

# **City of Mekelle: Workshop on Tools and Techniques of Attracting Productive Private Sector Investment**

**A Workshop offered by: Millennium Cities Initiative, January 2012**

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# Objectives of this Workshop

To help staff responsible for investment promotion in Millennium City of Mekelle to:

- deepen their understanding of the investment promotion process;
- enhance their knowledge, skills, tools and techniques to support the work of attracting new private sector investment;
- develop a 'selling proposition' and investment proposals to present to investors
- put in place a plan of action to identify and target potential investors.

# Millennium Cities Initiative (MCI)

## Approach

- Identifying commercially viable investment opportunities
- Developing promotional materials, e. g., investment potential guides, by sector and opportunities, and investor guides and dissemination of the materials to potential investors
- Researching and developing databases of potential investors to target in identified sectors; assisting and advising on outreach to potential investors.
- Strengthening the capacity of the city to attract new domestic and foreign direct investment (FDI)

## **Background and Activities to Date:**

- Agreement on the implementation of the Mekelle Investment Initiative was signed on 15 June 2009 by the Government of Regional State of Tigray and Columbia University (The Government of Regional State of Tigray committed to contribute 15% of the budget in local currency.)
- Launch in April 2011 of the Regional Partnership to Promote Trade and Investment in sub-Saharan Africa, with a specific focus on Mekelle, as well as Kumasi (Ghana) and Tabora (Tanzania)
- KPMG (on behalf of MCI) carried out a study of the key sectors that offer near, medium and longer-term potential for Mekelle

## **Background and Activities to Date (2)**

- UNIDO (on behalf of MCI) profiled a number of small and medium-size companies offering business and investment opportunities
- The first draft of the Mekelle Investors' Guide was prepared by MCI, workshops with private sector and administration will take place in Mekelle, February 2012. Launch of the guide later this year
- An investment promotion strategy was agreed in the integrated city development strategy for Mekelle (stakeholders workshop in May 2011)

# **Regional Partnership to Promote Trade and Investment in Sub-Saharan Africa**

- A project under the Millennium Cities Initiative (MCI), in partnership with the Government of Finland and three cities - Mekelle, Ethiopia; Tabora, Tanzania; Kumasi, Ghana:
  - Funding from the Government of Finland
  - Co-financing from the partner cities
  - Duration of first phase: 18 months, ending in first half of 2013.
  - Second phase of 18 months, depends on results in phase one and additional funding.

# Activities to be supported by MCI over next 12 months

- Focus on four of the sectors recommended in the KPMG study, e.g.,
  - Tourism, Meat Processing, Honey Processing and Horticulture
- Assist with identifying companies whose profile and investment patterns most closely match with the priority sectors and opportunities
- Advise and assist Mekelle team on how to target investors, handle inquiries and facilitate investment
- Organize, together with Mekelle, investors days, both in Ethiopia and in Europe (Helsinki).

## **Mekelle Investment Initiative - Medium and Longer-Term Activities supported by MCI**

- Develop an effective after-care program to retain investors and foster re-investment
- Develop a sustained policy advocacy function to the regional and national levels through appropriate channels



# The Format of this Workshop

- Some presentations, followed by small group exercises to identify the strengths and weaknesses, opportunities and challenges for Mekelle as an investment location
- Work on developing a value proposition
- Work on developing one or more 'investment proposals' to present to investors
- Carry out research of potential investors
- Lay the groundwork for an ambitious work program for the coming year

# Importance of Private Sector Investment

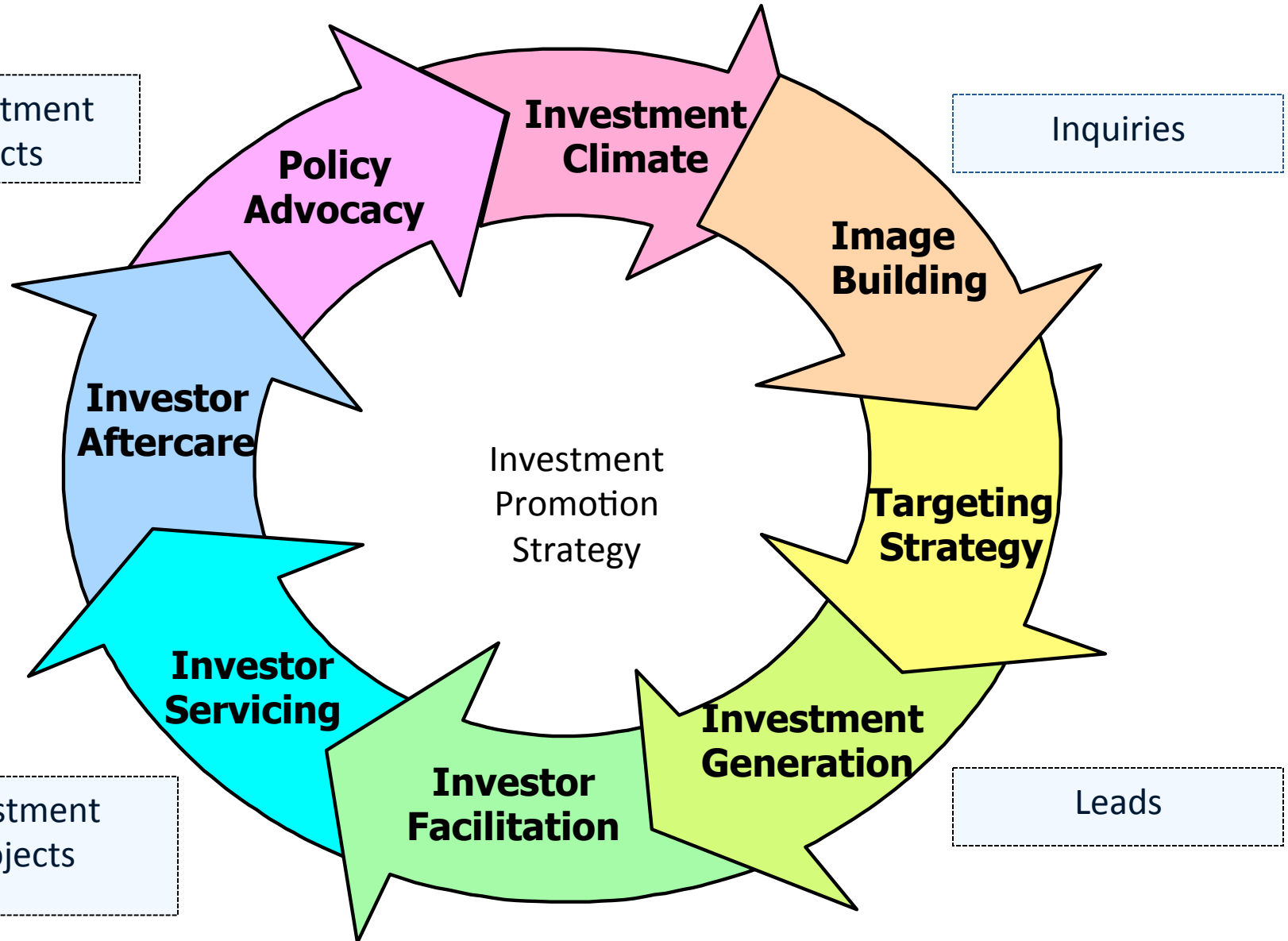
Benefit	FDI	Domestic investment
Job creation	✓	✓
Skill transfer	✓	✓
Technology transfer	✓	
Spillover effects on local economy	✓	✓
Infrastructure development	✓	✓
Access to international marketing networks	✓	?
Source of external finance	✓	
Balance of payments	✓	

**1 USD FDI generates 1 USD domestic investment**  
(IMF study, 58 developing countries)

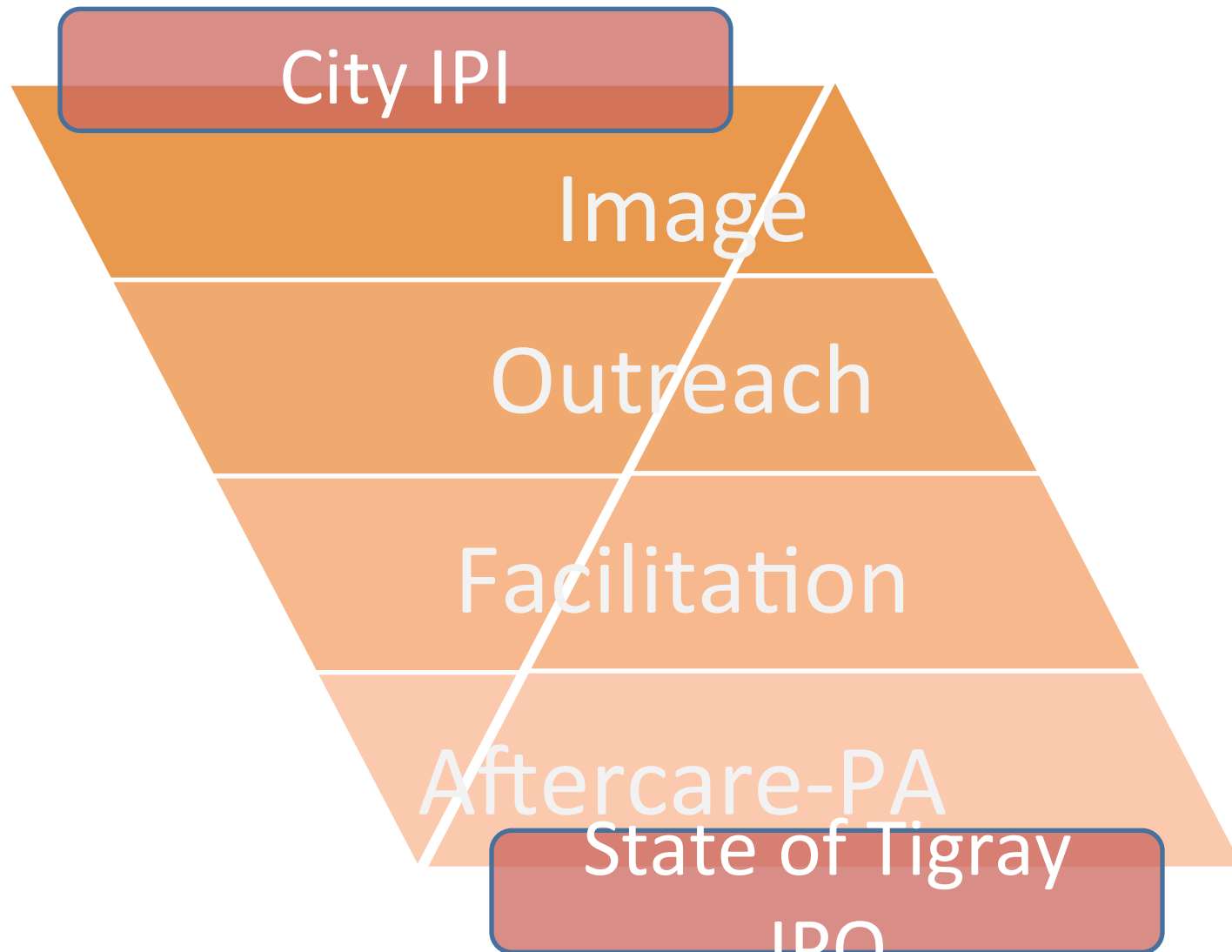
# The Importance of Investment Promotion

- Investment promotion actively seeks to bring investment opportunities to the attention of potential investors
- To successfully promote investment, the city needs to select a small number of key sectors or sub-sectors where it has comparative or competitive advantage
- There needs to be a systematic, sustained effort, supported by competent and dedicated staff to target and win investment, domestic or FDI

# Full Investment Promotion Cycle



# Investment Promotion Roles—the City and the National IPI (EIA)



# **Developing a Strategy and Understanding Your location**

# Developing an Investment Promotion Strategy and Action Plan

- Decide on key sectors/sub-sectors to be promoted
- Develop thorough understanding of your location within the State, national, regional and global context
- Define issues such as: access to land, buildings, electricity, water, transportation modalities, skilled labor
- Clearly lay out required permits and licenses, including their costs
- Indicate required local and national taxes and other levies
- Identify potential competitors for the sectors of interest to Mekelle

# Developing an Investment Promotion Strategy and Action Plan (2)

- Develop a 'compelling' selling proposition for each sector or sub-sector to be targeted.
- Develop opportunities to present to investors.
- Identify companies that could be potential investors in those sub-sectors
- Market Mekelle through all available channels, electronically (Website, e-outreach), events, promotional materials
- Directly target potential investors
- Set up the structures to handle inquiries, host site visits, and facilitate potential investment



# Investment Opportunities

- Team from KPMG conducted desk research and on-site data gathering in the City of Mekelle in 2008 to:
  - gain a deeper understanding of the location
  - review first hand the operating environment for business
  - meet with large numbers of individuals in the public and private sector to benefit from their knowledge, insights and recommendations.
- The findings, presented here in brief, are contained in the report entitled '**Mekelle, Ethiopia: Potential Opportunities for Investors**' copies of which are available online at <http://www.kpmg.com/Global/en/>

# Key Sectors: Favorable Factors and Challenges (1)

- TOURISM- Favorable Factors:
  - Moderate, dry climate
  - Access to historic, religious and natural beauty sites
  - Existing lack of adequate tourist facilities (means there is opportunity to develop these)
- TOURISM – Challenges
  - Lack of well-trained workforce to service tourism sector
  - Insufficient marketing of region
  - Insufficient tourism infrastructure

# Key Sectors: Favorable Factors and Challenges (2)

- MEAT PRODUCTION- Favorable Factors
  - Large, good-quality livestock population
  - Special ox breed (Raya) which is more profitable than other breeds due to its bigger size
  - Abattoir already set up in Mekelle
- MEAT PRODUCTION – Challenges
  - Instability of live animal supply
  - Meat quality certification required for export
  - Instability of demand in export markets

# Key Sectors: Favorable Factors and Challenges (3)

- **HONEY PROCESSING** – Favorable Factors
  - Moderate climate favorable for honey production
  - Large bee population
  - Famous high-quality white honey with low moisture content
- **HONEY PROCESSING** – Challenges
  - Honey supply shortage in the short term
  - Need to change from traditional to high-production hives
  - Price for local honey is above world market price, so harder to penetrate export market

# Key Sectors: Favorable Factors and Challenges (4)

- **LEATHER PROCESSING** – Favorable Factors
  - Largest livestock production in Africa
  - Special quality leather – Cabretta and Bati
- **LEATHER PROCESSING** – Challenges
  - Irregularity of supply
  - Quality of hides and processing of them needs to be improved

# Key Sectors: Favorable Factors and Challenges (5)

- HORTICULTURE (fruits, vegetables and flowers)- Favorable Factors
  - Favorable agro-climatic conditions
  - Availability of appropriate land plots
  - Proximity to export markets
- HORTICULTURE – Challenges
  - Poor—but improving- road and airport infrastructure (airport cooling terminal—under construction-- should help address this challenge)

# Key Sectors: Favorable Factors and Challenges (6)

- **MINING – Favorable Factors**
  - Abundant mineral resources provide attractive opportunities in relation to dimensional stones and industrial minerals
- **MINING – Challenges**
  - Deposits can be difficult to access
  - Quality of roads

# Opportunities profiled by UNIDO

(Online at: [www.mci.ei.columbia.edu](http://www.mci.ei.columbia.edu))

- UNIDO identified 17 specific companies—some new, some in business for many years--in Mekelle area seeking to engage business partners—either Ethiopian or international—to develop or expand their operations
- Sectors include food production, honey processing, dairy processing, leather industry, electromechanical manufacturing, tile and terrazzo production, chemicals and hotel expansion/upgrading
- Opportunities include equity participation or loans, expanding access to markets, access to new technologies



# Updated Information on Factors Affecting Investment in Mekelle (1)

- Since the KPMG report, some positive developments that will affect investment include:
  - Completion in late 2009 of Tekeze Hydropower project, with 300MW capacity increased Ethiopia's generating capacity by 40%
  - The Tekeze Project was recognized by Power Engineering magazine of the USA as the '2010 project of the year' in the category of renewable/sustainable energy projects
  - Progress on wind power generation in Ashegoda, with completion of first phase planned 2011, delivering 30 MW and final completion in 2013, delivering a total of 120 MW

# Updated Information on Factors Affecting Investment in Mekelle (2)

- Cooling terminal planned for completion in 2011 at Alu Negra International Airport in Mekelle will permit flowers, fruits, vegetables and meat to be stored at safe temperatures while awaiting export from Mekelle
- Planned \$133 million expansion by Ethiopia Telecom should greatly increase access and potentially reduce costs
- Recently completed and planned further road improvements should also facilitate speed of getting goods to Port of Djibouti as well as transporting tourists
- Development of Tourism Master Plan

# Understanding the Investment Decision Process

## Drivers of Location Decisions

Most important factors influencing location of companies in 2007-2009 (% of TNC responses)

- 1. Size of market (21%)**
- 2. Growth of local market (20%)**
- 3. Access to international/regional market (10%)**
- 4. Stable investment environment (10%)**
- 5. Availability of skilled labor force (9%)**

*Source: UNCTAD World Investment Prospects Survey 2007-09*

# Understanding the drivers of location decision by sector

Primary sector	Manufacturing sector	Services sector
Access to natural resources	Size of local market	Size of local market
Stable investment environment	Growth of local market	Growth of local market
Government effectiveness, incentives	Government effectiveness, incentives	Stable investment environment
Access to international/regional markets	Low labor cost	Access to international/regional markets

*Source: UNCTAD World Investment Prospects Survey 2007-09*

# Business conditions matter—locally and nationally

- Decisions to invest go beyond the availability of inputs, infrastructure and market demand for products.
- The investors needs to be able to set up and operate a business at reasonable costs and within reasonable timeframes.
- Legal, regulatory, and administrative conditions are important, both locally and nationally.

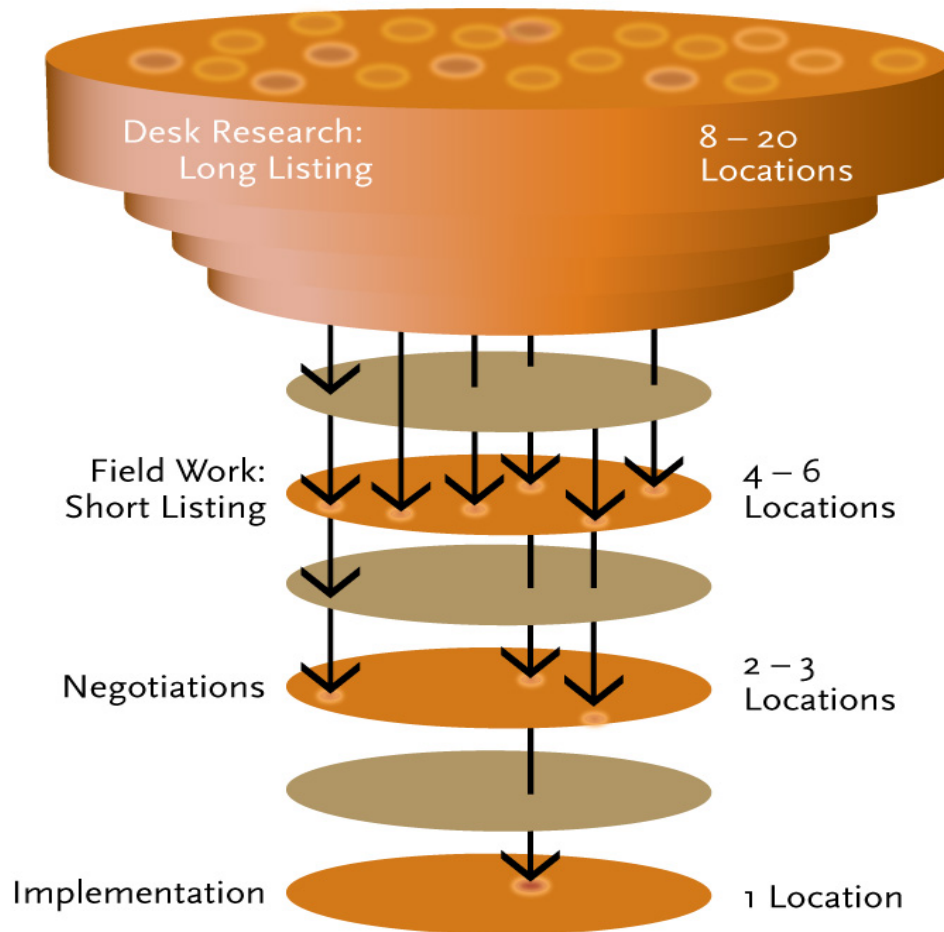
# **Doing Business (DB) Indicators – World Bank 2012 Survey of 183 countries (1)**

<b>TOPIC RANKINGS</b>	<b>DB 2012</b>
■ Starting a Business	<b>99</b>
■ Dealing with Construction Permits	<b>56</b>
■ Registering Property	<b>93</b>
■ Getting Credit	<b>113</b>
■ Protecting Investors	<b>122</b>

# Doing Business (DB) Indicators- World Bank 2012 - Survey of 183 Countries (2)

TOPIC RANKINGS	DB 2011
■ Paying Taxes	40
■ Trading Across Borders	157
■ Enforcing Contracts	57
■ Resolving Insolvency	89
•	

# The Investor's Site Location Search Process



If a country does not make it into the long list...

Important information:





# The Site Selection Process: It's all about Information

## Long listing

- Project drivers
- Success factors
- Project specifications
- Search Area
- Countries/regions
- Fatal flaw analysis
- Compare costs and conditions

**IPI provides country and sector information**

## Short listing

- Field investigations
- Verify screening and process-drill down
- Identify specific opportunities and risks

**IPI provides detailed information and field logistics support (site visit)**

## Negotiations

- Risk analysis
- Real estate
- Incentives
- Permitting

**IPI provides quality contacts, prepares development packages and ensures permits are granted speedily**

## Implementation

- Transition planning
- Facilities plan
- Vendor selection
- Construction ramp-up

**IPI services investor to fast-track project implementation**

# What can the IPI do to influence investors?

## **Make it into The Long List!!**

- Understand companies objectives in priority sector
- Understand who in company makes decisions
- Target only those sectors where Tabora is able to compete (benchmark your location against others repeatedly)
- Have quality information available to meet company needs at long-listing stage
- Be able to source more detailed information for the company at the short-listing stage
- Provide international business standards of customer service, e.g., respond to inquiries with relevant information within 48 hours.

# Motivated Staff are Key to Making Investment Promotion Efforts Successful

- Requires staff who understand the drivers and role of private sector investment
  - Staff should develop a solid understanding of the key sectors being promoted
- Requires staff who have a ‘can do’ attitude in terms of being proactive to promotion as well as responsive to investors
- Good English language skills in addition to own language (even non-native English speaking investors tend to communicate in English)
- Staff should report to someone high enough in the City Administration to be able to take key decisions and make things happen.

# Key Takeaways

- The decision to invest is typically part of the strategic investment drivers to grow markets, lower costs, deepen or upgrade the value chain – and sometimes a combination of the above.
- The location determinants of investment, both domestic and foreign depend on the sector and individual investment project.
- There are key interventions that a city IPI can make at all steps in the process to ensure the city is considered for investment

**Identifying Challenges and  
Opportunities  
(weaknesses and strengths)  
and  
Creating a Value Proposition**

# Creating a “Value Proposition”

- Why should a customer buy your good? Why should a firm invest here? Why right now or in next 5 years?
- Value proposition based on a limited set of unique selling points of a location that gives potential investors an indication of the costs of doing business compared with the quality of the business environment
- ROI = Quality, Cost, Proximity to Market, Consistent Supply, Favorable Tax Structure, Access to Finance, Regulatory Environment, etc....
- Need to apply the corporate business model and find synergy

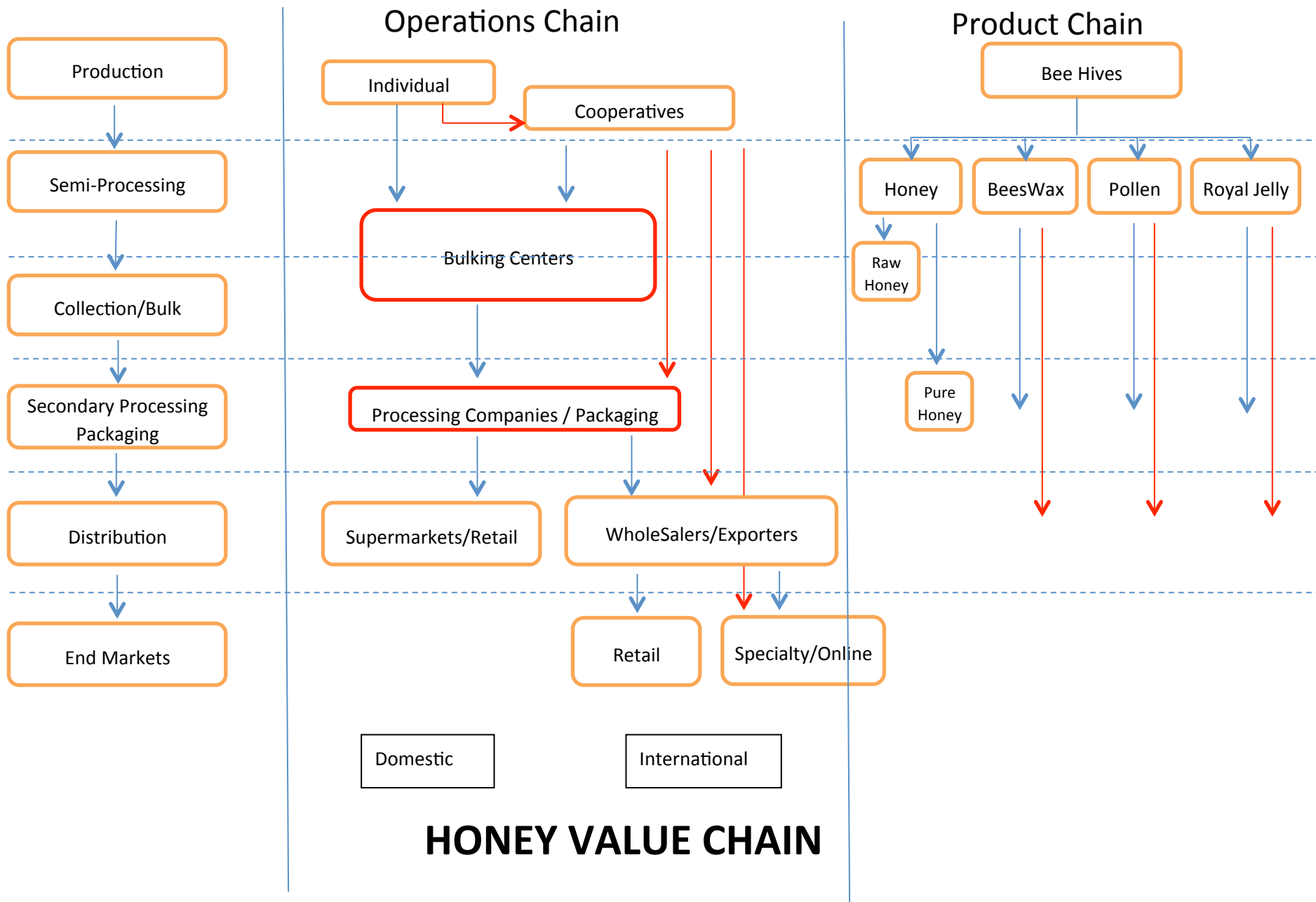
# Creating a “Value Proposition”

- A Value Proposition is that distinct or appealing idea that sets you apart favorably.
- A Value Proposition could make sound something like: (Note: These are fabricated just to illustrate.)
  - With over 500 honey farmers and a scalable packaging and processing facility, we have no less than 10 different types that can be shipped worldwide.
  - With historic sites such as Axum, Lalibela and Gondar easily reachable from Mekelle, as well as numerous rock-hewn churches in the greater Mekelle area, as well as the infrastructure to meet the needs of international tourists, Mekelle offers a truly unique opportunity for tourism.

# Using Honey Sector as an Example

- While we plan to work with Mekelle on four sectors over the coming year, we will start today with the Honey Sector to demonstrate the process (which is similar for all sectors) of:
  - Understanding your location
  - Carryout out a SWOT analysis
  - Developing a value proposition and investment proposals
  - Researching potentially investors





# Honey:

## Favorable Factors and Challenges

### ■ Some of the Favorable Factors

- Moderate climate favorable for honey production
- Large bee population
- Famous high-quality white honey with low moisture content

### ■ Some of the Challenges

- Honey supply shortage in the short term
- Change to change from traditional to high-production hives
- Local price for honey is above world market price

# Exercise: Identifying the Main Challenges and Opportunities for Mekelle Honey

- Break into two groups:
- **GROUP ONE:**
  - Go beyond what we have listed to identify all of the challenges that would need to be addressed in order to further develop the honey sector and related sub-products, e.g., beeswax, royal jelly.
  - For each challenge, identify what actions--policy, practice, technology, infrastructure, business relationships--would be needed to address challenge
  - **Time for task: One Hour**

# **Exercise: Identifying the Main Challenges and Opportunities for Mekelle Honey**

- **GROUP TWO:**
- List all of the current opportunities (in addition to what we have listed) for Mekelle honey and related products, e.g., beeswax, royal jelly, etc. (locally, regionally and internationally).
- List what future developments (locally, regionally, internationally) might favorably influence future opportunities for Mekelle honey and related products.
- **Time: One Hour.**

# Debriefing the Exercise

- Categorize the challenges:
  - By type, e.g., policy, practice, infrastructure, business relationships, other
  - By severity—how many are ‘binding’ constraints, i.e., what will have to be addressed to move forward?
  - Who needs to take what action to address the challenges/constraints?
  - How long will it take to address the most serious binding constraints?

# Debriefing the Exercise (2)

- Categorize the opportunities, by type, by location.
- Is anything on the list of challenges developed by Group One that represents an opportunity?
- Is there anything on the list of opportunities that you would re-categorize as a challenge in view of what Group One has listed?
- Anything additional to add to challenges and opportunities?

# **Exercise: Market Supply and Demand For Honey (Group 1)**

- How much honey is consumed internationally? Nationally? In Tigray Region?
- What is the current production of honey, beeswax, royal jelly in Mekelle? How many producers?
- How much is processed locally? Nationally?
- How much sold to traders? In what form?
- For honey, beeswax, royal jelly that is sold to traders, what happens to it? Further processed and branded as Mekelle honey? Mixed with inferior syrups?
- Market for Organic honey internationally?

## **Exercise: Who are Mekelle's Competitors in the Honey Sector? (Group 2)**

- Who else competes for the same market (locally, nationally, regionally, internationally) as Mekelle?
- What size is their market share?
- What is their selling proposition?
- To whom do they sell?
- What would make Mekelle be able to compete successfully with these competitors?



# **Marketing Your Location: Making Mekelle and its Advantages Better Known**

# Marketing and Image Building

- Expanding the direction set by strategy, once selling proposition has been developed.
- Marketing has two main functions:
  - To create awareness of the city as a location for new investment among potential investors and multipliers (organizations that advise investors, such as consultants, lawyers and real estate companies).
  - To provide sales and marketing materials to investors to demonstrate that the location is an excellent candidate for their investments.

# Marketing Flow Chart



# Targeting Yields Best Results

- Marketing is general, targeting is specific.
- Targeting pitches a well-crafted 'compelling' selling proposition directly to potential investors.
- Targeting requires researching, identifying, and approaching investors
- Targeting requires being able to respond to investor inquiries for additional information and providing reliable information

# **Investor Targeting and Outreach: Identifying and Approach Potential Investors and Traders**

# Investor Targeting and Outreach

- A technique to attract inward investment in greater quantity and quality, making the most effective use of limited resources.
- involves well-researched and planned approaches to specific managers in the targeted companies about niche “business opportunities” in a city.
- The major advantages of investor targeting are:
  - Focuses effort on the best prospects.
  - Can greatly increase investor and broker (investment advisors) awareness.
  - Investors respond best to material relevant to them.
  - Can help develop local industry clusters.
  - Cost effective – takes time more than money.

# Investor Targeting

## Networking for investment leads

- The main networks that can be used for lead generation include:
- Existing foreign investors with presence in the country
- Domestic companies that have strong ties with export markets
- Cross-border partnerships with IPAs and ministries elsewhere

# Investor Targeting

## Identifying Potential Investors

The main approaches a city IPI can use to identify target investors:

- Carefully conducted research to build a database of potential investors.
- Networks with relevant organizations to identify investment leads.
- Sector based value chain analysis leads



# What kind of tools do you need?

## Internet

### Databases

Free on-line company  
Databases

On-line paying  
company Databases

Your own IPI  
company Database

### Media

General Media /  
newspapers and  
magazines

Sector Specific  
Media /  
Newspapers,  
Magazines and  
Newswires

### Company websites

About the  
company section

News

Contacts /  
Executives

# Investor Targeting

## Research Potential Investors:

- Identify, through Internet search and other channels, the major players in the sectors/sub-sectors of interest to Mekelle, both international and Ethiopia-based companies.
  - Where are Ethiopia's major exports going?
  - What sectors are Ethiopia's major exports in?
  - Who are the other leading exporters, both from within Ethiopia and internationally in those sectors?

# Approaching Investors

- Who to Approach - Titles

Position	Type of FDI project
CEO	All major projects
SVP/VP Marketing	Most projects
SVP/VP Operations	Most projects
VP Finance	Most projects
VP Corporate Development/Strategy	Most projects
Director Government Affairs	Most projects
Country managers	Most projects
VP Research & Development	R&D projects

## **Exercise: Identify the major potential investors or buyers for honey in Ethiopia and internationally**

Break into two groups:

- Based on the value proposition(s), identify investors/buyers, in Ethiopia, the East Africa Region and internationally that could be potentially targeted as investors in honey (and possibly related products).
- Develop a 'database' of pertinent information on each company identified (see template and Excel spreadsheet).
- Indicate why you think these are appropriate targets.
- Time for task: One hour

# Exercise:

## Break into two groups and open MS Excel

- Create different column headings with:
  - Company Name
  - Address
  - Subsector
  - Revenues
  - Contact Name
  - Notes
- Note: the industry or sector name will also be on the tab at the bottom of the page

# Sample of Basic Database

Company Name	Address	Subsector	Revenues	Contact Name	Contact Title	Notes

This is an early and basic version of a database which will later be replaced with a CRM system.

## **Exercise:**

Remain in the groups you have and find 20 honey processing companies and apiaries globally (per group). Also include local processing companies

- Populate each piece of information in your excel database (i.e. address, contact name, etc...)
- Using key word searches such as:
  - “honey processing companies”
  - “top global apiaries”
  - “large honey processor+UK”
  - “honey processor africa”

# Debriefing the Exercise

- Top five targets from each group
- Why these?
  - Familiar with Mekelle?
  - Biggest brand names in Ethiopia?
  - Well-known internationally?
- If they are already familiar with Mekelle, why have they not already invested here?
- What are next steps in approaching these?



# Exercise Takeaways: Targeting

- Great importance of organized list building and database maintenance
- Use of effective key word searches
- Comprehensive understanding of each industry value and supply chains
- Analysis of challenges for each sector and application of challenge into investment potential
- Communication with key global organizations
- Familiarity of brands, retail/distribution channels, key selling and price points, and active members of supply chains.

# Exercise: Develop an Investment Proposal for Honey

Break into two groups:

- Based on your challenges and opportunities, develop a proposal to present to an investor for honey (and possibly related products).
- The proposal should have a clear and credible ‘selling proposition’, i.e., type of opportunity, with facts and figures, type of investment sought, assumptions about supply and demand.
- Time for task: One hour

# Debriefing the Exercise

- Has each group developed the same investment proposal? If not, how are they different.
- Discuss pros and cons of each proposal.
- Can we have more than one proposal?
- Are we targeting different investors/buyers?
- Should we pick one or both to further refine?

## Develop the 'Package' with your Selling Proposition(s) and investor proposal(s)

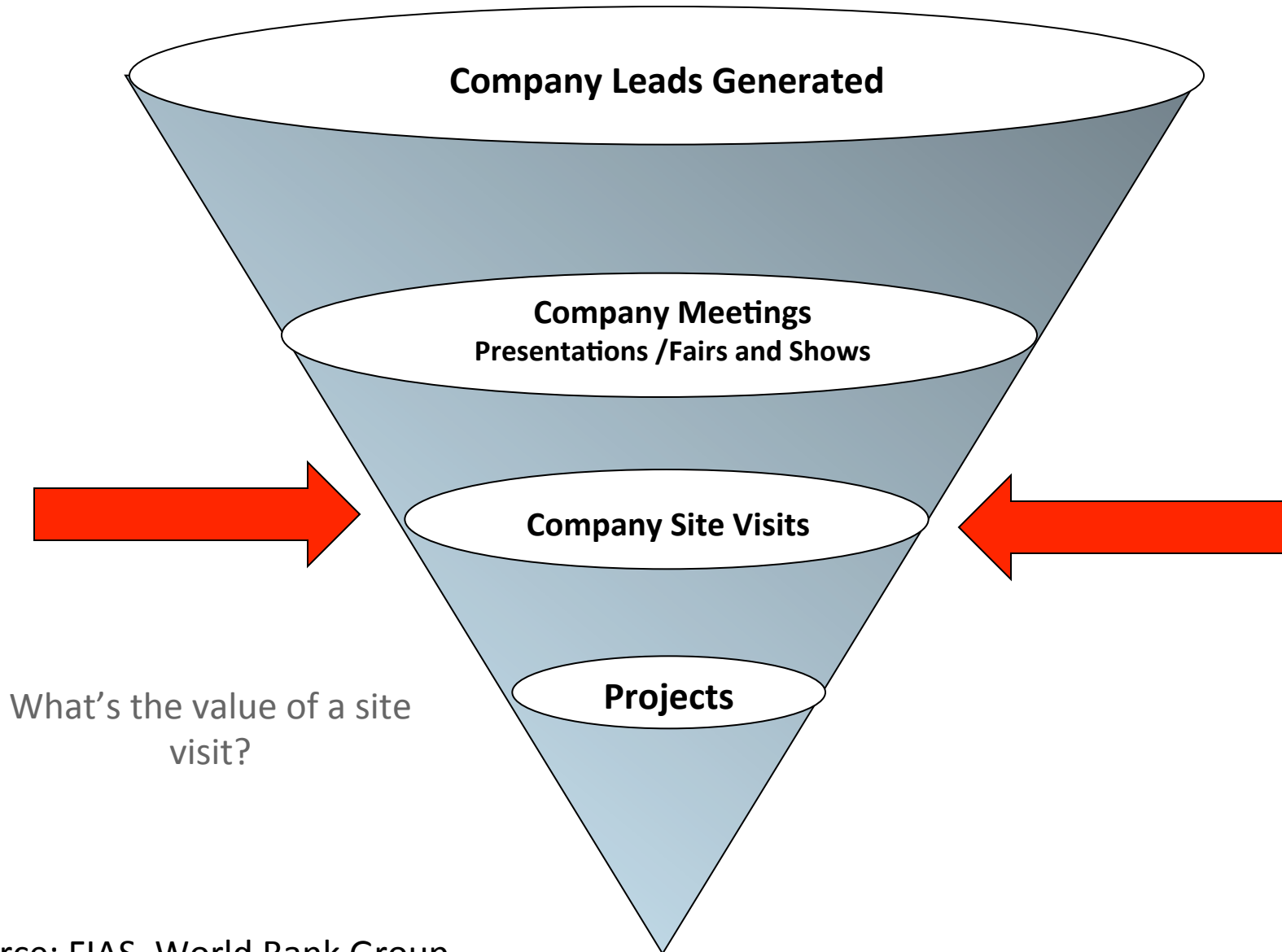
- Once selling proposition(s) refined to the point of being ready for sharing with investors, Mekelle investment promotion team will need to develop clearly written and presented set(s) of materials to share with potential investors on opportunities.
- This 'package' should have a clearly presented overview of the sector/sub-sector, e.g., facts and figures on local supply, local demand, factor costs, infrastructure, legal, regulatory matters and administrative procedures.
- This is work that should be completed after the workshop, over the coming weeks.

# **Organizing Site Visits to Mekelle**

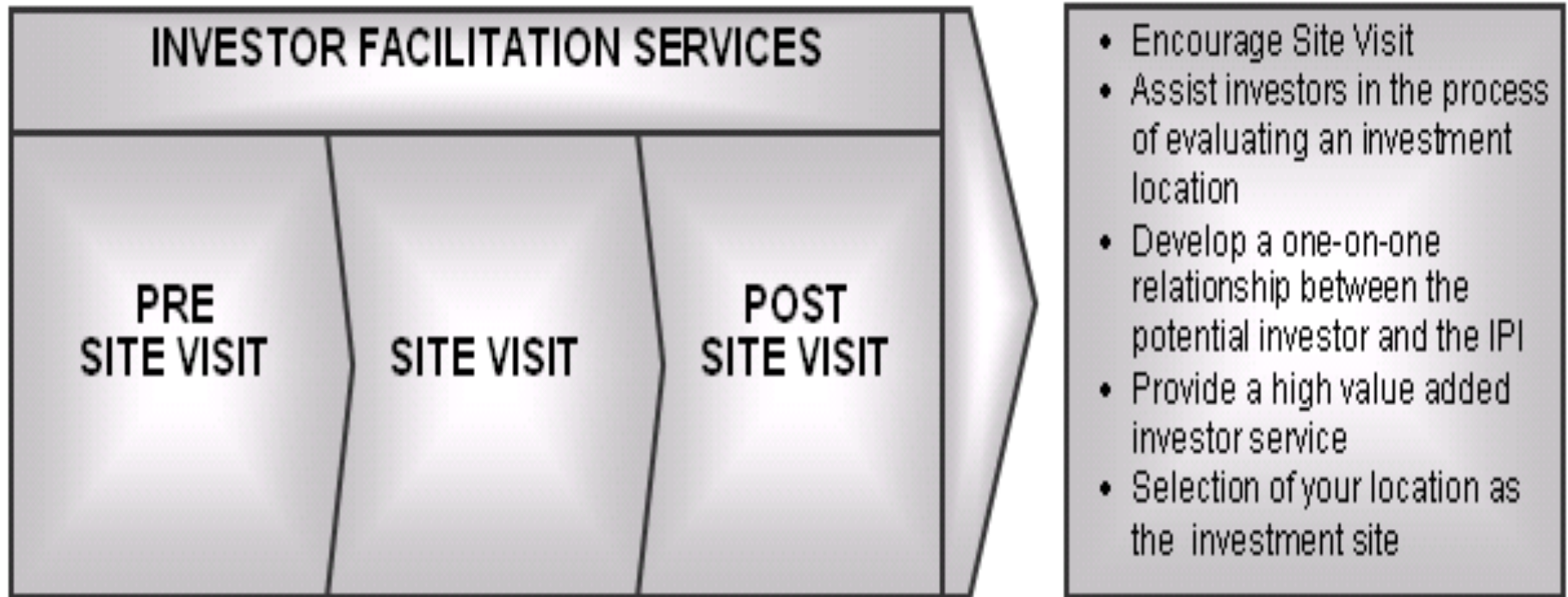
# The Potential Investor Wants to Visit Mekelle

- No matter how compelling the selling proposition, no investor moves forward without visiting the location.
- If investor decides to visit, this is already an indication of interest, thus the site visit is really important.
- You have spent a lot of time and effort getting to this point, so handling the site visit well is absolutely crucial.

# Putting a value on the Site Visit



# Site Visit Facilitation - Phases





# Key aspects by step

- **Pre-Field Visit**

- Understand investor needs—clarify before he/she arrives in Mekelle
- Prepare draft agenda—who does the investor need to meet, what does the investor need to see?
- Inform counterparts about the investor
- Logistics—arrange the visit, designate someone knowledgeable to accompany the investor on site

## Key Aspects: The Site Visit

- Start with a briefing on the first day for the investor
- Have appointments already made with the key people he/she needs to meet.
- Arrange for a de-briefing before investor departs. Did he/she get all the information needed. What to expect next—from them, from you.
- Establish a single point of contact to follow up with investor after site visit.

Remember: An unsatisfactory site visit can lead to loss of interest on the part of the investor!

# Key aspects: Follow-up Post-Site Visit (1)

- Follow up with a phone call to thank the investor and discuss any issues on which he/she needs further information.
  - Honor all promises made during the visit, within the time frame specified
- Evaluate Progress: Is Mekelle still in the running for investment? What needs to be done to 'close the deal'?

# Key aspects: Follow-up Post-Site Visit (2)

- If Mekelle is still In the running, try to establish:
  - Timelines to investment or partnership
- If Mekelle is no longer in the running, use the opportunity to learn from the experience, e.g.,
  - Ask the investor to provide you with feedback on why he/she is not investing—location did not match expectations? Better location found—where/why?
  - Ask if there was something Mekelle could have done that it did not do to land the investment.

# Investment Facilitation

- The aim of investment facilitation is to convert a site visit into an actual investment.
- Once investor decides to move ahead, you need to be able to give clear directions on next steps, e.g.,
  - What licenses, permits and approvals are required to start up business, e.g., environmental, health, safety, construction permits? Other?
  - Is there a need to register the company locally?
  - Is there an appropriate site for the company to establish its operations?
  - How can the Mekelle's investment promotion team help to facilitate such procedures.

# Post-Investment

- The relationship does not end once the investor locates in Mekelle.
- Keeping investors is just as important as attracting them in the first instance.
- Existing investors, if satisfied, expand their operations, make new investments, and also provide a positive signal to other investors.
- Need in the longer-term to have a sustained program of 'Aftercare'.

# Investment Days and Trade Shows

# Investment 'Days' (1)

- Investment days can be an opportunity to showcase Mekelle's opportunities to a wider audience than direct targeting.
  - Advantages include enhancing the image of Mekelle and attracting attention of investors that Mekelle might not have directly targeted, including foreign investors.
  - Intensive preparation required to have key messages and well-prepared materials to interested investors



# Investment 'Days' (2)

- Need to give thought to the invitation list, and be sure to include 'multipliers', e.g., consulting firms, bilateral agencies and donors.
- Try to have a good understanding of what each of the firms/organizations attending actually does, where they are active, etc.
- Have a firm follow-up plan and execute it well. Contact everyone who attended, whether you think they are interested or not.

# Trade Shows (1)

- Trade Shows can be a huge waste of time and money, unless you attend them with a plan of action.
- Your strategy should be not just to stand around at your booth until someone of interest shows up (though that, too).
- You should know what companies are attending, who you want to speak to and what message you want to convey.

# Trade Shows (2)

- Follow up systematically with those individuals/firms that you think might be potentially interested in Mekelle and its products, regardless of whether for trade or investment.
- Add these companies to your database of contacts.

# **Harnessing Technology to Support Your Work**

# E-Marketing (1)

- E-Marketing is a mix of passive and proactive promotion of your location.
- Websites are 'passive' in this context, but vital to have. Most companies looking for information on a location start with an on-line search. Thus, a good Website, kept up to date, carrying accurate and relevant information is a key tool in your promotional efforts.
- ***Look at Mekelle City Website.***

# E-Marketing (2)

- E-Newsletters— proactive outreach to database of target companies and organizations. Can use a standardized ‘cover’ email to send the newsletter.
- Can have short, introductory texts and then link to longer content to keep actual newsletter brief.
- Low cost, increasingly popular way of outreach.

# Client Relationship Management (CRM) Tools

- A good CRM is an invaluable tool to create contact databases, track inquiries and responses, and generally manage relationships with potential and actual investors.
- A good CRM also allows you to create reports on your activities and helps you monitor progress towards your goals.

Which Investor Tracking System Best  
Fits Your Investment Promotion  
Organization?



# Investment promotion is a long cycle business

## Investors

Important company decisions  
Made by several decision makers  
Over several months, if not years  
Typically following a comprehensive evaluation procedure

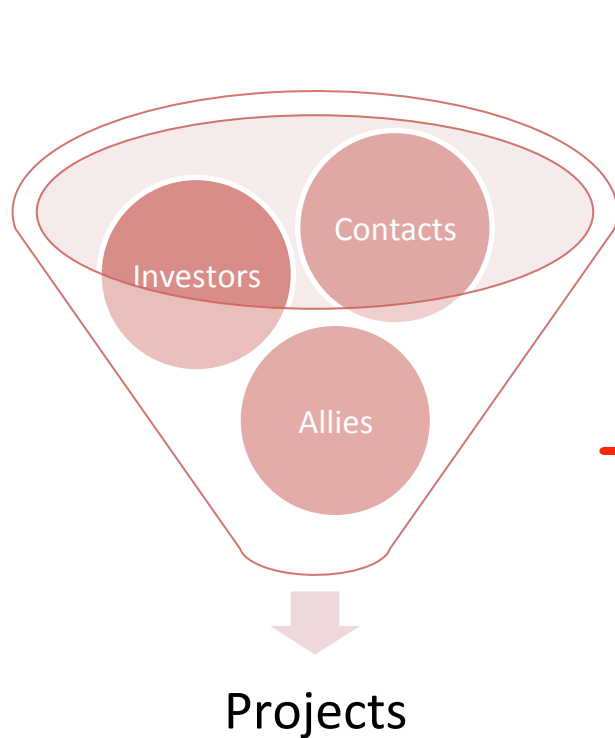
## ITS - Investment Promotion Intermediaries

Provide quality service  
Sustained over long periods  
Most likely by different staff (due to turnover)

**ITS: build and record relations**

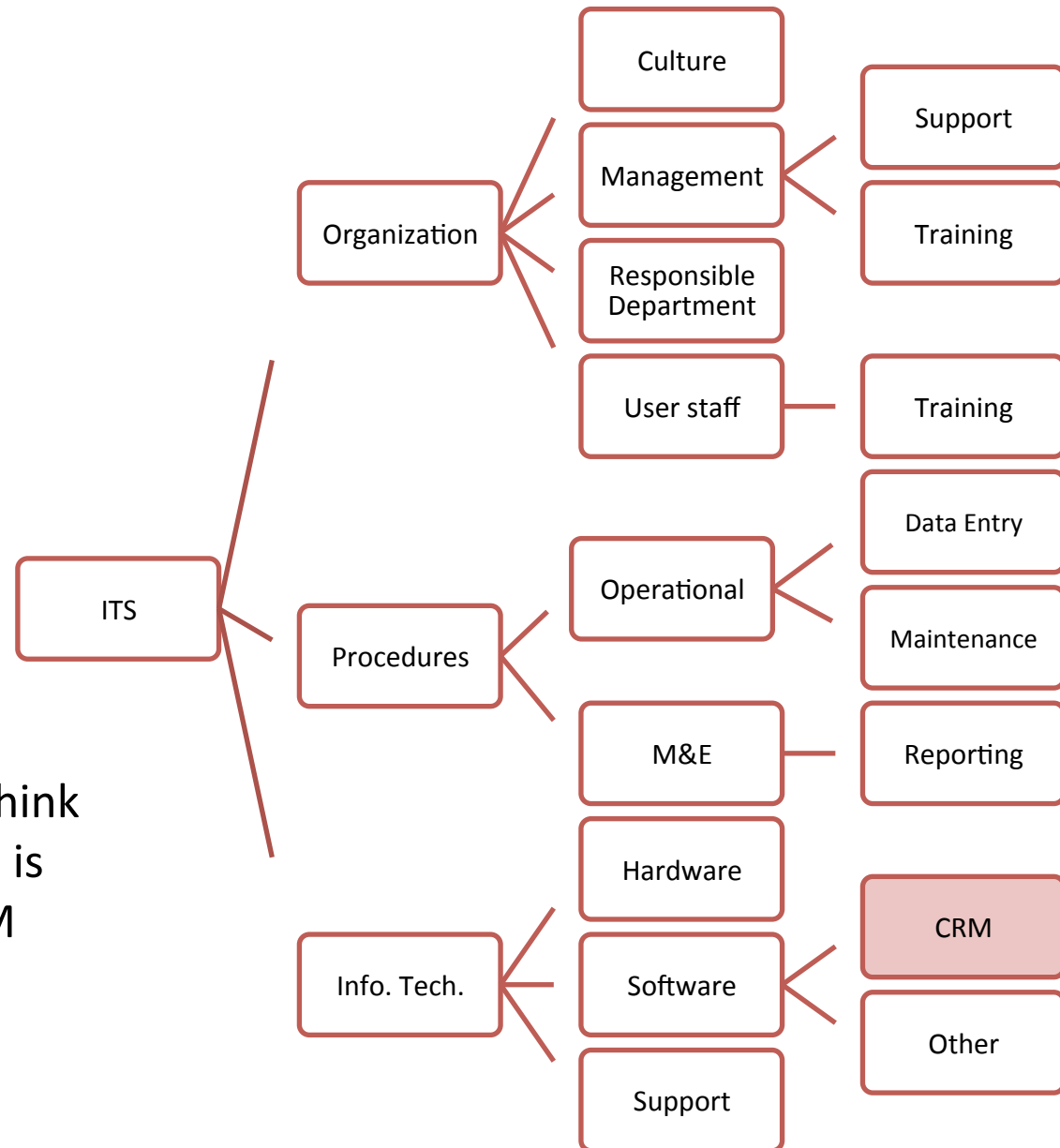
# What is an ITS?

Comprehensive framework to track current and prospective investors and IPI/Investor relationship across project life cycle



- Provide consistent, professional, on time service to investors
- Build relationship throughout the investment cycle
- Access and share real-time information about investors
- Monitor, analyze, and report
- Track partners and networking contacts
- Retain institutional memory

# Factors Driving Successful ITS



- Warning: Do not think that an ITS project is simply buying CRM licenses

# Factors Driving Successful ITS Implementation

- Organization
  - Culture and structure prepared for change in the way staff do things
  - Management that passionately advocates and uses ITS
  - User training, coaching, support
- Procedures
  - Develop policies and procedures reflecting the capacity/needs of the IPI
- Information Technology
  - Consider IT readiness and proficiency when selecting software
  - Hardware, other add-on software ?
  - Assess on-ground technical support services
  - Ensure active implementation of ITS software

# ITS Implementation

## Phase I Software Selection

1. Understand software attributes

2. IPI Requirements & Readiness

3. Select software

## Phase II Design & Procurement

Design: Database +  
Procedures + Reports

Procurement:  
Hardware + Software

## Phase III Installation & Training

Installation:  
Hardware + Software

Training: Users +  
Managers + IT Staff

Fine Tuning: Database  
+ Procedures + Reports

## Phase IV Maintenance

Technical Support

User Coaching

Retraining + Training  
of new staff

Further fine tuning

# Three steps provide building blocks to selecting ITS Software

## Software Selection

Software Attributes

Budget  
Timeframe

IPI Requirements  
& Readiness

On-Demand  
On-Premise

Sophistication  
levels

8 variables

See [Which ITS is Right for Your IPI](#) manual for details of each step

# Investor Tracking System Software

- Factors accounting for increased popularity of ITS software:
  - Rise in internet-based office applications
  - Development of a web-based option at a lower costs
  - Easier-to-use software
  - Worldwide support services, web-based learning tools, online resource libraries, and other helpful resources

ITS software is typically referred to as *Customer Relationship Management (CRM)* software

# ITS Software in the Investment

Feature of an ITS	Lead Generation & Outreach	Investment Facilitation	Servicing / Aftercare	Policy Advocacy	Image Building
Contact Database	X	X	X	X	X
Website and Telephony Integration	X	X	X	X	X
Mail Merge Campaign	X			X	X
Activity & Response Tracking	X	X	X	X	X
Workflow Automation	X	X	X	X	X
Marketing Campaign	X			X	X
Telemarketing	X				X
Campaign Results Tracking	X			X	X
Investment Opportunities Identification	X				
Web-to-Lead Capture	X	X			
"Problem Tickets" Tracking		X	X		
Resolution Tracking		X	X		X
Constraint Reports		X	X	X	
List of Opportunities	X	X	X		
Reporting and Dashboard	X	X	X	X	X
ROI Analysis	X	X	X	X	X



# Selecting the ITS Software

- When selecting ITS software, the IPI must accomplish the following:
  - Step 1: Understand attributes of ITS/CRM software
  - Step 2: Understand IPI Requirements and Readiness
  - Step 3: Match Software with IPI Requirements

# Step 1: Understand Attributes of ITS/ CRM Software

- Distinguishing factors that differentiate software products:
  - On-demand versus on-premise
  - Software features and their level of sophistication

# Step 1: Understand Attributes of ITS/ CRM Software – On-Demand vs. On-

	On-Demand	On-Premise
Architecture	Multi-tenant software	Distinct, multi-user software
Location	Remote	Local
Access	Via the Web	Via the desktop
Hosting	Hosted	On-premise
Charges	Monthly subscription fee	License fee

# Step 1: Understand Attributes of ITS/CRM Software – On-Demand vs. On-Premise

- Factors to consider when deciding between on-demand and on-premise:
  - Internet connectivity
  - Worker location and mobility
  - Customization needs
  - Payment preference
  - Cost considerations

# Some Popular ITS/CRM Systems

- MS Dynamics
- Sales Logix
- Goldmine Premium
- ACT!2009
- MS Access
- MS Outlook
- MS Excel

# Some Popular ITS/CRM Systems

- Sugar Enterprise
- Sugar Professional
- SageCRM.com
- Salesforce Unlimited
- Salesforce Professional
- Gmail
- Google Docs

# Step 2: Understand IPI Requirements & Readiness

- This process can be undertaken by completing the following tasks:
  1. Create a selection task-force team
  2. Undertake a strategy meeting around the selection process
  3. Complete the [Self Assessment Tool and IPI Readiness for ITS](#) questionnaire to determine IPI needs (current and future)

# Getting Started

- Information is the backbone of all investment promotion activities. Build a strong Database (DB)
  - [Essential DB Information Checklist](#)
- Use ITS software to concentrate, organize, and manage information efficiently at the right level of sophistication
  - [Incremental ITS Solutions Matrix](#)
- Use this opportunity to review IPI's immediate and long term goals and how these can be achieved!



# ITS/CRM IS ONLY A TOOL

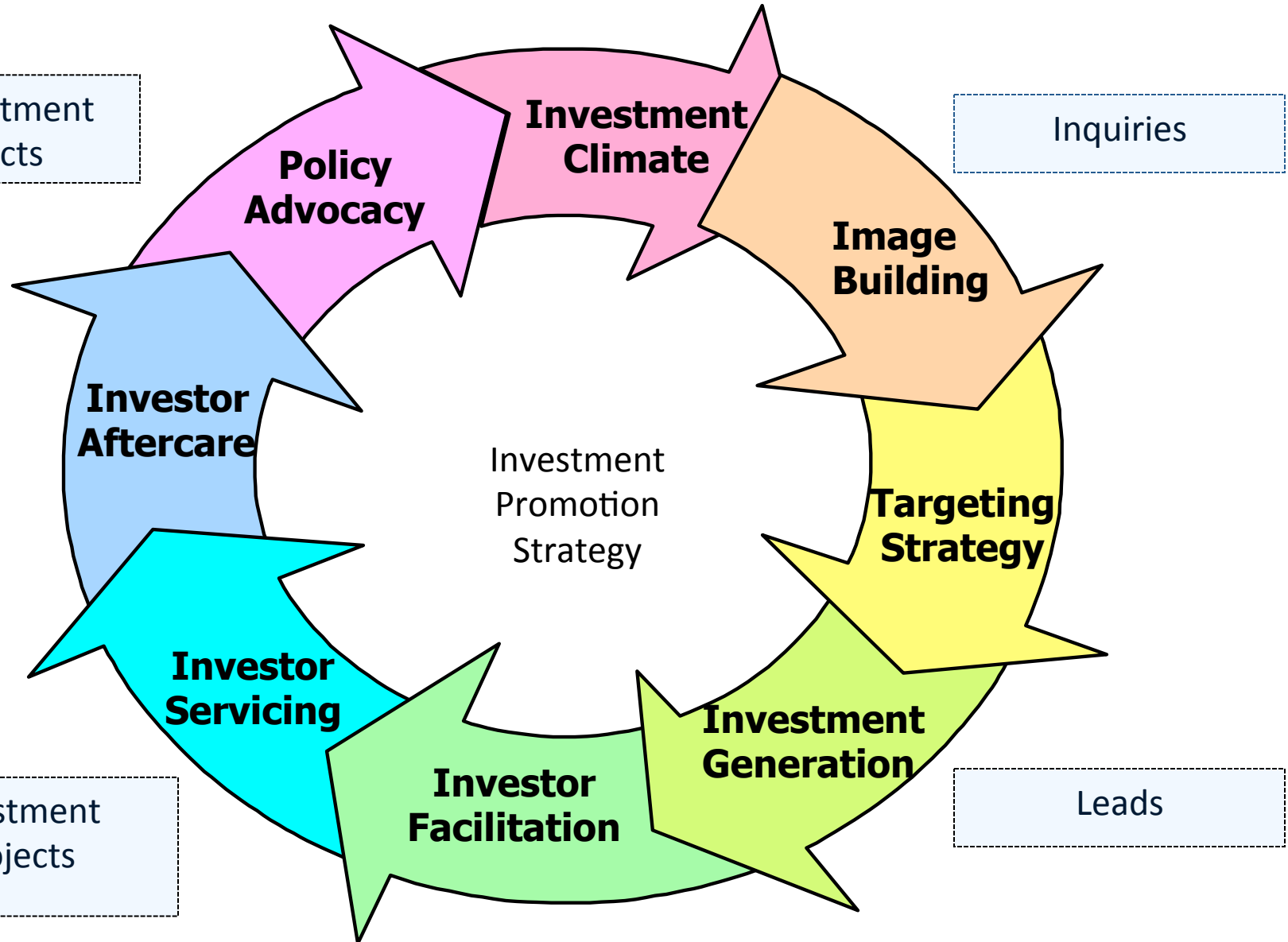
- No system substitutes for the actions of the users.
- ITS does not manage itself:
  - What you get out of the system, depends on what you put in.
- The quality of the data, the regularity of the updating is absolutely vital.
- Before you spend money on a new system, be sure to understand why your previous system did not meet your needs.

# **Moving from Talk to Action: Putting it All Together**

# Putting it all together—moving from talk to action!

- Over last two days we have covered everything from developing a strategy, an investment promotion plan, the tools and techniques needed to identify and target investors and move forward with active investment promotion.
- As a reminder, let's take one more look at what is involved in investment promotion:

# Investment Promotion Cycle



# Next Steps (1)

- Moges Mesfin is the key local MCI contact person.
- Mekelle Investment Promotion Team will work closely with Moges and other MCI specialists over the coming year.
- Moges and MCI team in New York will be setting up a work program with you over the next few weeks.
- There will be calls and e-mail exchanges organized by Moges and MCI specialists to discuss progress, issues and plans on a regular schedule.

## Next Steps (2)

- Moges and MCI specialists will be working closely with Joerg and Karin to organize investment days in Addis Ababa (2012) as well as in Helsinki (2013)
- The entire team of MCI will be available to provide advice and assistance on all matters pertaining to investment promotion tools, techniques and related matters.

***Thank you!***

From the MCI team (in alphabetical  
order)

Karin Millett

Moges Mesfin

Joerg Simon