

How to 'Do More For Less' and Still Win Inward Investment

A practical, cost-cutting, efficiency-boosting guide for local councils, regeneration companies, sub-regional partnerships and regional development agencies.

"Our tough approach will be based on an approach of front line first: to shift resources from areas where we can achieve greater efficiency, reducing costs where we can, selling assets we no longer need, and giving priority to investments that can secure the jobs of the future and deliver improved front line services for the general public."

Gordon Brown, 7 September 2009

"In the years ahead, we're going to have to make some really tough decisions about what to spend money on, and what not to spend it on. And there will need to be a wholesale change of culture when it comes to the spending of public money across the whole public sector. A new culture of delivering more for less; of turning problems on their head and finding new, more cost-effective, solutions; and of making every taxpayer pound go as far as possible."

David Cameron, 8 September 2009

Whoever wins the general election next year, one thing is assured. The public sector will be under pressure to 'do more with less'. One area likely to come under scrutiny in the coming months is inward investment.

Breeze Strategy, the inward investment consultancy, estimates that the UK taxpayer currently spends £250 million every year on place marketing and investment promotion activities to attract new companies.

Given the new economic realities, it is inconceivable that this level of spending at national, regional, sub-regional and local levels can continue, unchecked. With increasing pressure on budgets, together with demands for greater transparency and accountability of public spending, the challenge is clear to everyone in inward investment - how do you 'do more for less' and still win inward investment?

The simplest thing to do would be to just scrap inward investment and place marketing programmes completely. This would be short-sighted and dangerous. Whilst not having the emotional pull of health, education and social services programmes, inward investment work is one of the only proven ways to attract new money and better jobs to a location. As towns and cities look to grow out of the recession, the more forward-looking authorities and agencies will acknowledge the importance of trying to attract new investment.

Inward investment is considered by most locations as a generally good thing. The attraction of businesses to an area creates new job opportunities and spurs economic development and wealth creation. The subsequent uplift in the economic fortunes of a place that attracts new jobs is felt across all sectors, from health to crime, education to housing.

Smarter local authorities and regional partnerships will recognise the huge potential in pursuing inward investment, but simply throwing more money at the issue would miss a unique opportunity to improve effectiveness, boost efficiency, and at the same time, cutting the burden on the taxpayer, locally and nationally.

A parallel strategy of cost-cutting and attracting additional funding from alternative sources is the only viable way of doing more for less and still winning inward investment.

Cut Out the Waste in Place Marketing

Inward investment promotion in itself, if done properly, does not have to be an expensive activity. Careful targeting, intelligent research and an informed approach to potential growth businesses and their advisors can be achieved with a relatively small, business-savvy team, with an appropriate travel budget.

Where expenditure can run out of control is in the associated activity of place marketing, which provides the promotional tools for inward investment teams and creates a greater awareness of a town, city, county, region or country.

With apologies to professional photographers; glossy brochure printers; fancy logo designers; exhibition stand builders; mailing houses; advertising executives; hospitality companies and corporate gift sellers. These all provide a viable service and offer effective products for the world of business; however, the spending of taxpayer's money demands a new restraint when it comes to place marketing.

The following list of suggested changes to many of the things that inward investment budgets get spent on is meant to stimulate debate as to the most effective way of attracting new jobs and investment to an area. It also helps to:

- Save taxpayers money
- Improve quality and effectiveness
- (- and even save the planet)

Websites

Each location should have a single, externally-facing website that promotes the town/city/county as a place to invest, work, live and visit. A rationalisation of the plethora of sites which seek to promote an area, would deliver significant cost savings and would create a single gateway for people to find the information they require. This has to be a different website from the main council one, as this has to address refuge collection, swine flu and library opening times. Well-designed websites should last a good few years, as long as there is a content management system which enables easy updating and additional of new content as required. A common mistake made by public sector websites is that they try to create bespoke systems that get bogged down in internal IT issues. The most effective websites are usually the simplest, both in terms of design, functionality and content.

Design

Why should a location have a logo? There is not one piece of evidence to suggest that a place marketing logo has added any value to a place's attractiveness. If a logo is absolutely deemed necessary, then either have an internal marketing person doodle a few options or even better, ask the local newspaper to run a competition and have local people design one and then ask the local community to vote for their favourite. The competition approach was adopted successfully by Stoke-on-Trent City Council in 2008, while Lancashire County Council has redesigned its logo in-house at no cost, with the added benefit of making it two-colour instead of three, which is expected to save a further £17,500 in printing costs. In contrast, VisitScotland has recently spent £40,000 on a new logo as part of a £500,000 rebrand. The same goes for meaningless straplines... the place's name is the brand. That is what should be promoted.

Printed Brochures

The need to fill shelves in a reception area produces several forests-worth of printed brochures and newsletters each year. The vast majority of materials are produced at significant cost for a target audience that would struggle to find them, is largely too busy to read them and often unimpressed when they do. For most people in business, the glossy brochure is a turn-off. For inward investors, the most effective and compelling materials, require a bespoke approach and for this, a general printed folder with loose printed sheets offer more flexibility than a single glossy brochure.

Annual Reports

The statutory Annual Report, that quangos have to produce to justify their existence, should either take the form of a simple PDF with the necessary commentary, accounts and results; or else they should be presented as an Annual Review of developments in the area, in a way that can be used for a variety of audiences. All printed materials must be fully justified and the default position should always be to create a PDF rather than printed materials. A common mistake is to waste money promoting an agency rather than the location it has been set-up to market.

Newspapers and Newsletters

Many local authorities have their own newspaper printed and distributed across their area - this is unnecessary and costly. If the council or agency has news to shout about, let them do it through the local press and allow independent journalists to write the stories. When Boris Johnson closed the Londoner newspaper, he saved £2.9 million. Elsewhere, axing the council newspaper has saved £400,000 a year in Cornwall and £67,000 in Doncaster.

Photography

The availability of online photograph sharing sites like Flickr means that there are thousands of great images for everyone to use at no cost. Almost all locations will have a Flickr group, where local photographers make their work available and many are copyright free. For example, Manchester has 3,000 Flickr members, Nottingham has more than 1,000 and Essex almost 500. The quality of these images are generally high and would be an improvement on the ones used in many place marketing materials. Most mobile phones have powerful cameras and these should be used by marketing staff at events. Professional photographers should only be used as a last resort. Paid for library shots and stock photography of models are a total waste, look really bad and are an insult to the location.

Exhibitions and Trade Shows

Attending exhibitions can be an effective way of showcasing the opportunities in an area and for meeting potential investors, however, there are some important rules which should be followed to maximise value. An exhibition stand can cost several thousand pounds, but unless there is a particularly interesting model of your location, these usually consist of a random montage of predictable images, a pile of brochures, tacky giveaways and a bowl of mints. This is hardly likely to snare potential inward investors and consumes a huge amount of time, effort and money. In the majority of cases, attendance at a show can be more effective without an exhibition stand. Invest some time to plan likely targets before the show, assign your very best business developers to walk the floor and make sure that they are armed with a specific message and a focussed set of targets. If you don't go with some specific targets, how can you possibly measure your effectiveness?

Events and Conferences

Some locations seem to think that simply by having celebrity speakers or famous people at their events, there will be some kind of reflected glory. This is ego-marketing at its worse, and a recent investigation by the Tax Payers Alliance found that Yorkshire Forward had spent £73,000 on agent's fees for celebrity speakers. The most effective way of getting a place marketing message out to a target audience, is by securing speaker slots for your local business champions at their industry events, especially those held outside your patch. With some imagination, innovation and a little horse-trading, place marketers should be able to piggy-back onto other people's platforms and knock two zeros off the cost of hosting your own event.

Advertising

One of the biggest budget-busters in place marketing is paid-for advertising. Whilst a little tactical online ad spend can be used to leverage additional benefits, by and large, for the attraction of inward investment, the simple rule on advertising is... don't do it! Spending thousands of pounds on a box in the corner of a page in a daily newspaper, extolling the wonderful quality of life of somewhere, has practically no value beyond impressing local 'stakeholders' that the message is getting out. In reality, public relations and positive editorial is proven to be ten times more effective and value for money. Consider this, if a company is easily persuaded to relocate by an advert, are they the kind of company you really want to attract?

Corporate Gifts

There is no limit to the imagination of the pedlars of gifts and incentives. It's rare to find an inward investment agency that doesn't have its own branded pens, all too many have key-rings and the ubiquitous business card holder. Why stop there though? Branded socks, fluffy red dragons, miniature whiskies, golf balls... it's enough to make any taxpayer reach for the branded squeeze stress-reliever. Practitioners need to ask themselves, is a gimmicky toy worth more than an effective, compelling business proposition? Agencies should not spend one penny of public money on such trivia.

Corporate Hospitality

Everyone likes a nice day out, whether it's on the golf course, at the races or perhaps a music concert. But can these events be justified when spending public money? There is undoubtedly a role for corporate hospitality when trying to win inward investment, and this is particularly justified if the event takes place locally and attracts potential investors or their advisors to your location. Corporate hospitality is more difficult to justify when it involves local partners, so-called stakeholders and dozens of council officers. An alternative approach could see private sector partners providing hospitality on behalf of the location as part of an in-kind support to local and regional marketing.

This is neither an exhaustive nor a prescriptive list of recommendations. However, it might just help to shave a few pounds of place marketing that could be better spent elsewhere.

Attract New Sources of Finance for Inward Investment Activities

Cutting costs and eliminating waste should be common practice, not just in difficult times. However, as any good businessperson knows, expenditure is only one side of the equation. To look at the whole picture, the public sector needs to review its attitude to income and explore new and innovative ways of raising funds.

Direct contributions from local councils, regional development agencies or central government represents more than 95% of inward investment funding in the UK. Local authorities can and should be more creative in their search for resources to fund important economic development work.

Some local authorities have used the LABGI (Local Authority Business Growth Initiative) funds to pay for inward investment initiatives (eg Somerset has established a brand new agency, principally using such funds). This at least recognises a direct link between investment promotion and increased local economic growth. The vast majority of councils that received LABGI funds, in some cases in excess of a million pounds in many areas, failed to ring-fence this additional money, in spite of the government suggesting that it should be spent on business promotion and inward investment.

Other government funding schemes should be used to support inward investment work. The £1.5 billion Working Neighbourhood Fund (WNF) was introduced in 2007 to replace the Neighbourhood Renewal Fund and also incorporates the Deprived Areas Fund. This money is intended to directly support 'worklessness' by helping to improve the prospects for unemployed people in deprived areas. It would make sense to invest some of this in trying

to bring new jobs to these areas. Unfortunately, as was the case with LABGI funds, the WNF money was not ring-fenced and therefore the 64 recipient local authorities have been free to spend it as they wish. A survey in May 2009 by Regeneration and Renewal magazine revealed that across those councils that were able to detail how their money had been spent, a staggering 42% of the money had gone to fund non-employment-related programmes such as crime, health and physical environment, as well as huge amounts on street lighting and marketing to promote recycling, combat litter and support road safety campaigns.

Until the RDAs were created in 1999, the majority of the UK was covered by inward investment organisations which were limited companies, receiving membership contributions from local businesses, especially the developers, property agents, law firms and utility providers that stood to benefit from inward investment. Some local authorities contributed and some did not. While these organisations did not have the largesse of public funding, they were well regarded and performed a key role in attracting business into their patch.

Today, such private sector contributions are rare. Government funding has largely eliminated the need for local and regional agencies to seek money and in-kind support from businesses. There are one or two notable exceptions, however, that demonstrate what is possible.

It is perhaps ironic that it is Merseyside, an area that has been awash with UK and European funds in recent years, that provides a good example of how a public-private model can boost income streams and improve operational effectiveness. The Mersey Partnership (TMP), the organisation responsible for promoting the Liverpool city region to businesses and tourists, has managed to secure up to a third of its funds from private companies. To support its marketing and inward investment activities, TMP raises more than £750,000 from private companies who sign up to be 'partners' at one of three levels ranging from £52,500 (a sum paid by six partners including Liverpool Airport and Royal Sun Alliance); £21,000 (nine partners including the universities; United Utilities and Unysis) and £5,250 (with almost 100 local companies).

Locate in Kent has always been active in attracting non-public funds and as a consequence has built one of the most successful inward investment agencies, with a team of 16 people. The Kent Developers Group has previously donated around £150,000 per year to the agency, this is supplemented with corporate partnership costing £1,500 per company. Following a recent push to recruit more members, the number of businesses signed up in 2009 is 54, ranging from accountants and lawyers through to designers and architects.

At major trade shows and exhibitions such as the global real estate MIPIM in France, many of the cities and regions attract significant amounts of corporate sponsorship with packages of between £5,000-10,000 being the norm. Given that cities like London, Manchester, Birmingham and Nottingham regularly take anywhere between 20 and 50 companies each, then the amounts become very large, enabling sizeable marketing activities. Other trade shows might attract relatively smaller amounts, but securing a few thousand from a handful of companies, will usually underwrite attendance at a show for an inward investment team.

In Wales, Cardiff & Co, a new initiative to promote the Cardiff area to inward investors offers 'Investor Membership' at £30,000 per year and has secured 8 such partners including a couple of private sector developers. There is also an opportunity for businesses to buy into individual marketing campaigns throughout the year.

Inward investment promotion and place marketing urgently needs a culture change. It is hoped that this paper can help to nudge the debate in the right direction.

What Can You Do Next?

First and foremost, you should share this paper with those people responsible for inward investment and place marketing at a senior level in your organisation and at partner agencies. It can be downloaded at: www.breeze-strategy.com

If you are interested in exploring these issues further, Breeze Strategy has a range of developed a range of services that can help. These include:

- Independent evaluation of marketing and inward investment teams
- Location audit of to assess your attractiveness to inward investors
- Creation of local, sub-regional and regional inward investment strategies
- Commercialisation strategies to boost private sector funding for inward investment

To discuss these and any other inward investment or place marketing issues contact:

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Breeze Strategy

We are a UK-based inward investment and place marketing consultancy founded in 2005 by Adam Breeze. We help companies in all sectors with corporate location decisions; and we advise towns, cities and regions on how they can attract jobs and investment to their areas.

Adam has worked with more than 50 investment promotion agencies from Hungary to North Carolina, including many of the UK's leading regional and city development agencies. He has held senior positions in both private and public sectors, including English Partnerships where he was national head of inward investment. He has been involved in many corporate relocations and has advised blue-chip corporations like Pfizer, Marks & Spencer and BMW.

A regular speaker at inward investment conferences, Adam contributes to several industry publications and has been quoted in the Financial Times, Daily Telegraph and The Sunday Times.

Breeze Strategy is a founder member of the UK Trade & Investment (UKTI) Inward Investment Advisory Network.

Previous clients include:

Jersey Enterprise, Tees Valley Regeneration, Invest in Nottingham, East Midlands Development Agency, Derby & Derbyshire Economic Partnership, Lancaster City Council, North East Lincolnshire Council, West Northamptonshire Development Corporation, North Northants Development Company, Renaissance Bedford, Creative Sheffield, Transforming Telford, Northwest Development Agency, Aberdeen City Council, Borough Council of Wellingborough, Kettering Borough Council, Black Country Investment, Lancashire Economic Partnership, Alliance North Midlands, Invest Northamptonshire, Yorkshire Forward, Invest Milton Keynes, Invest St Helens, The Mersey Partnership.