “cross-innovation”. Business attraction teams can also be used as a vehicle to bring new actors into existing challenge-driven open innovation programmes. Open and cross innovation are based on interaction between actors from the different sectors needed in order to turn an idea into a new innovative process, product or service in the market. For example, complex challenges like developing carbon neutral, sustainable “smart cities” (example Copenhagen) and the

development of future healthcare solutions are too complex for any single group in society to solve.

The development process could consist of the same logical steps as for cluster development, but with extra emphasis on a couple of areas:

- Since the open innovation process assumes collaborative contributions with different actors’ Intellectual Property Rights (IPRs) it is extremely important to regulate the legal framework for ownership and usage rights to individually contributed and jointly created IPRs within the open innovation environment.
- More expert-level legal resources are needed in order to create a comprehensive enough agreement structure which handles IPR and potential collaboration issues.
- The governance/management framework of an open innovation programme needs another structure and different mandates, compared to normal cluster management solutions.

C. *Innovative local procurement, test beds and demo sites*

Business attraction teams can be used as a vehicle to bring new actors into existing innovative local procurement programmes. Or, vice versa, business attraction teams could use the potential innovation capabilities of an investor to stimulate interest in new innovative procurement concepts among public actors locally.

- By introducing the investor to existing/new local innovative public procurement programmes and practices, a stronger link with the municipality/region and other public actors can be achieved, and at the same time the local public innovation capacity can be improved.
- Innovative procurement programmes in “hot sectors” can be developed to be major attraction factors for a place.

D. *Joint test beds and demonstration sites*

The development of new solutions in complex environments where public and private parties need to co-operate requires the ability to properly and

efficiently test and demonstrate the new solutions, in order to facilitate business growth.

- Facilitation of the development of proper “test beds” for new solutions from “open innovation” and “innovative procurement” initiatives, etc. shorten the time to verified solutions and potential business growth.
- Facilitation of the establishment of demonstration and marketing facilities will increase the potential for both business growth and stimulation of interest from new potential investors.

7. **Tools for policy advocacy**

These strategies, tools and activities aim at minimizing policy barriers that could have a negative impact on long-term growth and innovation potential for investors. One recent example is the energy tax situation in Sweden, which was identified as a longer term problem for data centre investments in general in Sweden and Facebook’s investment plans in Luleå in particular.

A national initiative led to a new law proposal

which will create a level playing field in the Nordic countries, if approved. The following activity areas and strategies are important:

- Assessing the potential negative effects of certain rules and regulations on the investor appetite to invest and possibilities to grow and innovate.
- Informing policy makers and public authorities about weaknesses and, if possible, propose and work for changes.
- Possible concrete strategies are to join forces and try to find common ground with other locations, the national investment promotion agency and/or regional chambers of commerce, which usually are experienced opinion formers, in order to influence local, regional or national policy agendas.

8. **Tools for reshaping and reinforcing branding and place value propositions after successful establishing**

The aim is to make successful investment cases with high brand value and the general innovation

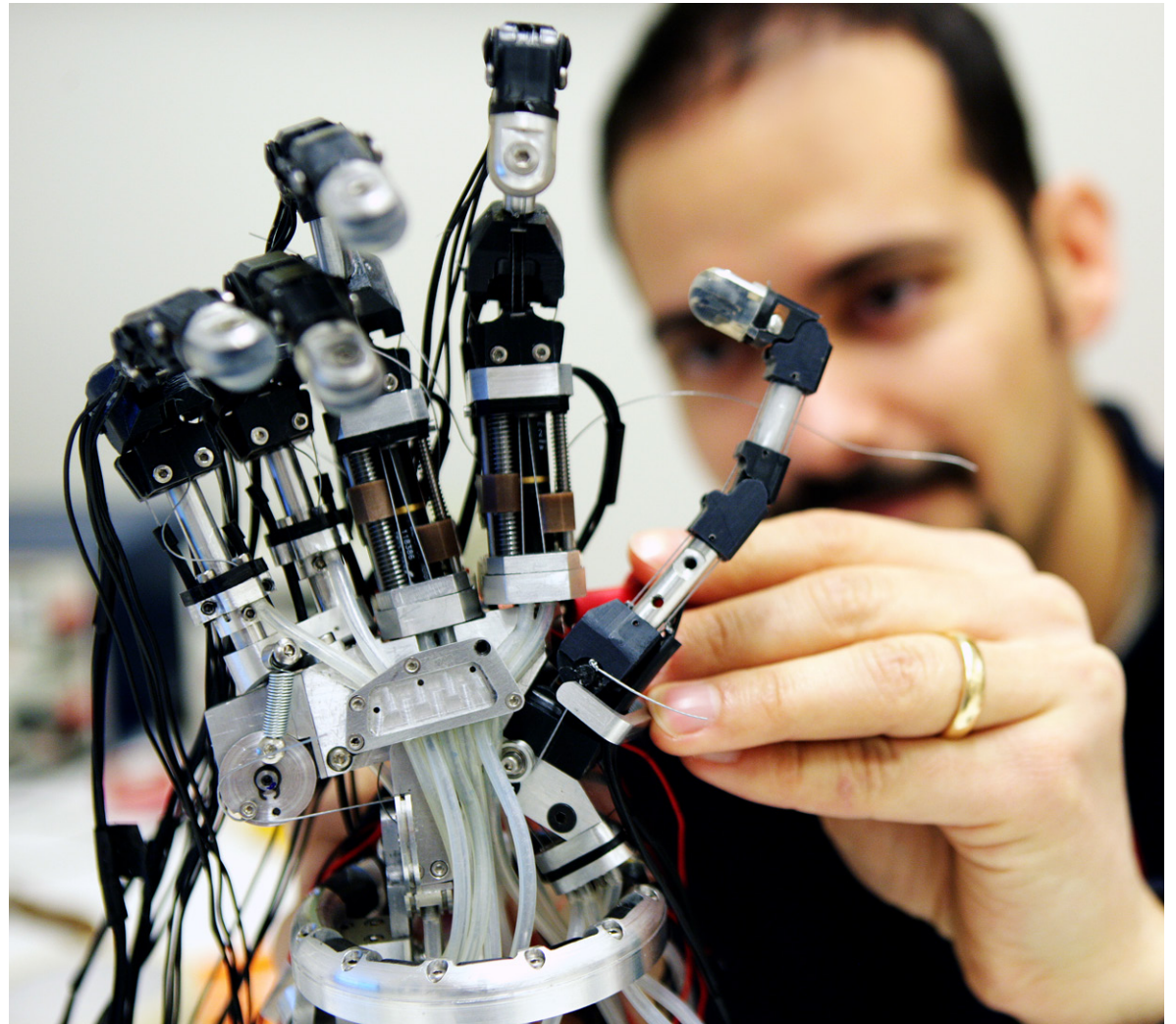
and growth system part of brand and the place value propositions.

The successful integration of a new investor with high brand value could be used to boost the attractiveness of the place in the eyes of other investors and talent:

- Use new investors’ brand value in new place value propositions.
- Use investors’ own statements about the place selection and why they decided in favour of the particular place.
- Use professional PR/communications resources and significant funding behind it to communicate globally about “big wins” – both in traditional and social media.
- Provide web links or other descriptions of relevant “success cases” that might have an impact on specific investment sectors and/or specific cases.

7.4 KEY TAKEAWAYS OF CHAPTER:

- Growth and innovation support will ensure that the investing enterprise becomes a successful and integrated member of the business community that can harness innovation and growth opportunities in the long term. This will also benefit existing firms and other stakeholders in the location's business and innovation ecosystem, through access to new know-how, technology, capital and new competencies.
- Support measures focus on giving investors access to resources and assets such as business ecosystems, talent, innovation networks and projects, venture capital resources as well as social and professional networks.
- Proactively assisting local firms and other actors wishing to supply to foreign investors or to collaborate with the investor is particularly important, and policies to harness the potential of local SMEs, which account for over 95% of the business population, are especially helpful.





8.0

FROM WORDS TO ACTION: GETTING STARTED

- *A framework for a regional/local change management process for initiating new, strategic business attraction efforts.*
- *Food for thought on the topic of culture and its impact on Business Attraction Management.*
- *Brief overview of how to measure the impact and performance of business attraction.*
- *Ideas on how Business Attraction Management may develop in the future – food for thought aimed at helping business attraction teams to prepare for this development.*

8.1 INTRODUCTION

This handbook outlines a range of possible strategies, tools and activities for attracting and making the most of inward investments. In some cases, a given city or region will have an organisation and/or Business Attraction Management team in place, and the work is up and running and producing results. Still, there may be a need or wish to take the work to a higher level. In some other cases, there is no organisation or team in place, often because policy makers or city/regional management have not prioritised the issue. In both cases, this handbook offers inspiration and guidance on how the work can be managed and developed. For example, chapter 2 offers suggestions on how a business attraction team can earn the mandate to enhance the business attraction work.

However, in some cases a more comprehensive regional or local change management process is

needed to produce the right effects. There might be a need to create a sense of urgency, involve different stakeholders and align their visions and ambitions and agree on a way forward – and in a broader sense influence the culture of the place and the economic development. Thus, the purpose of this chapter is twofold.

First of all, it outlines a possible framework for a regional/local change management process aimed at initiating new or intensifying existing strategic business attraction efforts. In addition, the *Business Attraction Management Canvas* is introduced as a strategic management and agile methodology for developing new, or assessing and improving existing business attraction strategies and goals. The chapter also introduces the topic of culture and its impact on Business Attraction Management as food for thought.

In some cases a more comprehensive regional or local change management process is needed to produce the right effects

The second purpose is to describe critical aspects of assessing impact and performance of business attraction operations. Finally, the chapter addresses how Business Attraction Management may develop in the coming years – food for thought aimed at helping business attraction teams to prepare for this development.

8.2 LEADING CHANGE TOWARDS BETTER BUSINESS ATTRACTION MANAGEMENT

As described previously, Business Attraction Management requires an orchestrated effort from different actors working together in a systemic way. In order to establish such a system, a shared vision is needed as well as trustful relations and motivated key individuals.

Naturally, there could be a gap between the current situation in the region and the desired way of managing business attraction. A change process can be started to introduce a new way of working. Below is a framework for managing change towards improved business attraction management, which is inspired by John P Kotter's Eight steps of change²⁵ but which has been adapted to a place setting by

²⁵. Kotter, 2012
²⁶. Ibid.

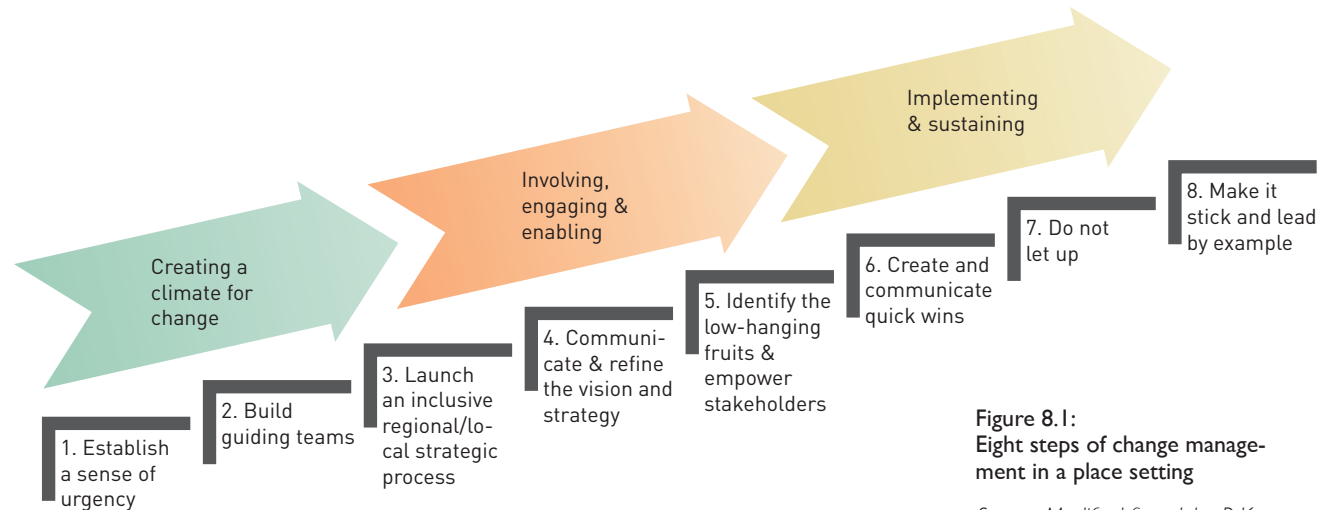


Figure 8.1:
 Eight steps of change management in a place setting

Source: Modified from John P Kotter's *Eight steps of change*

complementing it with the author's vast experience in managing change processes in a local and regional setting.

Eight steps of change management in a local or regional setting

To make any transformation successful it is necessary to change people's behaviour, which can be achieved when people have had the chance to first see, then feel and then change their personal behaviour.

The eight-step model can be used as a starting point for a change process for a place, but which has been adapted to a place – local or regional – setting.

Step 1. Create a sense of urgency around a single big opportunity or crisis

It is critical to create awareness of the need for strategic change. Change does not usually come from fear, but from pointing to a great opportunity. That said, a location that is facing a crisis or looming crisis may need to use this as a starting point for

instilling a sense of urgency. In addition, benchmarking with frontrunner locations can be a concrete tool for creating a sense of urgency.

Step 2. **Build guiding teams**

Connect people to your change idea. Pull together a guiding team with the necessary credibility, skills and connections to provide change leadership. This team may represent one or several organisations in the location.

Step 3. **Launch an inclusive regional/local strategic process to create a vision and strategy**

Involve key stakeholders in the place in a strategic process to create a sensible, clear, simple and uplifting vision and a common strategy. Tools for involvement include strategy workshops, focus groups, interviews and surveys.

Step 4. **Communicate, seek commitment and refine the vision and strategy**

Communicate the change vision and strategy effectively, in order to create understanding and to

relate to feelings. Keep communication simple and heartfelt, not complex and technocratic. Meet place stakeholders to get their commitment regarding the strategy and use their input to refine the strategy.

Step 5. **Identify the low-hanging fruits and empower organisations and people to act on the vision**

Identify areas that are easiest to change and begin working with these. Show how it's done by telling "we-won-you-can-too" stories. Try to remove obstacles that block action, like ineffective performance measurements, and try to mediate when there are conflicting interests between different stakeholders.

At this stage, new platforms for driving the change may need to be created, a team, project, partnership or even new organisation that is in charge of the carrying out the strategy and realising the vision. Stakeholder involvement can be ensured via work groups, co-financing of common work and/or governance.

Step 6. **Create and communicate short-term wins**

Show quick results in order to energise change "helpers", enlighten the pessimists, defuse the cynics and build momentum for the effort – and to legitimise the effort in the eyes of the different stakeholders.

Step 7. **Do not let up**

Continue with wave after wave of change. Do not declare victory too early. Keep the urgency up and remove or work around obstacles in the region. An effective way of keeping a sense of urgency is to utilise benchmarking: show what other leading places are doing to communicate that we need to sustain the efforts.

Step 8. **Make it stick and lead by example**

Leaps into the future can slide back into the past. Keep the change in place by trying to communicate and maintain a new, supportive and strong culture – and leading by example is one of the best ways to do that.

8.3 STRATEGY TOOL: BUSINESS ATTRACTION MANAGEMENT CANVAS

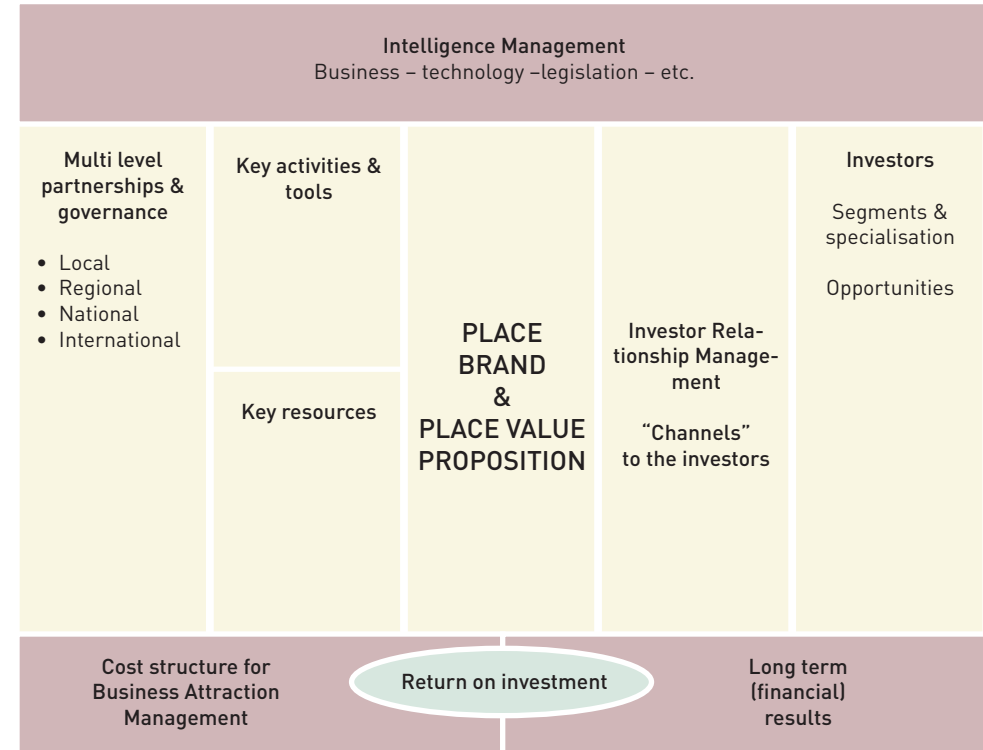
The *Business Attraction Management Canvas* (BAM Canvas) is proposed in the Business Attraction Management context as a visualisation framework tool, a strategic management and agile methodology template for developing new, or assessing and improving existing business attraction strategies and goals.

It is presented as a visual chart with 10 different areas describing the core parts of strategies for Business Attraction Management.

The BAM Canvas can help business attraction teams to develop and continuously improve a Business Attraction Management strategy, based on an overall visual summary of the most important parameters.

Figure 8.2:
Business Attraction Management Canvas

The BAM Canvas is inspired by the "The Business Model Canvas" which was initially proposed by Alexander Osterwalder and a team of 470 co-creators in the book "Business Model Generation" published in 2010.



The 10 areas all relate, in different ways, to the strategies, tools and activities proposed in this handbook.

The BAM Canvas is proposed as a strategy tool for orchestration of Business Attraction Management because it is:

- Based on a proven, widely-used agile co-creation methodology.
- A step-by-step, workshop-based methodology fostering agile co-creation.
- A graphical end result which provides a platform for strategic alignment.
- A baseline for operational execution planning.

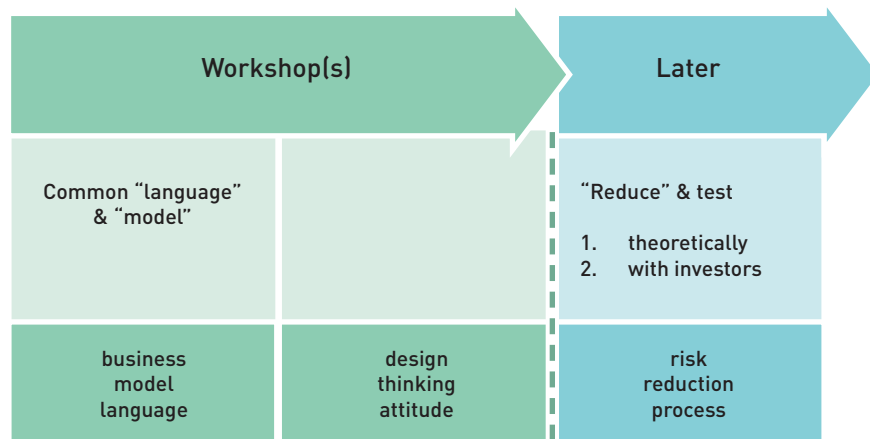


Figure 8.3:
BAM Canvas work methodology



Photo: Lena Granefelt

The BAM Canvas can serve as the framework for creative discussions and decisions related to questions in a number of situations described below.

The BAM Canvas can be used both in the planning and follow-up of Business Attraction Management strategies and activities.

The BAM Canvas is a tool to manage strategic goal-setting processes:

- when setting up, monitoring, and fine tuning

overall Business Attraction Management activities for a specific location.

- when setting up a specific Business Attraction Management strategy for sector-specific initiatives and thematic focus areas, etc.
- when setting up a specific process related to a specific business opportunity, for instance a quick response to an investor request.

The BAM Canvas can serve as the strategic framework for all the three types of Business Attraction

Management situations described on the previous page, but the use of the tool will differ between the situations.

The proposed BAM Canvas work methodology

When working with the BAM Canvas all the relevant key actors as well as strategic partners, etc. are gathered in workshop(s) to jointly develop the various aspects of the canvas. An agile approach and methodology is recommended with “good enough” development steps, testing and checking results with key stakeholders and with continuous improvement iterations.

Avoid the old-fashioned and outdated “Cannon model”, with precise and detailed plans for exactly hitting the target. Instead, apply a “Guided missile” approach: aim roughly correct, fire and steer constantly towards an increasingly visible and better understood target. It is better to get started quickly,

with a set of reasonably correct assumptions, conclusions and defined parameters, rather than getting stuck in “analysis paralysis”.

The BAM Canvas can be printed on a large surface so that groups of people can jointly start sketching and discussing canvas elements with Post-it notes or board markers.

It is a hands-on tool that fosters understanding, discussion, creativity, and analysis.

The completed BAM Canvas serves as an overall summary of strategies and goals in situations like in project management “war rooms”, on walls, etc. and in documents and presentations describing the

overall goals and strategies. It can be used within at least two different investment situations:

In large complex inward investment processes with many involved actors

The BAM Canvas can be developed together with different actors and key resources, partners, etc. within different specific canvas areas. The abstracted summary canvas can serve as the strategic glue between the different areas and actors.

In small inward investment processes with few involved actors

The BAM Canvas can be developed during one workshop with the key resources and then serve as the strategy blueprint for execution.

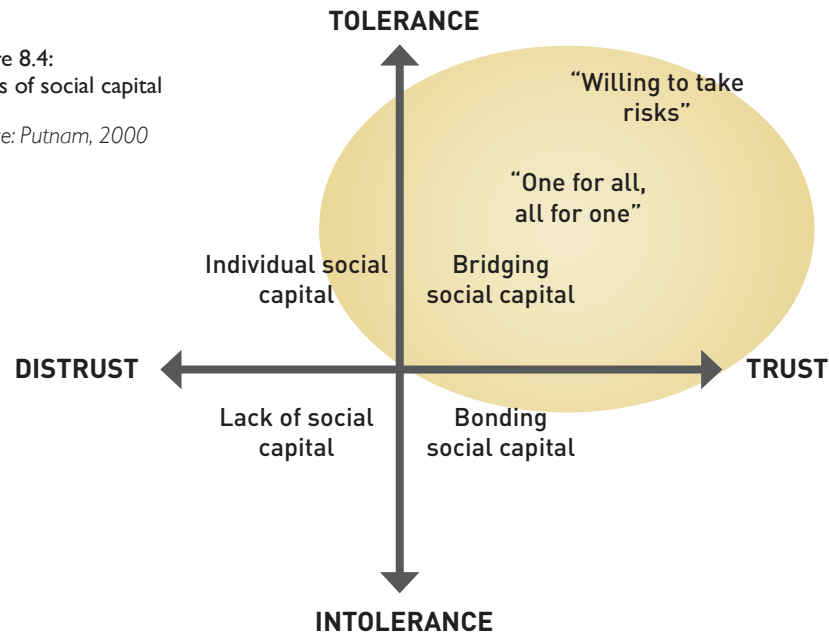
8.4 FOOD FOR THOUGHT 1: CULTURE OF THE PLACE AND BUSINESS ATTRACTION

Management literature and research have identified corporate and organisational cultures as important factors explaining the success of industries and businesses. The idea of not only a national culture but of a specific place culture (like a municipality or region) is useful in this context. Explanations of the success of Silicon Valley, for example, usually include a reference to the extraordinary culture, where innovation, tolerance and trust reinforce each other.

The relevance of culture to Business Attraction Management may not be immediately apparent, but there is no doubt a cultural context in which inward investment work takes place. Suffice it to say that a place which does not embrace innovation and lacks tradition in this area, which has little tolerance for new ideas or people, and which is not

Figure 8.4:
Types of social capital

Source: Putnam, 2000



trusting when it comes to social relationships and business transactions is not likely to be perceived as attractive to an investor:

According to current research²⁷, there is a very high correlation between culture, creativity and the dimensions of tolerance and trust. In a Business Attraction Management context, the success of the place depends largely on the ability to accommo-

²⁷ Like that of analyst Jan Torége, at the Swedish Association of Local Authorities and Regions

date and integrate new businesses, resources and individuals in a way that creates value and stimulates growth. This ability can be illustrated using the dimensions of tolerance and trust which reflect a value known as social capital. This is important, since high social capital is a strong attraction factor:

The best type of social capital is the bridging social capital, creating trust and tolerance between organisations and different groups of actors in a local or regional setting, as illustrated by figure 8.4.

Consequently, the concept of culture, that is, social capital based on tolerance and trust, needs to be taken into account when business attraction efforts are carried out and managed.

Reflections and suggestions regarding enhancing place culture:

- A place culture can be changed, but it takes time.
- Start at home and lead by example – if the business attraction team concludes that the place culture is counterproductive, discuss it and make sure that it is not reflected in your team or the way it works.
- Act step-by-step – be agile and choose tasks that are easy wins.

- Communicate successes – and give credit to people who make your work possible and make them feel good about helping out.
- Transparency and inclusion of place stakeholders is a key factor in any development process.
- Try to promote the idea that risk taking and failing is alright, which may be counterintuitive to how public sector or semi-public sector organisations work.
- Allow for many “heroes” and positive role models – be tolerant and communicate around the talents, the entrepreneurs, the civil servants, the business people who accomplish things. Be tolerant of failure when a good effort has been made.

A place culture can be changed, but it takes time. Start at home and lead by example – if the business attraction team concludes that the place culture is counterproductive, discuss it and make sure that it is not reflected in your team or the way it works

8.5 ASSESSING IMPACT AND PERFORMANCE

Evaluating performance and impact is an integral part of economic development in general and business attraction management in particular.

However, many locations struggle with measuring success. The main challenge lies in relating the cause and effect of strategies and efforts. Another complicating factor stems from the length of time it takes to secure an investment – it is not unusual for a project to take several years to materialise.

Evaluating performance and impact is essential for at least two main reasons:

1. **Determining accountability** – by looking backwards, evaluation helps to explain to stakeholders what an initiative has achieved and explain the use of public funds.

2. **Improving future programmes** – by looking forwards, evaluation helps ensure that lessons from the past are learned, and used to improve existing and future programmes.

Three fundamental questions

One starting point for approaching evaluation is to ask three fundamental questions:

1. "Are we doing the right things?" (effectiveness of strategies and tools)
2. "Are we doing things right?" (efficiency of strategies and tools).
3. "Are there better ways of doing it?" (benchmarking with others)

Are we doing the right things?

This type of evaluation focuses on the effectiveness of business attraction operations. Common ways to measure effectiveness and evaluate impact are

to develop key performance indicators (KPIs) that assess:

1. Number of incoming requests for information (RFI) or site visits received.
2. Number of new businesses created.
3. Additional capital attracted.
4. Jobs created by investors (new and expansion by existing).
 - a. Number of jobs
 - b. Quality of jobs
 - c. Total wages paid
5. "Customer satisfaction" – surveying the satisfaction of the investors serviced.
6. Occupancy rate (if you manage dedicated property or an industrial/science park).
7. Skills supply (if access to talent is important to investing firms).
8. Perceptions of the location as an investment destination as held by outsiders.

KPIs need to be linked to the strategic goals chosen for the Business Attraction Management work. It is also important to bear in mind that many of these indicators take a long time to influence, sometimes several years, and data collection can be challenging. For example, collecting data on new jobs may require asking investing businesses to estimate how many future jobs a given investment will create. The most advanced form of impact assessment is to try to measure the dynamic and multiplier effects of new investments, such as tax revenue (value of real estate, corporate and employee tax), spending by new business and employees and indirect jobs created by new businesses. This type of assessment is important to justify public sector spending on Business Attraction Management.

Are we doing things right?

This type of evaluation focuses on efficiency, process and internal performance. Common KPIs that relate to business attraction are:

1. Number of contacts to investors taken.
2. Number of investment leads generated.

3. Number of visits to investors or trade fairs or business delegations undertaken or serviced.
4. Lead time to respond to a RFI.
5. Available land and property (to assess capacity to accommodate new investment).

Are there better ways of doing it?

In addition, benchmarking is an effective way of evaluating performance. The aim is to compare and learn. Benchmarking is about developing reference points or standards, against which performance can be evaluated, for overall performance of the business attraction work, or for specific functions. Benchmarking is also an effective tool for triggering change, as explained in the section on change management in this chapter.

Data collection

There are a number of viable ways to collect information for evaluation and impact assessment:

1. Interviews and surveys.
 - a. Face-to-face interviews
 - b. Telephone interviews
 - c. Web-based surveys
2. Public records (national statistical bureau, tax authorities, etc.).
3. Social media and big data.
 - a. Social media monitoring – the process of identifying and assessing what is being said about a location or organisation on social media.
 - b. Big data mining – mining the internet for indicators of successful business attraction (or indicators that warn about poor performance).
4. Literature review.
 - a. Published reports
 - b. Trade press
 - c. Press reports
 - d. Academic papers

8.6 FOOD FOR THOUGHT 2: BUSINESS ATTRACTION MANAGEMENT IN THE FUTURE

Chapter 1 in this handbook describes the global trends and tendencies that impact on Business Attraction Management. This chapter aims to point to specific developments and trends that may influence business attraction over the coming years. As part of the Business Attraction Management project, a survey was sent to investment promotion agencies (IPAs) and economic development officials on the regional and national level, with the aim of exploring how the investment promotion practice and landscape may change over the next couple of years²⁸. In the analysis the following pattern emerges:

Type of investment

One question revolved around what type of investments will be in focus over the coming years.

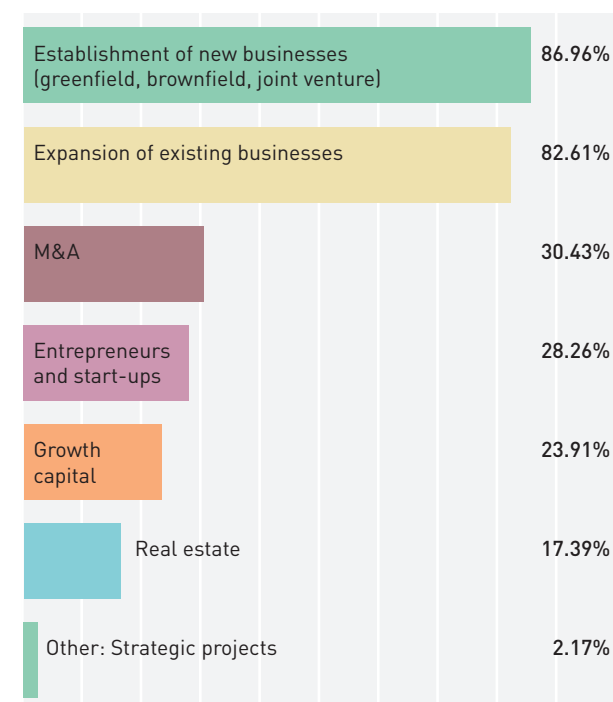
This result can be compared with a survey sent to local and regional economic development officials

asking both what types of inward investment they focus on today and want to focus on in the future. The following patterns and indications emerge:

- National and regional IPAs assign almost equal importance to establishment of new businesses (87%) and expansion of existing businesses (83%), whereas local and regional economic development officials want to focus more on attraction of new businesses (78%) than expansion of existing (62%) in the future.
- Local and regional economic development officials want to focus much more on attracting entrepreneurs and start-ups than the national and regional level IPAs: 58% compared to 29%. If one breaks out national IPAs, the difference is even more pronounced: the national IPAs only give 18% to entrepreneurs and start-ups.

²⁸ Nordic Place Academy, 2015

Figure 8.3:
Types of investments that will become more important



Question: What type of inward investment do you want to focus on promoting in the future? Choose the three most important.

- The national and regional IPAs have a stronger focus on promoting mergers and acquisitions (M&A) than local and regional officials: 26% compared to 9% (and again, the national IPAs stand out: the result is 50% support for M&A).

The implications of these results are that cities and regions may need to:

1. Enhance their work with expansion of existing businesses and M&A to be more in tune with the priorities of the regional and national IPAs.
2. Lobby regional and especially national IPAs to prioritise the attraction of entrepreneurs and start-ups more.

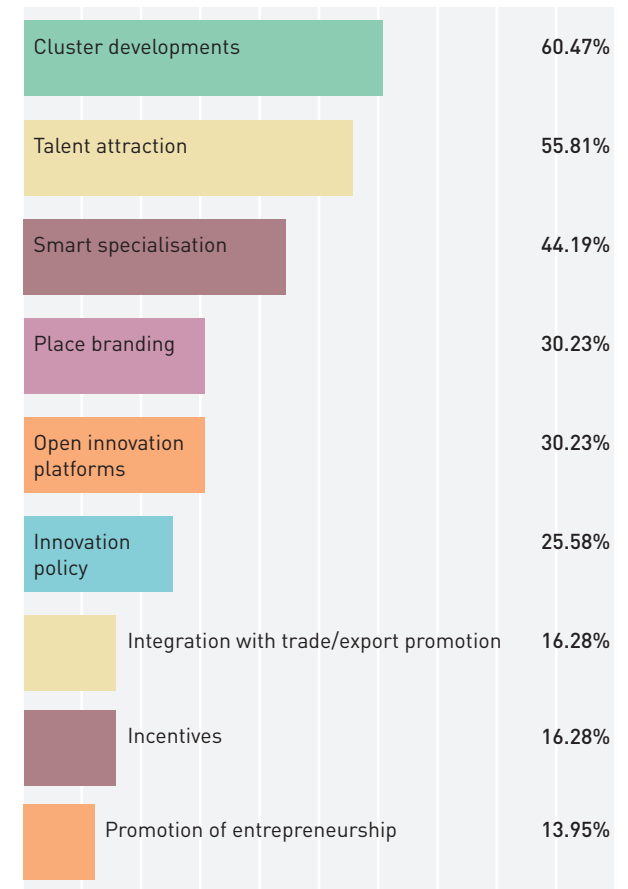
Strategies and policy concepts

Another question revolved around what strategies and policy concepts will become most important for investment promotion over the next five years.

Figure 8.4:
Importance of strategies and policy concepts

The high priority given to talent attraction is in tune with the trend observed in many studies, that availability of talent is becoming one of the main attraction factors for investments. The same goes for cluster development – when the importance of place increases, cluster development becomes an important strategy for enhancing place-based development.

It might, however, be somewhat surprising that innovation policy and promotion of entrepreneurship is ranked fairly low, given the increasing importance of innovation in society in general and for business attraction specifically. In this handbook, it is argued that both innovation policy and support for entrepreneurship will become increasingly important enablers for improved attractiveness for business investments.



Question: Which of the following strategies or policy concepts will be the most important in the coming 5 years for attracting investment? Choose the three most important.

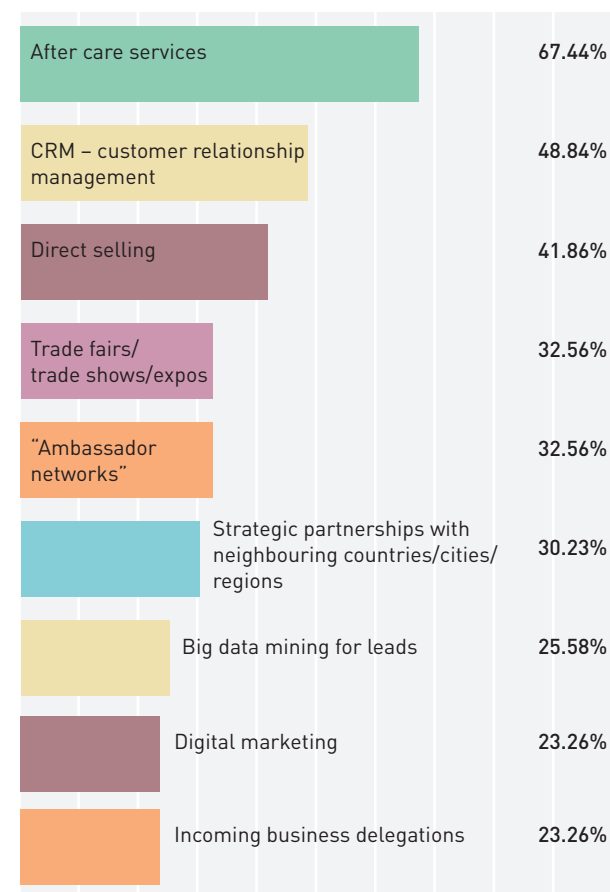
Tools and activities

In another question, the IPA officials were asked which tools and activities will become more important in the future.

The most striking result here is the high priority given to after-care services, ranked as far more important than more “traditional” promotion techniques. This is in line with the priority given to establishment and growth support in this handbook. It is also interesting to note that most of the highly ranked tools focus on relationship and one-to-one marketing and dialogue with individual investors. Especially, ambassador networks are a fairly new, innovative way of supporting business attraction, described in more detail in chapter 4.

The strong support for strategic partnerships with neighbouring locations is an increasing trend also observed in the study process preceding this handbook, especially regional co-operation between municipalities (read more in case box 2.2 in chapter 2). In addition, supranational partnerships could bring many advantages, forming the collaboration around natural transnational regions such as the Nordic countries or the Baltic Sea region. Case box 8.1 outlines such an opportunity.

Figure 8.5:
Tools and activities for the future



Question: Which of the following tools and activities will be the most important in the coming 5 years for attracting investment? Choose the 5 most important.

Note: 22 tools were included in the survey, but only those receiving more than 20% support are shown.

CASE 8.1:

"THE NORDIC SLING" – THE NORDIC REGION AS ONE INVESTMENT DESTINATION

In the project that has led to the creation of this handbook, and in other initiatives, it has become clear that the Nordic and sometimes also Baltic countries have sufficient advantages in common to be able to act as one destination for inward investment – and that the countries, to a large extent, are seen as a Nordic unity by global investors.

Why not take advantage of this?

The traditional "Singapore Sling", severed at the Raffles Hotel, can now be challenged by the new "Nordic Sling", based on 10 competitive ingredients, all stemming from the Nordic region.

1. An informal work style, which means less posturing and fewer conflicts.
2. Less hierarchical structures, speeding up decision making.
3. The Nordic region is top ranked in most innovation rankings and in the UN Happiness index.
4. A stable political system and economy.
5. A flexible and open minded culture.
6. Recognised by the international business community as a great test market of early adopters.
7. A multilingual population.
8. Invoices are paid on time.
9. An exceptional parental leave system, increasing the talent pool.
10. A common Nordic market since the 1950s secures a wide range of products and services.

All 10 ingredients are verified.

"Nordic Sling" has been developed step-by-step for decades. Christer Asplund has written several books reflecting on 40 years of experience of business attraction. The Nordic Sling summarises factors from successful investment negotiations and winning recommendations for place managers. Today, the recipe is highly competitive. Should be served with Nordic ice.

Please – have a taste!

©Christer Asplund

8.7 KEY TAKEAWAYS OF CHAPTER:

- In some cases a comprehensive regional or local change management process is needed to produce the right effects.
- A change process to introduce a new way of working might require a framework for managing change towards improved Business Attraction Management – an eight step process introduced in this chapter can provide guidance.
- The relevance of culture to Business Attraction Management comes by way of the cultural context in which inward investment work takes place. A place which does not embrace innovation and lacks tradition in this area, which has little tolerance for new ideas or people, and which is not trusting when it comes to social relationships and business transactions is not likely to be perceived as attractive to an investor.
- A survey analysis about the future of business attraction highlights the importance of talent attraction, cluster development, smart specialisation, promotional tools that create a relationship with the investor and “after-care” services over other more “traditional” promotion techniques. This is in line with the priorities given to establishment and growth support in this handbook.

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ABOUT NORDIC PLACE ACADEMY

The purpose of the Nordic Place Academy is to increase and give access to knowledge for place managers about strategies, tools and activities which develop the attractiveness of places. Ultimately, the goal is help to create more creative interfaces and learning encounters between place managers, place developers and place marketers in the Nordic countries.

Nordic Place Academy is a unique concept that brings together a practical range of seminars, conferences, training sessions and development projects for place actors in the Nordic countries, with a focus on real-world development and experience sharing.

Nordic Place Academy is developed by Tendensor and Place Consulting – two leading Nordic companies working on issues affecting municipalities, regions and other areas on place attractiveness, innovation and leadership.

Please visit www.placeacademy.com for more information.

ABOUT TENDENSOR AND TENDENSOR INTERNATIONAL

Tendensor is a strategic consultancy focusing on the attractiveness, brand and innovation of places. We manage multi-stakeholder strategy and change processes, carry out analysis, benchmarking and evaluation, measure the image of places and train place managers.

We are the partner of choice in three areas: GeoBrands (countries, regions, cities and macro-regions that wish to develop their place brand and attractiveness), TalentBrands (cities, regions and countries that need to step up their efforts to stay competitive in the competition for talent) and ClusterBrands (clusters that need international recognition and attraction for investments, talent and customers). Our clients are municipalities, regions, cluster organisations, national agencies and international organisations.

We have offices and representation in Stockholm, Malmö and Kalmar in Sweden, Copenhagen in Denmark, Reykjavik in Iceland and Tallinn in Estonia. Additionally, we collaborate with a wide network of international partners and expert networks in several European countries and the US.

Please visit www.tendensor.com for more information about us.



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ABOUT PLACE CONSULTING

Place Consulting is a dedicated team of trusted senior-level advisers focused on making places – our towns, cities, and regions – thrive by developing local and regional business opportunities that make places work.

As consultants, we work with stakeholders across sectors – public, private, academia, and community groups – including the entrepreneurs that serve as the glue and catalysts for development, to create and execute sound strategies that focus on long term, sustainable development. We work with these stakeholders to develop context and find useful synergies, and we focus on implementation of new cutting edge technologies, entrepreneurial solutions, and policies and practices that can position a place to develop successfully.

Ultimately, Place Consulting evaluates its work on the success of the place. We do not stop with an interesting report and strategic plan – we also orchestrate the execution of the plan, weaving together the strengths, values, and unique conditions of the specific place and its key actors, to ultimately secure outside investment and interest, and develop successful places.

Please visit www.placeconsulting.se for more information.

