

**Table 5.7 Cooperation in aftercare**

Good policy practice case	
Title of practice	Cooperation in aftercare
<b>General description</b>	<p>Since roughly five years there is an increased awareness among IPAs of the need for aftercare. Aftercare has become more systematic and IPAs have developed information management systems and dedicated after care units that periodically carry out company surveys, regularly engage with companies and organise senior management engagements with senior government officials and ministers. Several IPAs have entered into cooperation agreements with regional agencies or Chambers of Commerce that allow them to provide aftercare by local account managers that understand the local circumstances in which companies operate.</p>
<b>Why is the practice identified as 'good practice'?</b>	<p>Systematic undertaking of aftercare is important to retain investment projects and to assess and influence decision making on follow-on investments that could focus on other or higher value activities. In addition investor aftercare allows IPAs to gain insight into investors' perceptions of the investment climate and to possibly translate this insight into advocating policy adjustments. Finally aftercare is a way to stimulate greater forward and backward linkages with the local economy.</p> <p><b>What works:</b></p> <ul style="list-style-type: none"> <li>• A greatly improved aftercare service introduced based on collaborative partnerships with local authorities within the region. The IPA has a formal arrangement with their local authorities to provide support to investors and using the authorities as their agent to maintain a regular and frequent contact with companies; to support companies in expansions and to really understand problems investors might face early on. Through this more stable arrangement, a better <i>early warning</i> mechanism is in place on expansion plans and signalling problems the investor faces. This has <i>increased the resource</i> available to FIT to engage in for after care. (Flanders).</li> <li>• Introduction of a strategic relationship management initiative to give better support to the largest and most important existing investors. Against the backdrop of 2008-2010 when investors were downsizing, the IPA selected about a 1000 strategic companies that were assessed to bring the highest value in terms of employment, being a global brand, and having innovation technology capacity. These companies were strategically account-managed by the IPA and its partners, organised through the IPAs CRM and followed up with an e-compliance system that would log all interactions with the company and monitor whether all partners in the service delivery chain towards the investors lived up to their obligations and response time to actions. They also appointed a government minister as the most senior account manager, supported by a team of sector specialists and IPA staff. (UK).</li> <li>• Introduction of a more comprehensive aftercare support to every new investor,</li> </ul>

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	<p>to help them connect with the business community, local partners, and to the national Trade Services. After the nine RDAs in England were scrapped and replaced by an odd 40 Local Economic Partnerships (LEPs), the national IPA engaged with the LEPs and other partnerships and the sector specialists to be closely involved in a '360-degree' support account management team. Sector specialists play a key role in this as they know other companies in the sector the investor could liaise with and can help to build connections. 360 degree complete support available. This has worked particularly well with companies that need more support in e.g. finding suppliers, finance, etc. (UK).</p> <ul style="list-style-type: none"> <li>• An official protocol of transfer of project from the national to the regional level, signed off by the CEOs of both organisations, making explicit the transfer of the client from a national IPA account manager to a regional IPA account manager to avoid confusion between agencies. (Germany).</li> <li>• The financial crisis in selected Member States made companies evaluate their presence in its present location. Two IPAs stepped up in their aftercare and intensified their dialogue with the company and its headquarters, in close coordination with overseas network's contacts (Ireland).</li> <li>• Organise and host Investor meetings of leading CEOs to meet with political figure heads to discuss the business environment and potential ways to improve it (Estonia, Lyon).</li> <li>• As an integral part of its strategic change in approaching FDI from 2006, the Dutch agency has stepped up its efforts in after care. The national agency signed a covenant with 16 partners, including regional and city development agencies, port development companies, and provinces. The programme is focused on providing direct support to existing investors and flags obstacles in the local/national investment climate to the relevant authorities.</li> <li>• Regions carry out aftercare with national offices of foreign companies; national IPA deals with aftercare towards international HQs abroad (Finland).</li> </ul> <p><b>What does not work:</b> Aftercare as an afterthought: ad hoc aftercare activities in times when business is slow. Aftercare needs continuous attention, follow-up, and feedback to the client.</p>
<b>Effectiveness of the good practice</b>	<ul style="list-style-type: none"> <li>• Among the IPAs interviewed, estimates of the share of reinvestments and expansion vary between 40 to up to 75 percent of total annual FDI inflows.</li> <li>• IPAs from the Netherlands, Ireland, Estonia, Lyon, Flanders, and North Rhein Westphalia have all confirmed the importance of feedback and support from foreign investors active in the region have played in shaping their FDI promotion strategies.</li> <li>• The extent to which aftercare activities and support have helped to intensive links between the foreign investor and the domestic economy has not been monitored structurally by IPAs.</li> </ul>
<b>Policy conclusions</b>	<ul style="list-style-type: none"> <li>• Cooperation and competition among FDI agencies co-exist. Concerted marketing efforts avoid spending resources in vain and prevent from sending out conflicting messages to investors;</li> <li>• Country size and the regional economic profile are important determinants of how aftercare is organised. National IPAs tend to dominate in smaller countries and relatively young economies. The more mature economies with sizeable regional economies and independent development agencies working on regional level tend to enter into some form of cooperation, with a varying degree of formality but typically based on the principle that local actors are best</li> </ul>

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	<p>positioned to carry out aftercare activities;</p> <ul style="list-style-type: none"> <li>• Aftercare reconfirms the investor that its presence in the region is appreciated. Both IPAs and governments have made use of these long and established relationships both to determine their strategies to overcome the economic crisis and to signal to corporate headquarters and potential investors that the region is a good place to invest.</li> </ul>
<b>Recommendations for IPAs</b>	<p>Implement dedicated customer relationship management systems specific to aftercare and that can be selectively shared across regions. On one level, these systems should track visits to local businesses and facilitate reports on those visits. At the same time, these systems should facilitate the sharing of intelligence and information that can feed into lead generation activities, such as mapping skills and other resources in the region (important researchers, knowledge, companies) that can be used for value propositions. These aftercare solutions can be done in house or be outsourced, depending on the level of resource available to the task. In general, given that the majority of jobs come out of aftercare activities, the majority of investment promotion activities should also be dedicated to aftercare.</p>