

UNDERSTANDING

AFTERCARE



Attracting foreign direct investment means knowing how to help your global companies grow



Expert advice from the only coalition exclusively focused on arming state, regional and local EDOs with the resources they need to better compete in the global economy



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ABOUT FDI FRONTLINES

FDI Frontlines is the only coalition exclusively focused on arming state, regional and local EDOs with the business insights they need to compete in the global economy. At its essence, the FDI Frontlines Coalition is about sharing the perspectives of foreign employers - insourcing companies - that are actively investing in the United States with EDOs who work every day to create opportunities for U.S. communities.

Supported by the Organization for International Investment (OFII) and its insourcing member companies, the FDI Frontlines Coalition offers EDOs the opportunity to enhance their global IQ by providing research and business insight, while amplifying their voice on ways America can attract more foreign direct investment.

There is no cost to joining the FDI Frontlines Coalition. Simply visit FDIfrontlines.org to sign up. There you will find resources on global investment trends, as well as information on future events. You will also start receiving targeted insights from the inbound business community delivered straight to your email in-box.

MEMBERSHIP IS FREE

FDIFRONTLINES.ORG



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WHAT IS AFTERCARE?

Every economic development organization (EDO) wants its existing companies to invest additional resources to create new jobs and expand. While an investment decision is a dynamic process that involves a host of competing factors, an EDO strengthens the business case for future expansions by positioning itself as an active partner in addressing company needs. EDOs across America have responded to this challenge by creating robust business, retention, and expansion (BRE) programs that often include visiting companies, meeting with management and surveying for feedback.

Yet, aftercare is even more comprehensive. It is mastery of BRE programs and then more – helping employers overcome unique issues and ensuring they and their employees are welcomed, integrated and successful in the community. Aftercare is an organizational mindset. It is driven by an EDO's leadership and supported by adequate resources.

The term aftercare has only recently been heard in the U.S. economic development lexicon, but the term is common nomenclature within investment promotion agencies throughout the world. Like a BRE mindset, aftercare is a strategy to get a return on investment.

Aftercare is important when attracting foreign direct investment (FDI) because data demonstrates that the vast majority of new jobs and investment emerge from global companies already located in the community. This is because U.S. subsidiaries of global companies want to feel welcomed and integrated in their communities. They want to grow in regions where state, regional, and local governments are positioned to respond to company needs and concerns. Even more, these global companies often expect aftercare from their investment promotion agencies in their home countries abroad so any absence of such efforts in the United States is noticed. Altogether, aftercare programs are a key ingredient in making a region more competitive in attracting FDI.



**AFTERCARE IS AN ORGANIZATIONAL
MINDSET DRIVEN BY AN EDO'S LEADERSHIP
AND SUPPORTED BY ADEQUATE RESOURCES.**



**INBOUND INVESTMENT FREQUENTLY ORIGINATES
FROM THE VERY GLOBAL COMPANIES ALREADY
LOCATED IN THE COMMUNITY.**

WHY SHOULD AFTERCARE BE PART OF YOUR FDI STRATEGY?

Existing businesses generate the most new jobs in a community. Economist Donald W. Walls calculates that approximately 60 percent of new jobs come from expansions, described in his article “Private Sector Dynamics: The Key to Understanding U.S. Growth.”

This impact is even more substantial for U.S. subsidiaries of global companies. The United Nations Conference on Trade and Development (UNCTAD) estimated in a 2007 report that 70 percent of FDI originates from the existing investor base. These investments usually occur through expansions of existing facilities, or mergers with and acquisitions of U.S. companies.

Therefore, any comprehensive FDI strategy needs to be built knowing that future inbound investment frequently originates from the very global companies already located in the community. Understanding this point demonstrates the significance of prioritizing effective aftercare as a tactic when pursuing FDI – because through aftercare, U.S. locations strengthen their case for additional investment from global companies.



**OF FOREIGN
DIRECT
INVESTMENT
ORIGINATES FROM
YOUR EXISTING
INVESTOR BASE**

SUCCESSFUL AFTERCARE LEADS TO SWEET EXPANSIONS

Since July 2014, Tate & Lyle Americas LLC, a U.S. subsidiary of England-based Tate & Lyle PLC, announced two expansion projects of \$65 million and \$90 million at its Lafayette, Indiana manufacturing facilities, supporting increased global demand for its specialty sweeteners and starches.

Over the course of more than XX years, Tate & Lyle has worked alongside state and regional eco-



IN THE PAST YEAR, ENGLAND-BASED TATE & LYLE HAS ANNOUNCED TWO EXPANSION PROJECTS FOR ITS LAFAYETTE, IN, PLANT WORTH \$155 MILLION. THE COMPANY EMPLOYS MORE THAN 2,000 WORKERS IN THE UNITED STATES ACROSS EIGHT STATES.

conomic development organizations, developing strong understanding of its business and creating solid working relationships. In particular, Greater Lafayette Commerce has been a critical partner in supporting the internal business case for additional capital investment in the company's Lafayette operations over the years, including these two recent expansions.

According to Chris Olsen, vice president of community and government affairs at Tate & Lyle:

"Economic development organizations (EDOs) create an environment that fosters retention and attracts additional investment – this is especially true if they maintain strong relationships with my company throughout the lifetime of an investment. Such EDOs become an advocate for my company's local needs and concerns with other community or governmental stakeholders.

"From a practical standpoint, Greater Lafayette Commerce was a direct conduit to the city and county for our company's interests, including access to important property tax abatements that strengthened the internal case for these recent expansions. Continuous support from economic development organizations can do a lot to augment the business case for future capital investment."

SPLENDA® Sucralose is a zero-calorie sweetener that starts with sugar. It is not sugar, but it tastes like sugar and is used to sweeten more than 5,000 products in over 80 countries. It is 600 times as sweet as sugar, and is exceptionally stable – which means it is suited to a wide variety of food manufacturing processes, and stays sweet on the shelf.

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7 FUNDAMENTALS TO

An EDO creates a comprehensive aftercare strategy in many ways. Importantly, these recommendations need to be viewed in a continuum, as aftercare can look like any one or combination of these suggestions. Therefore, regardless of budget or team size, even the smallest EDO is able to prioritize aftercare, enhancing its location's attractiveness for global business investment.



1. STREAMLINE COMMUNICATION

Streamline communication to address areas of confusion: Other countries regulate and interact with businesses differently than the United States. Global investors are often unaccustomed to the multiple layers of rules and regulations mandated by federal, state and local levels of American government. This unawareness creates confusion when complying with the law. EDOs are extremely resourceful if they position themselves as “one-stop shops” to address compliance questions that may arise. One idea is to have a single point of contact, or a dedicated team, assigned to a company throughout the lifetime of an investment. Another idea is to host in-person briefings or webinars on policy and regulatory developments, and offer tips on how to adopt.

QUALITY AFTERCARE



2. INTEGRATE LOCAL EXECUTIVES AND THEIR FAMILIES

Integrate local executives and their families: Global company executives want to be integrated into their communities. EDOs should invite these executives to community networking opportunities and assist with their placement on a local organization's board. It is equally important to immerse their families into the community – even more so if they are foreign nationals. Such efforts include special weekend programs focused on cultural integration, or evening classes offering English training and primers on U.S. culture.



3. CREATE COMMUNITY NETWORKS

Create community networks: Global companies want to build relationships with customers, community leaders, suppliers and policymakers. Relationships with these stakeholders often drive business growth and facilitate business needs. EDOs are helpful by facilitating networking opportunities between these stakeholders. Ideas include scheduling programs to discuss community business issues and organizing a dinner with a company and its stakeholders. Some regions establish international business councils comprised of global company executives and public officials that meet regularly to discuss regional and community issues.



4. EMBRACE MULTICULTURALISM

Embrace multiculturalism: Regions that embrace multiculturalism are more hospitable to global companies and their employees. Such efforts include planning programs like “World Trade Days” or cultural festivals or hosting events for businesses to meet local consulates and country-based business organizations. Another idea is to invite foreign ambassadors who represent the countries of major global employers in the community. They can tour the area, meet the companies and interact with public officials.



5. INCLUDE FDI COMPANIES IN FDI EFFORTS

Include global companies in international efforts: The investment of one company multiplies if its suppliers collocate to the same region. Therefore, including global companies in the planning of foreign trade missions and trade shows is critical. These trips should include visits to these firms' foreign-based suppliers and parent companies.

AFTERCARE POWERS TURBINE PLANT'S SUCCESS



Siemens Corporation is the U.S. subsidiary of Germany-based Siemens AG. The company employs more than 46,000 U.S. workers with operations in every state, including significant research and development and manufacturing operations. The company opened its turbine factory in Charlotte in 2011, investing more than \$350 million. The new plant created more than 700 new jobs and is the only Siemens plant in the world that makes both gas and steam turbines, as well as generators.

With each expansion in Charlotte, the complexity of complying with regulation increased, yet the state EDO has been prompt in responding to company questions regarding these changes. Siemens views North Carolina as a receptive business climate and sees its relationships with state and local EDOs as collaborative partnerships. The company finds helpful the continuous communication by the state incentive compliance organization and recognition of the evolution of its investment projects. This history of successful incentive support has directly assisted in the state landing projects that otherwise could have gone to locations not only outside North Carolina, but outside the United States.

Beyond this North Carolina example, effective aftercare to Siemens includes having a principal contact or team to assist with annual reporting. As well, significant time can elapse between the company's original location decision and ultimate

hiring and investment, so it is helpful to have the same principal contact – or relationship manager – to advise the company with regard to how developments may impact the original agreement with the state. The marketplace can change over time, so it is normal for projects to evolve from what was originally anticipated or discussed. Having a dedicated relationship manager as a principal point of contact positions an EDO to discuss potentially difficult or complex topics as they arise, maximizing the likelihood for positive outcomes.



TOP: SIEMENS UNVEILS ITS FIRST GAS TURBINE CONSTRUCTED IN THE CHARLOTTE MANUFACTURING PLANT, IN NORTH CAROLINA. ABOVE: THE SIEMENS GAS TURBINE SGT6-5000F, THE FIRST GAS TURBINE SHIPPED FROM THE STATE-OF-THE-ART GAS TURBINE MANUFACTURING FACILITY IN CHARLOTTE. THE TURBINE WAS INSTALLED IN MEXICO, LA CARIDAD COMBINED CYCLE POWER PLANT.



6. ALIGN SUPPORT SERVICES TO BE GLOBAL

Align support services to be global: Investing in a new region is often daunting, especially if language or cultural barriers exist. An EDO that has both English and foreign-language speakers ensures global companies get the support they need. Put multilingual staff in key support areas such as accounting, financial and legal services and ensure the EDO's website and printed materials are accessible to non-English speaking global audiences. Another example is to create an in-house program, like an international business center, to help newer investors learn of key local services, such as finding office space, talent and capital financing.



7. PREVENT DISCRIMINATION

Prevent discrimination: Global companies want to invest in markets that treat them as equals to all other investors, regardless of where a corporate headquarters is located. Any discrimination in state or local law or regulation resulting from a company's foreign heritage diminishes a market's attractiveness to global investment. For example, global companies want equal opportunity to bid for state and local government contracts and to operate in states that do not undermine the principles of United States tax treaties and other international tax norms. EDOs prove helpful if they ensure their business climates are non-discriminatory, treating domestic and global companies alike.

PROACTIVE AFTERCARE LANDS MORE MINING INVESTMENT



TOP: TATA CHEMICAL NORTH AMERICA, A MEMBER OF THE TATA GROUP, MINES THE GREEN RIVER BASIN IN WYOMING TO EXTRACT SODA ASH. BELOW: IN JUNE 2015, THE COMPANY COMPLETED CONSTRUCTION OF A \$26 MILLION INVESTMENT TO BUILD A NEW VENTILATION SHAFT. BOTTOM: WYOMING GOVERNOR MATT MEAD (MIDDLE) WAS ON HAND FOR THE DEDICATION. THIS NEW SHAFT OPENS NEARLY 1,000 MILES OF NEW ROCK FACE TO EXPAND THE LIFE OF THE MINE THROUGH 2025. THE TATA GROUP EMPLOYS MORE THAN 7,900 U.S. WORKERS.

Avisek Das, director of business development at the U.S. subsidiary of India-based Tata Sons, appreciates proper aftercare as an executive of an international company.

“The best economic development organizations have a single point of contact connected to both the governor’s office and with the proper state and local agencies. This contact works with the company’s project team to navigate the dozens of federal, state and local regulations, approvals and permits needed to successfully invest in America.

“Additionally, proper aftercare ensures that our employees are able to maintain a happy quality of life in the communities in which we operate, even if located outside cities. We value a worthy education system for our employees’ children, job opportunities for our employees’ spouses and dynamic entertainment options. These factors help attract and retain talent.

“Also, the best aftercare is when an economic development organization has an ‘ombudsman’ to the company through the lifetime of the investment. This individual is not only able to address concerns within the economic development organization, but can also help to solve downstream or upstream issues that may emerge and impact business efficiencies.

“Proper aftercare also ensures that our business is integrated and welcomed in the community like any other American business. We want our employees to feel immersed and rooted in the community through participation in advisory boards, chamber and community events, networking organizations, language courses and culture-oriented programming.”





CREATE AN ORGANIZATIONAL MINDSET

Begin by accepting aftercare as a top organizational priority. Approach aftercare with as much passion and high expectations as any other key activity, like marketing or recruitment. Begin by making a commitment to create an effective aftercare strategy.

one

ENGAGE EDO TOP LEADERSHIP

Many traditional business support programs are afterthoughts to recruitment, but this organizational mindset is changing as more economic development organizations engage broader private-sector leadership in their governance. Just like an EDO's board members may frequently join recruitment trips, these same executives should also be part of aftercare visits. Having top leadership support and engage in aftercare builds more credibility.

two

CONDUCT A 'GLOBALIZATION AUDIT'

To anticipate aftercare needs, an EDO needs to understand the international footprint of its location – whether a state, region, metropolitan area or city. Start by performing a “globalization audit.” First, catalog the community's existing global companies. Make it a goal to understand the intricacies and business needs of each global investor. Try to understand their products, supply chains, customers, workforce and infrastructure needs and relationships to other local businesses. Grasp how these firms interact with their parent companies and whether they have invested only locally or throughout the United States. Learn how frequently these firms' foreign executives travel to the region and how many are permanently located in the community.

three

EIGHT TIPS FOR STARTING A SUCCESSFUL AFTERCARE PROGRAM

Second, catalog every international asset in the region. Questions to consider include: Where is the closest international airport, port, or rail/freight system? Does the region have a sister city abroad? How many immigrants live in the region and where are they from? How many international tourists visit the region each year? How many international students study at nearby universities? What countries have consulates nearby? What bilateral business organizations exist specific to the region? What similarly-sized cities in other countries have a similar industry base? What countries are beneficiaries of the region's exports and what countries lead in foreign direct investment to the region?

Tailoring aftercare efforts for global companies is more productive only after undertaking a globalization audit. Otherwise, aftercare efforts could be implemented and funded for naught.

ENSURE CAPACITY AND EXPERTISE

To demonstrate the community's seriousness, staff that lead aftercare efforts with companies should be at a senior level. They should receive specialized training in multinational company issues and needs, be fully versed in explicating the region's globalization audit findings, and understand relevant government programs and services offered to companies and their employees by the state, region and locality.

four

five

OFFER A SINGLE POINT OF CONTACT TO COORDINATE BUSINESS NEEDS

No single economic development organization is responsible for everything that a company needs. Often dozens of organizations are involved in permitting, job training and business assistance. Simply following the law is confusing for businesses and often requires untangling a daunting web of regulations. This is especially true for global companies unaccustomed to multiple layers of government in their home countries. Good aftercare provides a company with a single point of contact, or a dedicated team, capable of addressing any need or concern by linking the company to solutions. Become a "personal corporate concierge" to solve their issues.

Additionally, great aftercare allows EDOs to address company needs that may emerge outside its direct control. A strike at a nearby port or a natural disaster impacting suppliers can devastate a business. Effective aftercare is having the aptitude to connect company executives to solution providers when these issues arise outside the control of the business.

six

DELIVER VALUE-ADDED SERVICES

Develop a suite of standard services and communicate it to companies. Initially, providing start-up assistance from permitting and licensing to locating schools for executives' children may be needed. Eventually, facilitating company leadership in legislative and community efforts is critical. Build this catalog of services within budget and capabilities, train staff, and communicate it to local businesses.

seven

ENGAGE CONTINUALLY

Aftercare cannot be episodic, but rather systematic and consistent. Regular communication between a company and an EDO establishes a platform to flag and address industry needs and concerns on a timely basis – a process important to ensuring an attractive business climate. This communication also ensures companies understand the full suite of services offered by the EDOs.

eight

MEASURE RETURN ON INVESTMENT

Dashboards dominate EDOs these days. Measurement is ubiquitous and aftercare efforts are no exception. Your EDO should set expectations for aftercare activities and for the results. Ultimately, most EDOs are judged by the quality and quantity of new or retained jobs. Jobs combined with investment are a good starting points, but data demonstrate that global companies increase gross community product (output), raise productivity, pay higher wages, add to local innovation, grow supplier companies and even give more to charity than economy-wide norms. These factors are all important returns on investment and are seen regularly from global companies.

LEARN MORE AT: FDIFRONTLINES.ORG



TIPS FOR EDOS ON A SMALLER BUDGET

Good aftercare is important for EDOs of all sizes. For small and mid-sized EDOs, a "globalization audit" may simply begin with a "trade mission across town," where you visit and engage existing global companies and partners like community colleges and other business support organizations. The first step is to identify and make introductions to this network. A follow up step involves bringing executives of these organizations together to develop support activities at an appropriate scale. Once this is accomplished, the EDO serves as a platform to facilitate relationship building among the business community and the community's established support services. A third step is facilitation of global company engagement in community activities. Invite these companies' executives and employees to participate on community advisory boards and pass along personal invitations to networking events. Community connectivity and hospitality are often even more effective for smaller regions.

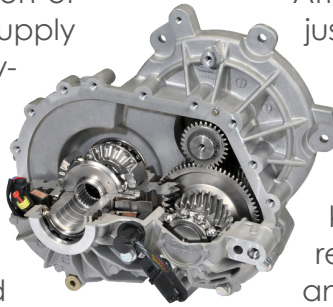
DEDICATED RELATIONSHIPS LEAD TO GKN DRIVELINE EXPANSION



Look at the experience of GKN America Corp, the U.S. subsidiary of United Kingdom-based GKN PLC. The company recently announced a \$100 million expansion of GKN Driveline's automotive supply manufacturing center in Newtown, North Carolina, which will create an estimated 200 new jobs by the end of 2018.

Prior to the announcement, the company already employed more than 700 people at the site, where it produces all-wheel drive components, Trans Axle solutions, and eDrive Systems for automobiles.

GKN has demonstrated a desire to invest in states and regions that act as genuine partners, and seeks to work with EDOs to enhance the business climate in its region. The company is always looking for opportunities to serve on organizational boards, participate in roundtable discussions, and offer business advice to other prospective investors because it wants to ultimately build a stronger network in the community.



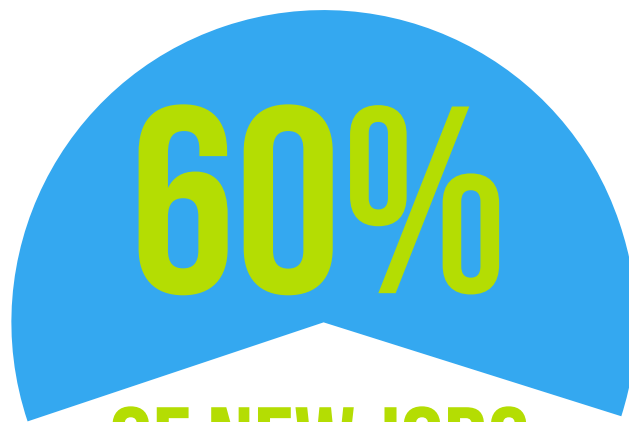
PRIOR TO THE ANNOUNCEMENT, GKN DRIVELINE ALREADY EMPLOYED MORE THAN 700 WORKERS IN NEWTOWN, WHERE IT PRODUCES ALL-WHEEL DRIVE COMPONENTS, TRANS AXLE SOLUTIONS, AND EDRIIVE SYSTEMS FOR AUTOMOBILES.

Angelina Sulaka, manager of U.S. public affairs at GKN, elaborates on the company's aftercare priorities:

"Aftercare should entail more than just assisting GKN in delivering on our contractual obligations; we want to build upon the foundation we established. We appreciate and need a company liaison to keep us apprised of our threshold requirements, deadlines, and of any changes that are of interest to us. Is there a legislative bill that could impact us? Has there been a major organizational shake-up in the commerce department? Is one of the incentive programs at risk of being de-funded?"

Angela adds about why effective aftercare is so important to GKN:

"When GKN looks at new investments, we scout locations where we already have a presence because we know the climate. However, if we invest somewhere and are not kept 'in the loop,' we have a more difficult time justifying reinvestment."



**OF NEW JOBS
COME FROM
EXPANSIONS**

Gauge Your Aftercare Growth

Growing your FDI aftercare program into a mature, job-creating enterprise will take time and dedicated follow-through. While by no means exhaustive, this illustration provides 18 practical ways for your organization to expand and track its FDI aftercare efforts.

OPERATIONAL

- Address infrastructure needs
- Designate a relationship manager/problem solver
- Encourage local supply chains
- Establish a vendors and utilities network
- Promote grant opportunities
- Track legislative threats

START-UP

- Assist with visas
- Connect FDI firms with local vendors
- Expedite building permits
- Facilitate relocation and integrate families
- Promote local hiring opportunities
- Secure temporary work space

STRATEGIC EXPANSION

Appoint FDI execs to local leadership boards
Eliminate discriminatory policies
Integrate R&D programs and other services
Promote export opportunities
Support an attractive policy environment
Recognize FDI firms' community involvement



QUESTIONS? CONTACT US

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