

Enhancing International Business Development Through An International Trade and Investment Summit

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In the Spring of 1993, Illinois Power Company, in cooperation with Corporate Location International, conducted an international trade and investment summit in Decatur, Illinois. This summit was the first of its type conducted in the United States. The "Heartland Summit" was designed to provide a forum in which to introduce Illinois Power customers and foreign firms, with the ultimate goal being to initiate a trade relationship or joint venture partnership and perhaps spur foreign investment in Illinois Power's territory.

INTRODUCTION

Since the late 1980s, new locations of foreign-owned facilities in the United States have been on the decline. Economic development professionals, seeking to reverse this trend, have been largely unsuccessful. Due to increased competition for projects resulting from the continued escalation of the incentives bidding war and a decrease in foreign investment in the United States, economic developers are more willing than ever before to attempt innovative methods to attract new investment into their respective regions.

A promising new approach to stimulate international trade and investment is sponsorship of an international summit with the purpose of introducing constituents and foreign firms, and the goal being to initiate a trade relationship or joint venture partnership, with an eye towards eventually locating a domestic facility in the host's territory.

This article will examine the success of the first summit of this type held in the United States and determine the degree to which this technique can be successfully replicated.

THE BEGINNING - A DESIRE TO SPUR INVESTMENT

The Economic Development Department of Illinois Power Company, in cooperation with Corporate Location International, conceived and presented an international trade and investment sum-

mit in the Spring of 1993 entitled the "Heartland Summit." The purpose of the summit was to spur foreign investment in Illinois Power Territory and also to foster increased foreign sales for Illinois Power customers.

Illinois Power has actively pursued economic development since the early 1960s and has maintained a proactive international effort since 1987. The focus of this analysis, the International Business Development Section, promotes international investment within Illinois Power's service area and the development of export trade opportunities and international business relationships for industrial customers.

The international business development program is built around the principle of being responsive first to the needs of existing customers. Essentially, recruiting new companies into the service area is pointless if existing companies do not remain. Illinois Power is committed to helping its small and medium customers compete in the global market.

Corporate Location International (CLI) is owned by Century House Information Limited and is part of the Euromoney Group. Offices are maintained in Milton Keynes, London, New York, and Tokyo, with satellite offices and agents worldwide.

The company seeks to promote global investment through a series of projects and enterprises including country reports and analyses of global business climates,

conferences, summits, global meetings, site visits, and training courses for economic development professionals to enable effective promotion to foreign companies, etc.

Corporate Location assists companies throughout the world with site location decisions. In addition, the firm provides updates on global markets through a quarterly magazine and a series of national reports compiled with the cooperation of governments throughout the world. The firm also arranges meetings for economic development groups with international companies and conducts a forum entitled "Attracting and Keeping Corporate Investors," held annually in Europe.

Corporate Location established a North American branch in October 1991, to specifically serve companies interested in business and location opportunities in the United States, Canada and Puerto Rico, including companies interested in expanding or establishing trade linkages.

It was Corporate Location's wide range of activities and interest in the North American market which led Illinois Power to select the firm to coordinate the first international trade and investment summit in the United States.

THE SUMMIT COMES OF AGE

Early in the 1990s, after years of monitoring international advertising results, it was clear that the results being obtained by the Economic Development Department from its international advertising were less than desirable. Trying to promote the Department's services and attract investors via impersonal ads in publications was an ineffective strategy. In fact, the personal experiences of the International Business Development staff suggested something quite the opposite: foreign investors responded more readily to personal, direct contact. The secret to success internationally is one-on-one personal contact -- direct calls on industries and aggressive trade show participation.

As a result of this realization, the Department began searching for ways to take the international program (still young) to a higher level through affirmative, assertive selling, deal making and client development. The summit accomplished that objective.

THE SUMMIT TAKES SHAPE

The summit was to be no small under-

taking. Financially, it required the investment of all dollars previously earmarked for the international advertising program, in addition to increased staff time and expenses and on-site costs during the event. Programmatically, the summit was the culmination of over eight months of intensive planning and preparation by both Illinois Power staff and the staff of Corporate Location.

Objectives

The agreement between Illinois Power Company and Corporate Location International was finalized in early September 1992, and specified a summit date of early May 1993 (which allowed just under eight months preparation time). According to the contract, the agreed-upon objectives of the summit included:

- the dissemination of detailed information to attendees about conditions for trade and investment in, or with, Illinois;
- identification of import/export and direct investment opportunities in industries with strong import/export potential; and
- the establishment of a framework for foreign companies to make contact with government and business leaders in an environment where business opportunities could be discussed and deals initiated.

Responsibilities

Responsibilities of both Illinois Power and Corporate Location were clearly spelled out in the summit contract. As conference organizer, Corporate Location's responsibilities included:

- selection and procurement of the venue, as well as direct costs, including seminar facilities, summit documentation, shipping costs for materials, refreshments and lunches during the summit, audio/visual or other technical equipment, accommodations for Corporate Location employees, summit marketing and promotion costs, and any other general costs agreed to by Corporate Location;
- promotion of the summit via direct mail, magazine advertising and telemarketing;
- final selection of speakers and the general content of the summit; and
- pre-qualification of each attendee to determine the degree of his or her interest.

Corporate Location's commitment also included a target goal of twenty-five qualified foreign summit attendees. In addition, Corporate Location agreed to provide Illi-

nois Power with dossiers on each company scheduled to attend the summit in advance of the actual summit.

As summit host, Illinois Power's responsibilities included:

- payment of a conference organizer's fee to Corporate Location prior to the summit;
- assistance in the marketing of the summit by providing Corporate Location with Illinois Power contacts throughout the world;
- initial selection of speakers; and
- assistance in arranging individual attendees' programs (including one-on-one business meetings).

Marketing

It was agreed that Illinois Power would handle domestic marketing of the summit to its major industrial customers and allies. The initial contact with all major industrial customers occurred via a letter from Illinois Power President and CEO Larry Haab to the chief executive officer of each respective company. The letter provided a brief overview of the summit and Illinois Power's reasons for pursuing it. The letter also detailed six individual levels of company participation in the summit, ranging from a \$10,000 fee (which included a private hospitality suite, attendance by five staff members, and other features) to a \$500 fee (which included attendance by one staff member and other features). In some instances, Mr. Haab's letter also invited company CEOs to participate in an executive roundtable, scheduled for the first morning of the summit.

Closer to the summit date, smaller companies in Illinois Power's service area were also invited to attend the summit via another direct mail letter which included a brochure detailing the tentative schedule of the summit.

Another significant feature of the marketing effort was production of a publication entitled *Illinois Heartland*, a special study on the conditions for foreign investment in Illinois Power territory. This thirty-two page color magazine reported on the advantages of a location in central Illinois, including features such as the strength of the central Illinois economy, the abundance of affordable energy, the availability of modern links for easy communications, the skilled workforce available, tax incentives for businesses, a description of federal and state business tax structures, an overview of corporate structures in Illi-

nois, a review of the domestic acquisition process, case studies of previous instances of foreign direct investment in Illinois Power territory, and a listing of existing domestic joint venture opportunities.

Illinois Heartland also included advertising from communities and economic development organizations throughout Illinois Power territory. In addition, the report included a conference registration form, as well as a "bingo card" for more information on advertisers or the Illinois heartland as a whole. The report was mailed to all subscribers of Corporate Location's services, as well as allies all over the world. In addition, copies of the report were distributed in the United States by Illinois Power.

Attendee "Matchmaking" Process

As part of their registration for the summit, foreign delegates indicated in which areas their interests were concentrated, including site locations, mergers/acquisitions, joint ventures, licensing agreements, production contracts or manufacturing alliances, exports/imports, product sourcing, shipping or warehousing, technology transfer/exchange, sales negotiations/agreements, capital investments; or reciprocal product distribution.

In addition to their interests, a dossier on each of the foreign delegates was prepared, providing such additional information as the specific products of the company, its size (both in annual sales and number of employees), a brief history of the company and a short overview of the company's summit objectives. The dossiers were then transmitted to Illinois Power staff, who assigned a SIC code to the foreign firm's products. The SIC code was then used to search an OnLine database, Dun's Direct Access, for Illinois Power customers who might be potential matches for the foreign firm, based on the firm's interest(s) and summit goal(s). Information obtained from Dun's Direct Access concerning the domestic firms was similar in content to the information in the foreign dossiers. If a potential match was identified, a staff member placed a call to the President or C.E.O. of the company to inform him or her of the opportunity and attempt to arrange a meeting at the Summit. In all, staff arranged over seventy private business meetings which were held during the course of the two day event.

RESULTS OF THE "HEARTLAND SUMMIT"

In attendance at the Summit were a total of thirty foreign business leaders representing the interests of thirty-five individual companies from several countries, including Saudi Arabia, Ireland, Germany, Great Britain and Spain. Additionally, thirty-five Illinois power industrial and commercial customers registered for the summit, while approximately sixty attended portions of the event (primarily for private meetings with foreign delegates). Twelve representatives from eight economic development organizations in Illinois Power territory also attended.

The "matchmaking" process resulted in a total of seventy-three private individual business meetings over the course of the summit. Additional unscheduled meetings also occurred due to the synergy offered by this unique event.

Prior to the Summit, a roundtable consisting of key representatives from Illinois Power customers and foreign delegates was conducted. The purpose of the roundtable was to discuss economic development and international business issues of interest to the participants. Approximately forty people participated in this session.

On the evening of May 4, a legislative reception was held for the foreign delegates, Illinois Power customers and Illinois congressional and legislative leaders. The purpose of the event was to demonstrate the commitment to business development in Illinois. A total of six state legislators and a representative from the offices of Senator Carol Mosely Braun and Representative Glen Poshard were in attendance. The legislative reception was received very favorably by the attendees.

SURVEY RESPONSES OF SUMMIT DELEGATES

Shortly after the conclusion of the Summit, Economic Development staff followed up with domestic and international delegates via a summit business meetings evaluation form. The follow-up contact was intended to determine the success of the summit in facilitating international

business opportunities for Illinois Power customers. The survey resulted in generally very positive responses including:

- Sixty percent of the international delegates felt they were well-matched with Illinois industries;
- Thirty percent of Illinois Power customers felt they were well-matched with foreign industries;
- Half of the foreign delegates expect to pursue business contacts made at the Summit;
- Twenty percent of downstate Illinois businesses expect to pursue such contact.

Since the conclusion of the Summit, a number of significant follow-up results have occurred:

- One international company has toured Illinois Power territory;
- Three Illinois Power customers expect to travel abroad to meet with four international companies;
- Two international firms plan to return within six months for continued dialogue;
- Publicity given the meeting in Europe has resulted in fifteen direct contacts between Illinois Power customers and representatives of foreign companies who read about the summit, but were unable to attend the Summit;
- Four Illinois Power customers uncovered potential business opportunities with one another due to discussions at the summit;
- Four of the twenty-eight foreign firms toured Decatur manufacturing facilities during the summit;
- Two foreign delegates have indicated interest in direct investment in Central Illinois.
- Two foreign delegates have indicated interest in joint ventures.

CONCLUSIONS AND RECOMMENDATIONS

What was learned from the Illinois Power summit experience?

Taken as a whole, both domestic and international delegates to the Illinois Power

summit felt they were generally well-matched with companies having similar business interests. During the Illinois Power summit, staff members observed that the real strength of the summit concept lies not in the program, but in the one-on-one private business meetings. Since this is the case, the "matchmaking" effort of the host organization becomes integral to the success of the summit. However, the host organization should be prepared to dedicate a large amount of staff time exclusively to this process. In Illinois Power's case, one staff member worked 100 percent of the time on matchmaking for three weeks prior to the summit.

Can the summit concept be successfully replicated by other economic development organizations? As Illinois Power staff stressed during the entire summit process, the summit concept is a long-term endeavor. Consequently, organizations looking for a "quick hit" should look elsewhere for a strategy. However, organizations which are willing to commit the time, staff resources and money to an intensive six or eight month process will find that the rewards of a well-executed summit are worth the price.

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