



FDI Attraction - framework and experiences

Strategies for development and FDI attraction in 2012: background and process management

Ivano Canteri

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Piemonte: a dynamic diversified economy



Over 600 local units of foreign companies are located in Piemonte

- 4.4 million inhabitants
- € 28,300 per capita GDP
- € 37 billion Export
- 1st Italian region to have established a regional agency dedicated to inward and outward investment
- 1st and unique Italian region to have created a dedicated financial tool for FDI
- Torino 1st Italian city in terms of attractiveness to FDI
- Torino 2006 host city of the XX Olympic Winter Games
- Torino World Design Capital 2008
- Torino host city of Euroscience Open Forum



A favourable environment for R&D and Innovation

- ▶ 1st Italian region for **expenditure on innovation** in the manufacturing sector
- ▶ 1st Italian region in terms of **high-tech patents**
- ▶ 1st Italian region for **private investment in R&D**
- ▶ **over 220 private and public R&D centres**, 380 labs, 6 S&T Parks, 4 universities and incubators
- ▶ 20% of overall Italian private investments in R&D
- ▶ **1,000 R&D contracts** between universities and companies
- ▶ A comprehensive network of **12 Innovation Hubs**





Piemonte late 80's: a stagnation-bound economy

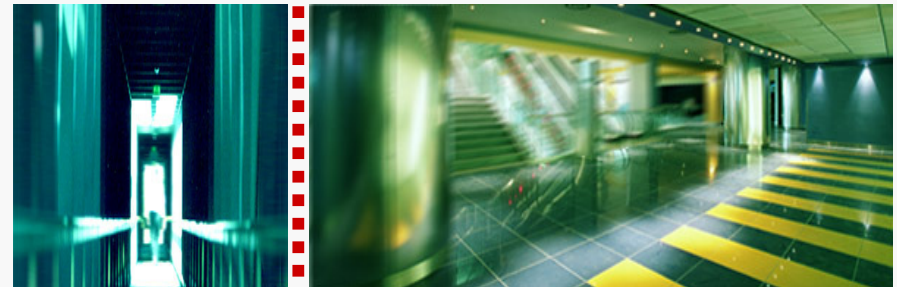
- ▶ The restructuring of automotive industry brings **growing unemployment and decrease of production**
- ▶ **Low degree of flexibility** of manufacturing processes and production systems
- ▶ Local companies **delocalising** to France
- ▶ Economic base substantially **mono-sectorial**
- ▶ A **"company state"** influencing economic policies





Local dynamics allow a different understanding

- ▶ General situation more severe - **problems whip up solutions**
- ▶ A history of **socio-economical analysis** and comprehensive approach to society dynamics (unionism, cultural milieu, socio-political tradition)
- ▶ Piemonte a European **engine to industrial development** and innovation – 1850's first FDI "call" in history
- ▶ **New local stakeholders** appear – strong relations networks and solid base competencies





1996: "ITP Invest in Turin and Piedmont" a shared initiative





A long way to go: "design your own mission"

- ▶ To promote **Torino and Piemonte** on the FDI market
- ▶ Implement marketing activities to **increase exposure and awareness of Piemonte** amongst the international business community

Piemonte Gov.t expectations

- A marketing branch committed to locating foreign companies in the Technology Parks financed by the Authority

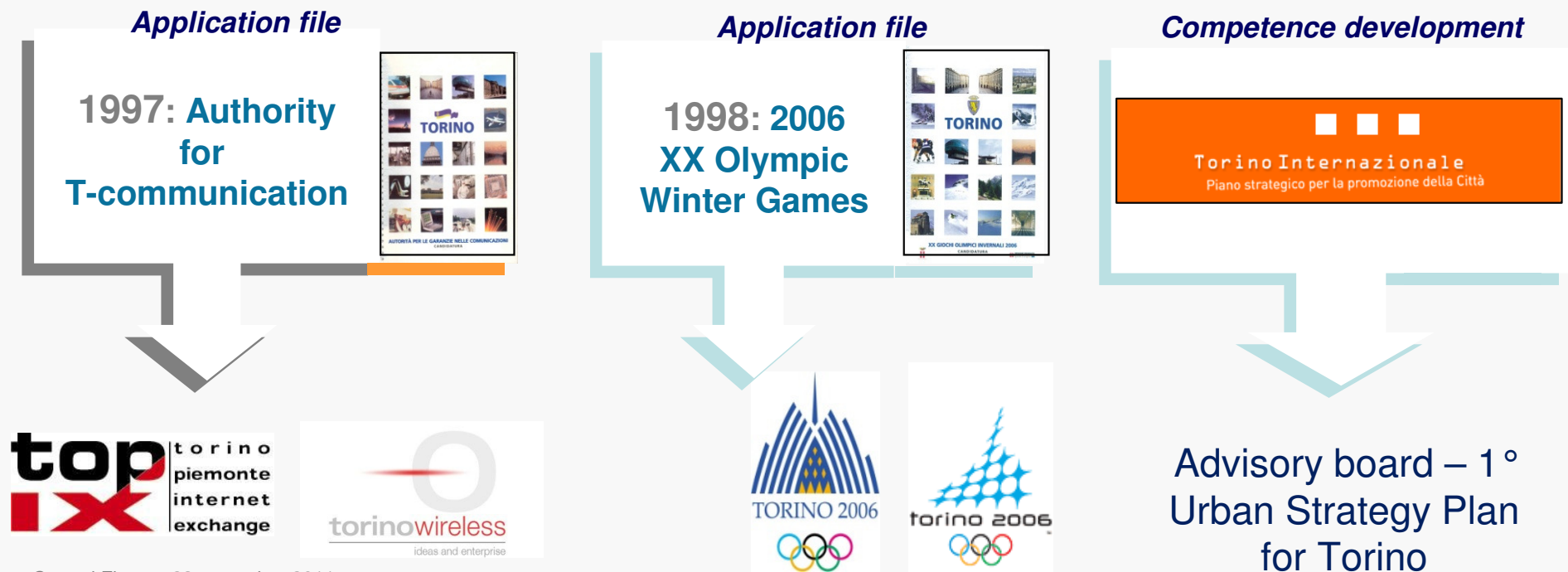
City of Torino expectations

- Promote Torino as a location for primary International organisations
- A marketing branch to support the selling of the Real Estate portfolio of the Town



A new role: the IPA as a system integrator

- ▶ ITP is at time a “product” of its founders and **an opportunity builder** for the local authorities
- ▶ It contributes to **lay the foundation of the economic growth**
- ▶ **Economic assets** are the content of its marketing action
- ▶ Marketing actions generate **added values for the system**





400 mill. € investments in 8 years

- ▶ Over **70** companies located/assisted
- ▶ First Chinese investors land in **2005**





ITP services: the *regional* frame dictates the rules

- ▶ Market and sector **information** for investors
- ▶ Sourcing **funding** and target financial support
- ▶ Search and selection of **location** opportunities
- ▶ **Feasibility studies** and location dossiers
- ▶ **Support** in dealing with local authorities and bodies of reference for the project
- ▶ **Aftercare** and assistance (existing and newly located)



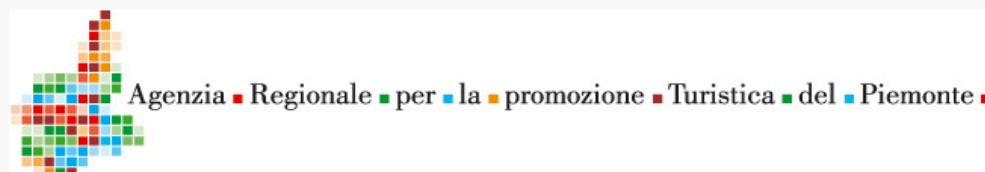
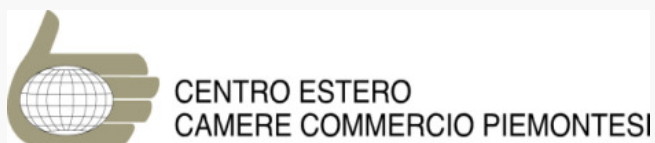
New answers to new needs

- ▶ **Internationalisation as a strategy platform** to integrate objectives and roles
- ▶ 2006 closes a cycle:
 - **Historical** (market trends)
 - **Operative** (evolution of bodies and policies)
 - **Financial** (ends of EU zoning)
 - **Economic** (central govnm't – local authorities fund transfers)
- ▶ A new thinking gains ground (Regional Finance and Economy Plan 2004)
- ▶ Searching for a new model of local convergence





A merging process (2006/2008)



Ensuring representation and governance



- ▶ Founding members (48%+48% of shares):
 - Regional Government of Piemonte
 - Union of the Chambers of Commerce of Piemonte
- ▶ Local stakeholding
 - More than a dozen bodies such as: Universities, National Banking Association, Individual Town and Province Councils, Entrepreneurial Associations, Individual Chambers of Commerce



What we have learned

- ▶ **IPA's are doomed to failure** unless:
 - They are the outcome of a **shared and consistent local strategy** (perspective has to be long term – no room for failure)
 - They keep “italianism” at bay – development is **a long term exercise** based on fast decision making
 - They know perfectly well **the needs of their region** and are able to listen carefully
 - **They have a wide vision** – sometime they need to think “politically” – being able to act in substitution of the local authorities
 - They are able to **reprogramming themselves periodically** – the world is fast and nothing can be taken for granted
 - In order to talk with companies you need to know their language – this means **being knowledgeable on markets, industries and trend**
 - They must **have one agenda**, not one or two or three.....



Some final thoughts



National scenario limitations

- ▶ No strategy
 - Italy never had a **National policy** on the subject
 - Very little debate, **no reflection**

- ▶ No tools
 - National agency **focus limited**
 - No **national model**
 - No **structure**

- ▶ No positioning
 - What is **the real perception** of Italy on the international FDI market?
 - **What Italy stands for** in the FDI market?
 - Who does “work” on the **awareness building**?



Operative hints for the “new agency” foundation

- ▶ **Be realistic** – unless you are the Government.....
 - What size company and investment are you targeting?
 - The big guys love to stand on their own
- ▶ **Geography counts**
 - Any businessman is his/her country citizen first
 - Business communities are no global
 - Then you can “play” with sectors/industries but strictly following a matrix model
- ▶ **Partnership is the “mother” of investment**
 - World industrial economy is turning into a “network of suppliers”: strategic alliances are the starting point
 - Any company is outbound-inbound – if not, leave it
 - Partnering for industry, technology, business



..... “new agency” foundation

- ▶ **Finance has its deal** on the matter
 - M&A are a by-product of the partnership
 - Have to be sourced for, handled, managed and “steered” – gain and maintain control on the process
 - It is a two-ways process -

- ▶ **Global means Global** – a shift in concept
 - From FDI targeting to value and wealth generation?
 - A closer look to your own companies: being selective a must
 - A wider perspective:



Let's discuss it!

Thank you for your time

Ivano Canteri Corso Principe Eugenio 8, 10122 Torino, Italy

mobile +39335336284

placemarketing@ivanocanteri.com

Skype: ivano.canteri

Linkedin: ivano canteri