

**MANUAL**  
AUGUST 2017



**TPSA** | CANADA-INDONESIA TRADE AND  
PRIVATE SECTOR ASSISTANCE PROJECT



# Guidelines for Handling Investor Enquiries

**Canada**

Program undertaken with the financial  
support of the Government of Canada  
provided through Global Affairs Canada

IN PARTNERSHIP WITH



INDONESIA INVESTMENT COORDINATING BOARD

**WAVTEQ**

Data | Technology | Consulting



**INVESTMENT  
CONSULTING ASSOCIATES**



## **Guidelines for Handling Investor Enquiries**

*Prepared by WAVTEQ and Investment Consulting Associates*

WAVTEQ is a global consulting and technology company focused on helping governments worldwide attract foreign direct investment (FDI). Investment Consulting Associates (ICA) is a global location strategy, incentive management, and economic development and FDI advisory firm.

### **About the TPSA Project**

The Canada–Indonesia Trade and Private Sector Assistance (TPSA) Project is a five-year, C\$12-million project funded by the Government of Canada through Global Affairs Canada. The project is executed by The Conference Board of Canada, and the primary implementation partner is the Directorate General for National Export Development, Indonesian Ministry of Trade.

TPSA is designed to provide training, research, and technical assistance to Indonesian government agencies, the private sector (particularly small- and medium-sized enterprises, or SMEs), academics, and civil-society organizations on trade-related information, trade policy analysis, regulatory reforms, and trade and investment promotion by Canadian, Indonesian, and other experts from public and private organizations.

The overall objective of TPSA is to support greater sustainable economic growth and reduce poverty in Indonesia through increased trade and trade-enabling investment between Indonesia and Canada. TPSA is intended to increase sustainable and gender-responsive trade and investment opportunities, particularly for Indonesian SMEs, and to increase the use of trade and investment analysis by Indonesian stakeholders for expanded trade and investment partnerships between Indonesia and Canada.

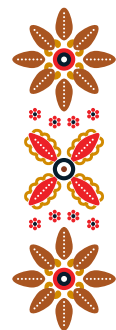
©2017 TPSA Project





# Table of Contents

<b>Importance of Investment Promotion and Facilitation</b>	<b>1</b>
Why Attract Foreign Direct Investment?	1
What Is Investment Promotion?	1
Why Does Investment Promotion Work?	2
What Is the Impact of Investment Promotion?	4
<b>Investor Enquiry Handling and Follow-Up</b>	<b>5</b>
Importance of Enquiry Handling	5
Four Key Dimensions of Enquiry Handling	5
Availability and Reachability	6
Responsiveness and Enquiry Handling	7
Response Quality	8
Customer Care	10
Best Practices in Enquiry Handling	11
Guidelines for Enquiry Handling	13
First Response to an Initial Enquiry	13
Second Response—Deliver a Personalized Information Package	15
Third Response—Follow-up on the Information Package	16
Fourth Response—Final Communication of the Initial Response	16
Fifth Response—Continuous Follow-Up	16
<b>Investor Meetings</b>	<b>18</b>
Importance of the Investor Meeting	18
Guidelines for Investor Meetings	18
Before the Meeting	18
Arriving at the Meeting	20
During the Meeting	20
After the Meeting	21
<b>Organizing the Site Visit</b>	<b>23</b>
Importance of the Site Visit	23
Guidelines for Site Visits	24
Before the Site Visit	24



During the Site Visit .....	27
After the Site Visit .....	28
<b>MOUs and Securing the Investment .....</b>	<b>29</b>
The Challenge of Securing Investment .....	29
Guidelines for Securing MOUs and FDI Successes .....	30





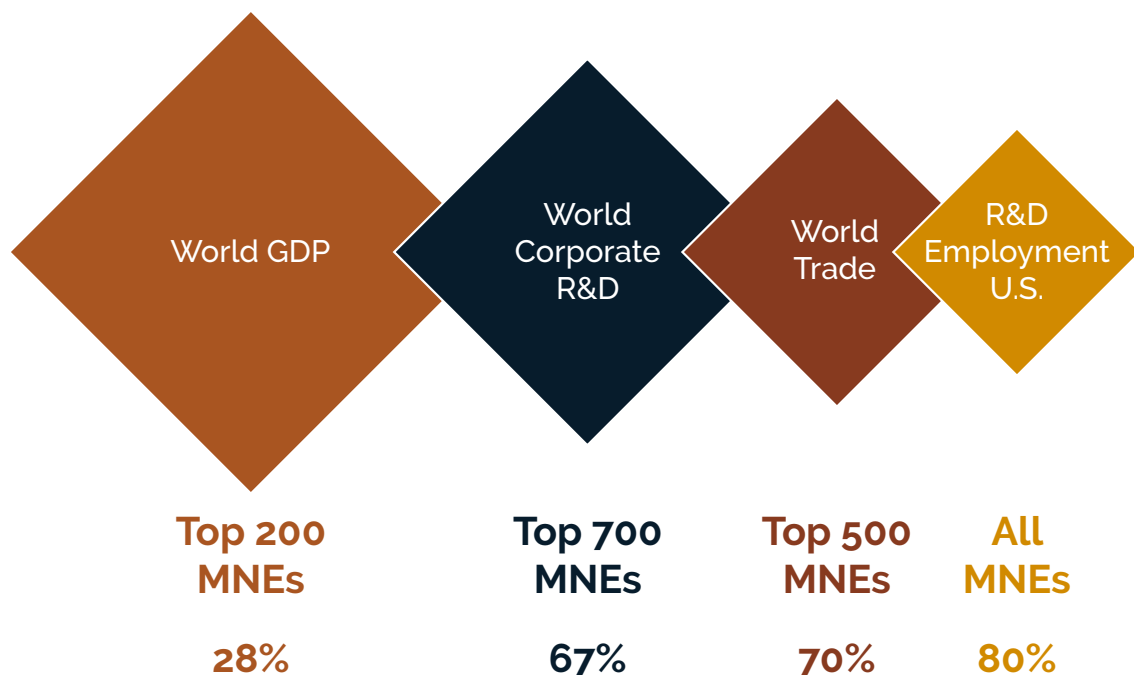
# Importance of Investment Promotion and Facilitation

## Why Attract Foreign Direct Investment?

Multinational enterprises, or MNEs, play a critical role in the global economy and in economic development. As Exhibit 1 shows, the world's top 500 companies control 70% of world trade and the top 700 companies account for two-thirds of corporate research and development (R&D) spending worldwide.

Attracting foreign direct investment (FDI) and creating linkages with foreign investors not only provide new capital investment and job creation, but are critical to access global trading and innovation systems.

### EXHIBIT 1: THE ROLE OF MULTINATIONAL ENTERPRISES IN THE GLOBAL ECONOMY



Source: Adapted by WAVTEQ from multiple sources.

## What Is Investment Promotion?

Investment promotion refers to all the activities that economic development organizations (EDOs) and investment promotion agencies (IPAs) undertake to attract FDI to their jurisdiction and encourage foreign investors to continue to invest and expand. Investment promotion activities can be categorized into four main types, as shown in Exhibit 2.



## EXHIBIT 2: FRAMEWORK FOR INVESTMENT PROMOTION



Source: Henry Loewendahl, "A Framework for Investment Promotion," *Transnational Corporations* 10, no. 1 (April 2001).

### Why Does Investment Promotion Work?<sup>1</sup>

Image, brand awareness, and perception are major factors influencing the location of FDI. Companies make investment location decisions based on their pool of information and understanding of what an area's location has to offer.

When deciding where to locate an investment, the information base used by MNEs is far from perfect, and the decision-making process can be subjective and biased.<sup>2</sup> It is an often-bureaucratic process that may be affected by imperfect competition, distorted risk perceptions, and political rivalries between affiliates of MNEs. Furthermore, many companies outsource location assessment to specialist site selectors and other advisors who are typically risk-averse in the locations they recommend for consideration.

There are also very proactive and highly professional IPAs who already have senior-level relationships with many major companies. Therefore, these companies are more likely to consider those agencies' locations. The implication, as the International Finance Corporation (IFC) argues, is that:

**"Most companies consider only a small range of potential investment locations. Many other countries are not even on their map."<sup>3</sup>**

<sup>1</sup> This section is based on Henry Loewendahl, "A Framework for Investment Promotion," *Transnational Corporations* 10, no. 1 (April 2001).

<sup>2</sup> UNCTAD, *World Investment Report 1999: Foreign Direct Investment and the Challenge of Development* (New York and Geneva: United Nations, 1999), xxvii.

<sup>3</sup> International Finance Corporation, *Foreign Direct Investment, Lessons of Experience Series*, Vol. 5 (Washington, D.C.: International Finance Corporation, 1997), 49.

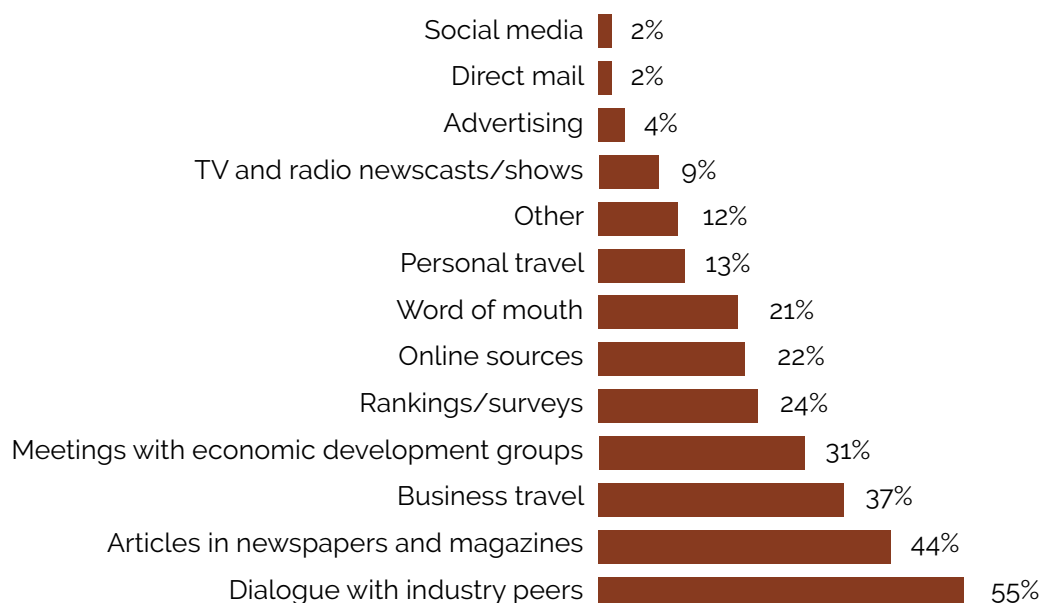




The importance of the activities of EDOs and IPAs can be seen in recent investor surveys such as the one conducted by Development Counsellors International (DCI) of 356 corporate location decision-makers, which found that newspaper and magazine articles and meetings with EDOs and IPAs were two of the four most important factors influencing an executive's perception of an area's business climate for inward investment. (See Chart 1.)

This demonstrates the importance of proactive investment promotion, especially marketing and lead generation activities, to help put a location on the investor's map.

#### **CHART 1: LEADING SOURCES OF INFORMATION INFLUENCING EXECUTIVE PERCEPTIONS OF AN AREA'S BUSINESS CLIMATE**



Source: *Development Counsellors International, Winning Strategies in Economic Development Marketing: A View From Corporate America (New York: DCI, 2014).*

Time is money for an investor, and setting up a new enterprise in a foreign country can be a complex and time-consuming process. Foreign investors need to engage with government.

According to a 2015 Economist Intelligence Unit survey of 155 senior corporate executives in companies worldwide, 51% of corporate executives rely on resources provided by local governments and chambers of commerce to establish overseas operations. Based on the survey results, the Economist Intelligence Unit concluded that:

**“Governmental support for corporate overseas expansion plays a crucial role across all key areas.”<sup>4</sup>**

<sup>4</sup> The Economist Intelligence Unit, *Corporate Overseas Expansion: Opportunities and Barriers* (London: The Economist Intelligence Unit, 2015), 12.



## What Is the Impact of Investment Promotion?

Studies have found that investment promotion activities have a major impact on FDI:<sup>5</sup>

- The net present value of proactive investment promotion is almost US\$4 for every \$1 expended.
- A 10% increase in an investment promotion budget leads to a 2.5% increase in FDI flows.
- There is a two- to five-year time lag for the impact of increased promotion to feed through to increased FDI, which shows that investment promotion activities need to take place as part of a two- to three-year strategy and evaluation cycle.

Research on the impact of FDI shows that:

- A US\$1 increase in FDI leads, on average, to at least an additional US\$1 in domestic investment (based on IFC studies).
- One direct FDI job leads to 1.6 additional domestic jobs through production linkages between FDI and local sectors.<sup>6</sup>
- The multiplier impact on manufacturing investment is, on average, around US\$3 per US\$1 of FDI, but the impact varies considerably across different countries and is project-specific. The multiplier impact can be even higher in other sectors.<sup>7</sup>
- Recent research in the United States has also shown that one direct FDI job creates one additional job.<sup>8</sup>

The economic development impact of FDI can therefore be much bigger than the direct impact on jobs, investment, taxes, exports, and foreign-exchange earnings. The contribution that foreign investors make to the economy is strongly influenced by government policy through attracting high-quality investment and supporting supply-chain linkages, skills development, and other positive spillover benefits.

---

<sup>5</sup> See: Louis T. Wells, Jr. and Alvin G. Wint, *Marketing a Country: Promotion as a Tool for Attracting Foreign Investment*, Foreign Investment Advisory Service Occasional Paper No. 1 (Washington, D.C.: The World Bank, 1990); Louis T. Wells, Jr. and Alvin G. Wint, *Facilitating Foreign Investment: Government Institutions to Screen, Monitor and Service Investment From Abroad*, Foreign Investment Advisory Service Occasional Paper No. 2 (Washington, D.C.: The World Bank, 1991); Alvin G. Wint, "Promoting Transnational Investment: Organising to Service Approved Investors," *Transnational Corporations* 2, no. 1, 71–90; Louis T. Wells, Jr. and Alvin G. Wint, *Marketing a Country: Promotion as a Tool for Attracting Foreign Investment*, Revised Report, Foreign Investment Advisory Service Occasional Paper No. 13 (Washington, D.C.: The World Bank, 2000); Jacques Morisset, *Does a Country Need a Promotion Agency to Attract Foreign Direct Investment? A Small Analytical Model Applied to 58 Countries*, Policy Research Working Paper No. 3028 (Washington, D.C.: World Bank, 2003); Jacques Morisset and Kelly Andrews-Johnson, *The Effectiveness of Promotion Agencies at Attracting Foreign Direct Investment*, Foreign Investment Advisory Service Occasional Paper No. 16 (Washington, D.C.: The World Bank, 2004).

<sup>6</sup> Selma Kurtishi-Kastrati, "The Effects of Foreign Direct Investments for Host Country's Economy," *European Journal of Interdisciplinary Studies* 5, no. 1 (2013), 29.

<sup>7</sup> The World Bank, "Estimating Economy-Wide Job Creation Effects," in *Jobs Study* (Washington, D.C.: IFC, 2014), 31. <https://www.ifc.org/wps/wcm/connect/f0be83804f7cdf68b7deff0098cb14b9/chapter3.pdf?MOD=AJPERES> (accessed July 31, 2017).

<sup>8</sup> Julian Richards and Elizabeth Schaefer, *Jobs Attributable to Foreign Direct Investment in the United States* (Washington, D.C.: Office of Trade and Economic Analysis, U.S. Department of Commerce, 2016).





# Investor Enquiry Handling and Follow-Up<sup>9</sup>

## Importance of Enquiry Handling

It typically takes 18 to 24 months from first contact with a new potential investor (or "lead") to the point where the company is considering your location for a concrete investment project. During this time, investors validate their business case with facts, figures, and qualitative information; thus, they often visit an IPA's website and may make many direct enquiries to the IPA.

All direct questions from potential investors are referred to as investor enquiries. The speed and professionalism of the IPA in responding to investor enquiries is critical to its success in attracting potential investors. Investor enquiries are the best opportunity for the IPA to influence company investment decisions, as there is a high level of interaction and communication between the IPA and the investor.

In most investment promotion agencies, up to 50% of qualified leads come from initial inbound investor enquiries. Increasingly, consulting firms representing potential investors are requesting detailed country information on behalf of those investors. These enquiries should be given the same priority as enquiries made directly by investors, as consulting firms advise potential investors (up to 40% of U.S. companies are planning to outsource their site selection process).<sup>10</sup>

A corporate investor may deal with hundreds of IPAs around the world on a consistent basis, so they understand which IPAs are working to international best practices. The quality of an IPA's enquiry handling may be perceived as a reflection of the location's quality (good or bad). This may result in an uphill battle from day one, and the investor may share a negative message about your IPA and location with the entire industry sector. As shown in Chart 1, dialogue with industry peers is the number one factor influencing an investor's perception of a location.

## Four Key Dimensions of Enquiry Handling

There are four key dimensions of enquiry handling:

1. **Availability and reachability:** How well can your IPA be reached by phone, e-mail, etc.?
2. **Responsiveness and handling:** How quickly does your IPA respond and in what way?
3. **Response quality:** What is the quality of the response your IPA provides?
4. **Customer care (ongoing):** How effective is the follow-up by your IPA?

Industry best practice is to combine all four dimensions in an integrated system that is continuously monitored for improvement by management. (See Exhibit 3.)

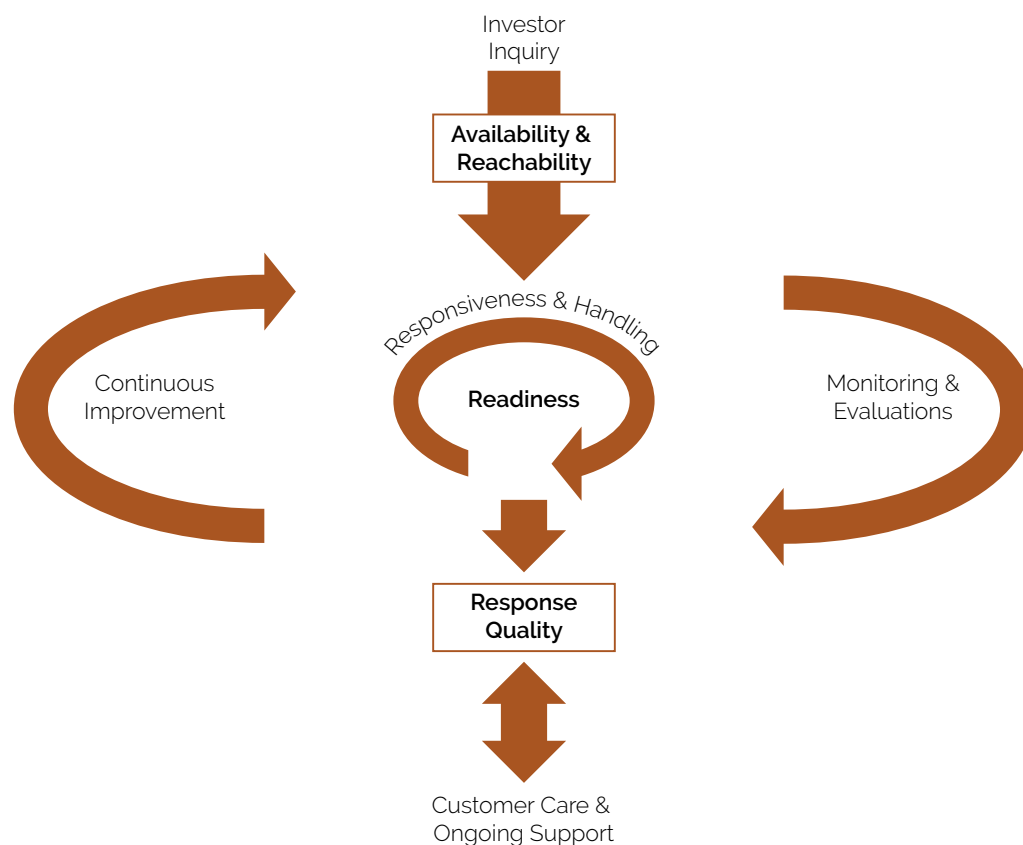
---

<sup>9</sup> This section uses information from ICA's FDI Academy training toolkits. See <http://ic-associates.com/> (accessed August 4, 2017).

<sup>10</sup> Development Counsellors International, *Winning Strategies in Economic Development Marketing: A View From Corporate America* (New York: DCI, 2014).



### EXHIBIT 3: DIMENSIONS OF AN INVESTOR ENQUIRY-HANDLING SYSTEM



Source: Investment Consulting Associates (ICA).

#### Availability and Reachability

Potential investors look for contacts on your website first, so make sure it is accurate, complete, and specific (e.g., organized by sector and country of investor). (See Table 1.)

**Table 1**

#### FEATURES OF GOOD AND BAD IPA WEBSITES

##### Good IPA websites have:

- complete contact information
- tailored contacts and content based on the IP address of the user
- pictures

##### Bad IPA websites have:

- no dialing code information
- no link under e-mail
- no confirmation after sending an enquiry
- a "contact us" link that is hard to find

Sources: WAVTEQ, Investment Consulting Associates (ICA).

If the appropriate project officer cannot take an incoming call, the staff member who answers should ask some basic questions to try to determine the nature of the enquiry (e.g., company name, enquiry, deadline). Never ask the caller to call back later. Rather, return their call at the earliest opportunity, and always within one business day.

If your IPA uses a generic contact e-mail address, regularly check the inbox and always acknowledge receipt of an enquiry within 24 hours.



Responding within the investor's specified time frame is highly desirable, but be realistic and agree upon realistic time frames with the investor for the provision of requested information. Always stay in close contact, update the investor, and keep to agreed-upon time frames.

All this may seem like common sense. However, the World Bank Global Investment Promotion Benchmarking (GIPB) study<sup>11</sup> found that:

- Only 165 of 181 targeted IPAs could be researched online via a website.
- Only 152 of those websites (for 84% of IPAs) provided a contact e-mail address.
- Just nine IPAs (5%) replied to an enquiry within 24 hours.
- Telephone numbers were found for just 150 of the 181 IPAs.
- Only 39% of IPAs could be reached immediately by phone.
- After three days of repeated attempts, only 102 of the 181 IPAs were reachable.

The GIPB study showed that:

### **79 IPAs miss out on FDI opportunities due to poor reachability.**

#### **Responsiveness and Enquiry Handling**

Responsiveness and enquiry handling refers to the way IPA staff or commissioners engage with potential investors over the telephone, by e-mail, and on social media. Best practices for IPAs include:

- rapidly providing accurate, timely information and, if possible, data;
- ensuring confidentiality of the investor's project and strategy at all times;
- limiting the number of people involved and signing a confidentiality or non-disclosure agreement if requested;
- gently encouraging a delegation to plan a site visit to Indonesia.

Key techniques to improve responsiveness and enquiry-handling capabilities include:

- confirming within 24 hours that you have received the investor's enquiry;
- providing a time frame within which a full response will be provided to the investor;
- listening, summarizing, and understanding the enquiry (in the event of a call);
- carrying out sector research (trends, new developments, etc.);
- involving subject matter experts if you lack specific knowledge;
- updating your IPA's customer relationship management (CRM) database.

These techniques and best practices will improve your responsiveness to enquiries and increase your IPA's success.

Responsiveness and enquiry handling are a core function of IPAs but too often, IPAs fail to deliver timely and high-quality responses. According to the World Bank GIPB study<sup>12</sup>:

- Only 53 IPAs submitted a response within the deadline of 10 working days set by the potential investors.
- This means that a foreign company that initially considered all 181 countries for their investment would have received data on only 29% of locations at this stage.
- Worse, only 24 IPAs (or 13% attempted to provide answers to all questions asked by investors.

Exhibit 4 shows the response of ISPAT (Invest Turkey) to an e-mail inquiry on investment by the United Kingdom in Turkey. ISPAT sent the response in less than four hours.

---

<sup>11</sup> World Bank Group, *Global Investment Promotion Best Practices 2012* (Washington, D.C.: World Bank, 2012).

<sup>12</sup> World Bank Group, *Global Investment Promotion Best Practices 2012* (Washington, D.C.: World Bank, 2012).



## EXHIBIT 4: EXAMPLE OF BEST PRACTICE: ISPAT (INVEST TURKEY) RESPONSE TO E-MAIL INQUIRY

### Have you any statistics on the scale of the United Kingdom's FDI into Turkey over the last 10 years?

The U.K. is one of the top investors in Turkey. In terms of FDI stock, the U.K. stands out as the second-largest direct investor in Turkey. During the past decade, U.K. companies invested approximately \$8.5 billion in Turkey.

#### FDI FLOWS FROM THE UNITED KINGDOM INTO TURKEY (\$ MILLIONS)

2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	Total 2007–2016
703	1,335	350	245	906	2,044	300	1,051	585	950	8,469

Source: Central Bank of the Republic of Turkey.

### Is the U.K. continuing to invest there, following events in the country over the last few months?

U.K. companies continue to invest in Turkey. In fact, the U.K. was the largest investor in 2016 at around \$1 billion, about 80% of which came after July 2016. Very recently, during Prime Minister May's visit to Turkey in January 2017, BAE Systems and Turkish Aerospace Industries (TAI) signed a £100 million deal to develop a Turkish combat jet (<https://ukdefencejournal.org.uk/britain-turkey-sign-100m-deal-develop-turkish-combat-jet/>). We are also in talks with other U.K. companies that are in the process of investing in Turkey.

### What have been the significant investments from the United Kingdom into Turkey over the last 25 years?

There are around 3,000 U.K. companies with investments in Turkey. Vodafone, Rolls-Royce, BAE, Diageo, HSBC, GKN, and BP all have significant investments in Turkey. Vodafone is the second-largest mobile operator in Turkey, and BAE has a joint venture with a local company (<https://www.fnss.com.tr/>).

### Is the United Kingdom also a significant portfolio investor in Turkey? If so, are there any specific funds?

As of December 2016, there were 415 U.K. portfolio investors in Turkey, which is the second-largest number after U.S. investors. The value of investment by U.K. portfolio investors in Turkey was \$6.8 billion as of December 2016. Notable investors are Aberdeen Asset Management and Baillie Gifford.

Source: WAVTEQ.

### Response Quality

While a speedy and professional response to enquiries is critical to success in attracting FDI, so is the quality of the response provided to investors.

It is best practice to answer all the investor's questions and to organize the response in such a way that the investor can readily locate the answers to questions it has posed.



Here are some techniques to improve the quality of your response:

- Be concise and to the point.
- If a potential investor has a specific question, do not provide a full investor guide; instead, try to formulate a concise answer to that question.
- Provide reliable, sector-specific information with full sources.
- Use comparative data, case studies, and investor testimonials to support your promotion message.

Exhibit 5 shows an example of a concise and informative response by ISPAT, using infographics. Again, this response was sent out within four hours of the enquiry.

#### EXHIBIT 5: EXAMPLE OF BEST PRACTICE: ISPAT (INVEST TURKEY) RESPONSE TO E-MAIL INQUIRY



Source: Central Bank of the Republic of Turkey, Turkish Ministry of Economy, OECD, ITC, Invest in Turkey  
Stock of the UK FDI (2014), number of the UK firms (2016), trade covers goods (2016) and services (2015), tourism: average of the past 5 years.

Source: WAVTEQ, provided by ISPAT.

To make a final location selection, investors require quality information that is timely, reliable, and up-to-date. However, the World Bank GIPB study found that only one-third of IPAs provided well-informed and accurate information, including for specific sectors.<sup>13</sup>

Depending on the size and complexity of the investment, the investor may request information on topics such as the regulatory environment and investment incentives, site and property availability, local supplier quality, the number of graduates in certain disciplines, transport and communications infrastructure, energy resources and prices, labour costs, labour availability, and recruitment costs.

<sup>13</sup> World Bank Group, *Global Investment Promotion Best Practices 2012* (Washington, D.C.: World Bank, 2012).





IPAs should see the information they send to an investor as an “investor proposal.” This is a formal opportunity to position the location and the agency as a business solution in the mind of the investor.

Few IPAs fully exploit this opportunity to differentiate themselves and their offer. A proposal is a sales document, not a “how to invest,” “market research,” or “real estate review” document. Key elements of the proposal as a sales document are shown in the template in Exhibit 6.

## EXHIBIT 6: TEMPLATE FOR DEVELOPING AN INVESTOR PROPOSAL

Method of response	Is a formal report needed, or will a presentation with a few slides of data be enough?
Cover and contents	Date, report status (draft/final), project name, logo and name of agency, contents page
Introduction	Introduction to the proposal, history of contacts, context of the proposal and the company
Key issues	Demonstrate your understanding of the sector and industry issues
The project brief	Revisit your understanding of the project objectives and requirements
The location X solution	Demonstrate the business case and the value proposition, with sections for each benefit
Project team and resources	Mandate, key services, previous experience working with similar companies, key contacts for this proposal
Existing investors and references	Provide evidence of the sector in the city, with list and/or case studies of existing investors with testimonials
Why location X	Provide five key reasons the company should invest and include the support your organization can provide
Follow-up action	Suggested timetable for follow-up actions, e.g., site visit, processing permits, and licenses
Appendices — supporting information	Additional data, maps, information on sites, regulatory environment, and other technical information required

Source: OCO Global Limited.

## Customer Care

Customer care or account management is an important way to stay in contact with potential investors, yet it is neglected by many IPAs. The World Bank GIPB study<sup>14</sup> found that:

- Only 14 of 181 IPAs made ongoing efforts to promote their location by providing reasons for the project to go forward.
- Only 8% of all IPAs made an effort to proactively promote their location.
- Only 10 of 181 IPAs consistently checked to ensure that their responses had been received.
- Only six IPAs asked for the investor's reaction and inquired about the progress of the project.

<sup>14</sup> World Bank Group, *Global Investment Promotion Best Practices 2012* (Washington, D.C.: World Bank, 2012).





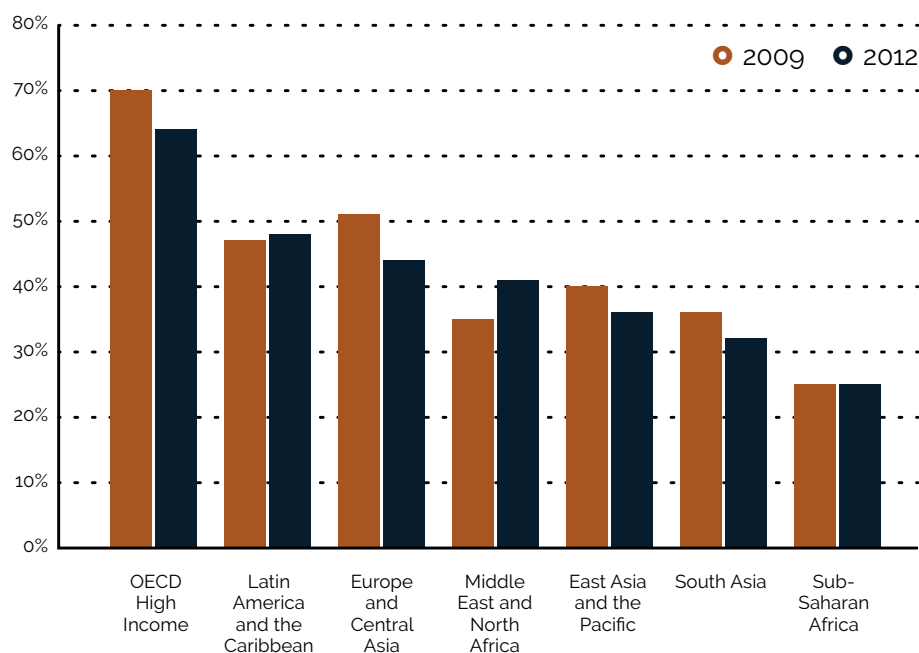
Only 3% of IPAs worldwide provide consistent, high-quality responses to investor enquiries. BKPM needs to be one of these IPAs.

## Best Practices in Enquiry Handling

Chart 2 shows the share of IPAs with a high score for enquiry handling by region. OECD high-income countries handle enquiries much better than other regions, while only 30–40% of Asian IPAs have a high score for enquiry handling. The quality of enquiry handling declined among Asian IPAs in 2012.

### CHART 2: TRENDS IN GLOBAL INVESTMENT PROMOTION BENCHMARKING

(% of IPAs with a high score for enquiry handling, regional average)



Source: World Bank Group, Global Investment Promotion Best Practices 2012 (Washington, D.C.: World Bank, 2012).

The top-performing IPAs in the world for enquiry handling, in ranked order, were:

1. PRONicaragua (Nicaragua)
2. Hungarian Investment and Trade Development Agency
3. Invest in Greece
4. Invest in Finland
5. Cyprus IPA
6. InvestHK (Hong Kong)
7. ABA—Invest in Austria
8. Invest in Sweden Agency
9. AICEP Portugal Global
10. Invest in Denmark

Many of these countries are the best in the world at attracting FDI (relative to their size) or have some of the highest rates of growth of FDI into their country. Exhibit 7 provides a case study of best practice in enquiry handling by PRONicaragua.



## EXHIBIT 7: BEST PRACTICE IN ENQUIRY HANDLING: PRONICARAGUA

### About the IPA

PRONicaragua is the official investment promotion agency of the government of Nicaragua. The agency was created in 2002. It is a public-private, non-profit institution that is under the sectoral rectorry of the Presidency of the Republic, with the mission of contributing to the country's economic development. Its organizational structure includes:

- market intelligence and communications
- investment promotion
- aftercare service
- back office

The team is comprised of multilingual, internationally trained, locally experienced professionals. The agency has a staff of 27 people with an average age of 30.

### Investor Service Offerings

PRONicaragua provides:

- general information on regulations, legal framework, business opportunities, and key investment information;
- facilitation services: assisting companies with their assessment by providing and helping to analyze information that is specific and tailored to their operational needs;
- organization of customized site visits to learn about the reality on the ground and meet key public- and private-sector contacts;
- introductions to local companies for possible joint ventures, identification of suppliers, and other forms of business alliance;
- assistance with identifying the ideal real estate options specific to the project's needs;
- aftercare services to support companies throughout the entire setup process and the operational phase, and assistance identifying the main problems affecting investors in order to improve the business environment.

### Plan to Improve Enquiry Handling

Motivated by the results of the 2009 GIPB, PRONicaragua decided to develop a work plan aimed at earning a top five position in the World Bank's next evaluation. Ten initial guidelines were developed by the agency's market intelligence department to evaluate investor enquiry handling:

1. responding to the inquiry in 24 hours or less;
2. suggesting the investor visit PRONicaragua's website to access additional information and video testimonials;
3. providing a deadline for sending the information package;
4. complying with the deadline provided;
5. sending the information package in seven days or less;
6. following up with the investor within seven days of sending the information package;
7. requesting confirmation that the information package was received;
8. offering a conference call with the investor to discuss their requirements in more detail;
9. suggesting a country visit;
10. general follow-up.

Source: Investment Consulting Associates (ICA).



**“Investment facilitation is important because it may well be the most effective opportunity a country has to positively influence an investor.”**

(Investment Consulting Associates)

Summary of best practices in enquiry handling:

1. **Provide effective assistance:** Investors need the agency’s support in setting up meetings, visiting potential sites, identifying local partners, and getting a real sense of the investment climate in the country.
2. **Fulfill the promise:** Once the IPA has convinced a company that its country is the ideal place to invest, it must deliver on and stand by that promise, providing aftercare services and working on improving the business climate.
3. **Have the right skills in place:** Enquiry handling is not only about how IPA staff interact with a potential investor but also the extent to which IPA staff:
  - understand the IPA’s priority sectors;
  - conduct research on the competitiveness of Indonesia;
  - possess project management skills, knowledge, training, and marketing capability.
4. **Be prepared:** Store and update your sector and business intelligence and have the information ready for when a new enquiry comes in. This creates efficiency and saves time in order to comply with the investor’s deadline.
5. **Be precise and concise:** Do not provide the investor with an overload of existing materials, but answer their questions in a concise way by providing tailored information.
6. **Self-evaluate:** Investor enquiry handling seems like a straightforward process, but many IPAs miss out due to poor reachability, responsiveness, quality of their response, and/or customer care.

You have a target too, so direct the investor to the next stage and invite them for a site visit.

## Guidelines for Enquiry Handling<sup>15</sup>

### First Response to an Initial Enquiry

#### 1. Respond within one business day of receiving an enquiry.

Investor enquiries can come from many sources, including:

- website enquiries;
- inbound telephone calls;
- e-mail—either a general enquiry (e.g. info@ e-mail address) or one addressed to a specific staff member;
- LinkedIn or other social media messages;
- referrals from another company;
- referrals from another government agency or stakeholder;
- enquiries from location advisors;
- conversations with a company at a trade show, an event, or on a flight.

Wherever the enquiry comes from, best practice is to respond to the enquiry during the next business day (or within 24 hours).

#### 2. Establish clear protocols for who will send the response.

A quick due-diligence review of the enquiry will determine who should send the first response. Best practices from other IPAs include:

---

<sup>15</sup> These guidelines are based on WAVTEQ and ICA experience working with foreign investors and the best practice case study of PRONicaragua.



- For most general enquiries, IPAs will typically assign the enquiry to the relevant geographic/area desk at the IPA. For example, if the enquiry is from the United States, then the manager for the U.S. market should respond.
- If a detailed enquiry comes in from a large or strategically important company, and the company appears to have a concrete FDI project (not just a general enquiry) in mind, then the relevant sector team at the IPA may need to be involved in responding to the enquiry, though typically it will still be the geographic/area desk sending the initial response.
- If the enquiry is from a very large or strategically important company, and the enquiry comes from a decision-maker at manager level or higher in the company, then a staff member at director-level or higher at the IPA should send the response. This could be the director of the geographic/area desk, the director of investment promotion, the deputy CEO/DG, or even the CEO/DG in exceptional cases. This will demonstrate the seriousness with which the enquiry is being handled by the IPA and ensure that the enquiry is prioritized.
- For enquiries from small companies that appear to have limited potential for FDI, most IPAs will typically have a junior member of the investment promotion team respond.

### 3. Respond in a personalized way.

The first response to an investor is very important, as it is the first impression the investor will receive of the IPA. That first e-mail should be personalized and directed to the person who made the enquiry. It should be written to express interest on the part of the investment promotion advisor.

Example:

*Dear XX,*

*Thank you very much for visiting our website. The information available there is general, but I can gladly prepare an information package that will address the areas of interest you mentioned...*

### 4. Provide an overview of the country and sector.

It is important to maximize every contact with the investor. The IPA should have documents and attachments available that can be sent with the first e-mail response, especially if the investor requests specific information that will take some time to prepare. Thus, the investor will receive at least some information prior to the detailed response.

The initial e-mail should include the key information within the body of the e-mail, not simply as an attachment. The example provided earlier from ISPAT (Invest Turkey) shows a high-impact infographic that was embedded into the initial e-mail response, accompanied by an attached PDF document with more information on Turkey. Even if the investor does not read the attachment, they are likely to read the infographic and get the key information and sales messages.

The reality is that many investors are unlikely to open a PDF of a general sector or country brochure, so the content provided within the e-mail is very important.

#### Avoid sending:

- very general or extensive information (most investors are unlikely to read documents that are more than 10 pages in length);
- information that is very specific or that requires an explanation in order to be understood;
- information in other languages;
- large documents (over 5MB).



## **5. Provide and meet a deadline for delivery of the information package.**

The maximum amount of time elapsed before a reply is sent to an investor's specific questions should be five calendar days from the date the initial enquiry was received. If the requested information is not extensive and can be delivered sooner, then it should be: "The sooner, the better."

On the other hand, if the requested information is highly specific and extensive, any readily available information should be sent prior to the fifth day, accompanied by an offer to send the remaining information as soon as possible, preferably before the deadline. If the requested information is difficult to acquire, help should be requested (both internally within BKPM and externally) before the deadline expires.

## **6. Connect with the investor contact on social media.**

Social media is becoming very important to investment promotion activities, both for communicating with investors and for marketing and lead generation. After the initial response is sent to the investor, the investment promotion advisor should connect with their counterpart in the company on social media.

Social media is a key method IPAs can use to build personal relationships with decision-makers within companies. This is especially important as corporate executives change jobs frequently, so social media enables the IPA to keep in contact with the executive even if they leave the company—and maybe their next company will also be a potential investor.

But the importance of social media does make it essential for the IPA to include in its HR policies that staff must share their social media contacts with the IPA before they leave (investment promotion officers also change jobs often) so that the IPA does not lose all these connections. The CRM should also be used to record social media links for corporate executives as well as any communication with investors via social media (see below).

## **7. Update your CRM.**

The initial enquiry from the investor should be logged in the IPA's CRM system. The information typically logged should include:

- company name, website, sector, revenue, address;
- company priority (high/medium/low);
- contact person (name, position, telephone, mobile/cell, e-mail, social media links, address);
- account manager at the IPA who is responsible for handling the enquiry;
- date of the enquiry;
- source of the enquiry (website, telephone, event, etc.);
- enquiry status (not yet responded/awaiting response/response received/conference call planned/site visit planned/etc.);
- project status (FDI planned within two to three years/FDI planned within one year/current FDI project/announced FDI decision/selected another location/project cancelled/no FDI plans);
- all communication and information sent to the investor (documents can be uploaded).

## **Second Response—Deliver a Personalized Information Package**

### **1. Meet the deadline.**

The IPA should always comply with the promised deadline, working around any previously scheduled work, vacations, or special activities. Send the materials early if necessary to avoid timing conflicts: "Under promise and overdeliver."

### **2. Provide a high-quality, customized information package.**

The structure of the information package should be based on the specific questions posed by the investor. The investment promotion advisor, to the greatest extent possible, should respond to the investor's





enquiries in a clear, concise, and personalized manner, using the name of the company in the information package to draw the investor's attention. The IPA should already have clear templates for information packages to be provided to investors. These are not generic sector or country brochures or PowerPoint presentations, but a customized response to the investor's specific questions, based on research to help understand the company and their operations, strategy, and needs. Section 2.2.3 provides a template for sending a proposal to an investor.

### **3. Format the information package properly.**

All information packages should maintain a standard format. They should always be sent in PDF format and should not be larger than 5MB. A brief summary of the points that have been included in the document should be provided in the e-mail to encourage the investor to open the information package.

#### **Third Response—Follow Up on the Information Package**

##### **1. Follow up within seven days of sending the information package.**

The IPA should send an e-mail within seven calendar days after the information package is sent in order to follow up and provide additional information or assistance if required.

In this e-mail, the IPA must take the opportunity to ask if there are questions about the information that was sent, and request or propose a conference call to discuss further.

Corporate executives are extremely busy professionals, often traveling every week and receiving hundreds of e-mails every day. They can easily miss your e-mail.

If no response has been received from the investor two to three days after your follow-up e-mail, it is recommended that the following actions be taken:

- Use social media to make contact with the investor and ask if they have had time to review the information you sent and whether they have further questions or would be available for a conference call. LinkedIn is typically effective to reach investors from many countries.
- Phone your contact. Make three to five attempts to reach the contact by telephone and leave messages for them if they are not available.
- Send one more follow-up e-mail two to three days after the initial follow-up e-mail.

If the investor still does not respond, check that the decision-maker is still employed with the company (this is another reason to connect with the decision-maker on social media: so that you can remain in contact even if they leave the company) and find an alternative contact if they have left their job. If this yields no reply, it is likely the investor no longer has interest in investing and the CRM should be updated to reflect this.

#### **Fourth Response—Final Communication of the Initial Response**

Assuming the investor has responded to the third response, this fourth communication should be sent within 15 calendar days of the last communication to consult on project status, suggest a visit to the country, and offer to add the investor to the IPA's newsletter distribution list.

#### **Fifth Response—Continuous Follow-Up**

This fifth communication should be sent within 30 calendar days of the last communication to consult on project status and invite the investor to participate in a service survey about the support the IPA has provided (ideally online and having no more than five questions). This will assist the IPA in measuring their involvement and impact in attracting FDI.





This should not be the last e-mail or contact with the investor. The IPA should always look for opportunities or excuses to restart communication. For example:

- Share news relevant to the company.
- Share news relevant to Indonesia and BKPM.
- Invite them to a forum or local event.
- Request a face-to-face meeting if you visit the city where they are located.



# Investor Meetings<sup>16</sup>

## Importance of the Investor Meeting

Congratulations: The investor has agreed to meet with your IPA! This demonstrates that the investor has genuine interest in FDI in your country and is willing to offer up the valuable time of their senior corporate executives to meet with you.

The first investor meeting is a strategic opportunity for the IPA to learn more about the company and their investment plans and to position their country and the IPA as the ideal location and partner for the company to make a successful and profitable investment.

While there are general best-practice guidelines for investor meetings (see Section 3.2 below), the IPA needs to consider the business culture of the investor's country and of the specific company with which they are meeting. If the members of the IPA delegation attending the meeting do not understand and follow local business culture and protocols, it may ruin their chances to work with the company and secure their investments.

Very few IPAs actually understand how to do business in different countries and effectively conduct investor meetings. Often, the IPA loses an opportunity to work with a company because it did not prepare properly for a meeting or conducted the meeting in a way inappropriate to the local business culture and the specific company.

The IPA delegation should be fully briefed and trained on how to conduct business in the market they are visiting and on the do's and don'ts of the local business culture.

**"How an IPA prepares and conducts an investor meeting must take into key consideration the business culture of the country of the investor."**

(WAVTEQ)

## Guidelines for Investor Meetings

### Before the Meeting

#### **1. Assign a key account manager to the company and meeting program.**

Nominate a key account manager as the central point person and main contact for the company. Identify the other managers in government and stakeholder organizations that are likely to be important for this specific company and its potential investments.

#### **2. Conduct company research.**

Prepare an initial outline on the company, including their business strategy, operating structure, major issues, and company managers. Avoid heavy briefing material that will add little value to a meeting or outcome.

Ensure homework is done on the key managers being met. It can be equally important to know about the individuals as the company for this initial meeting.

---

<sup>16</sup> This section is based on WAVTEQ's experience accompanying IPAs to over 1,000 investor meetings in the major source countries for FDI. See [www.wavteq.com/publications](http://www.wavteq.com/publications) (accessed August 4, 2017) to download free country reports on how to attract FDI and conduct investor meetings.



### **3. Set your agenda and build your team.**

Identify the potential objectives and desired meeting outcomes for the IPA, both short- and long-term, and the business focus of the meeting.

Set the agenda well in advance and keep the objectives simple and attainable. Agree upon and confirm the agenda with the company.

Find out who will be attending the meeting from the investor's side. Note that in some countries, the companies will wait to find out who from the IPA who is attending before assigning executives to meet with the company. They may match up the size and seniority of their team with the team from the IPA.

Careful consideration is needed to determine who from the IPA will attend the meeting. If it's a major company and opportunity, a director-level official should attend, as well as the account manager who has been corresponding with the company. A sector expert should attend if they are clearly needed, but they should be fully briefed in how to conduct the meeting and the do's and don'ts, and any presentation they are making should be fully reviewed.

Keep the home team relatively small, identify key roles for the meeting, and do a dry run. The account manager should attend this practice meeting.

### **4. Prepare materials and check the gift policy.**

For preliminary meetings, the investor may not expect you to make a formal presentation. An advance outline plan for the structure of discussion should be sent to the investor for approval (if they have not already provided one).

If you do think a formal PowerPoint presentation is needed, check with the investor for their approval and find out whether they will provide a projector and other technical support and if the length of your presentation is appropriate.

One of the main pitfalls for many IPAs is delivering a long presentation at the first strategic meeting with an investor. In most cases, this is the wrong approach, as the initial meeting should be more about the IPA listening to the investor and seeking an understanding of their needs and questions.

Be very careful about what is presented to an investor. Keep any presentation short, focused, concise, and attractive in design. The presentation should ideally be 10 to 15 slides at most and take no more than 15 minutes to present. Using credible data sources from the investor's country will typically have a greater impact.

In some countries, such as Japan, Korea, and China, the presentation should be translated and printed copies handed out in the local language. Any other materials to be left with the investor should also be in the local language.

Also consider your gift policy: Is it culturally expected to provide a gift to investors at the meeting? This needs to be planned in advance, including determining what gifts to bring. If there is any uncertainty, check with your local embassy or the company about the cultural norms. In some countries, gifts are very common, but in others they are not allowed as a matter of company policy.

### **5. Secure local support and confirm logistics.**

Consider the language issues and whether you need an interpreter at the meeting. The interpreter must be someone with an in-depth knowledge of business and FDI.



Many IPAs (including most in the United States, Europe, and some Asian countries such as Hong Kong and Thailand) use the services of a specialist lead-generation consulting firm to help set up and support meetings. These firms handle all logistics, provide local coordination, and attend the meeting and provide interpretation by local experts in FDI attraction. They can also provide briefings on how to do business and conduct meetings in their country, help interpret the results of the meetings, and determine next steps. Tools such as [www.fdiprofessionals.com](http://www.fdiprofessionals.com) can help you identify a lead-generation consulting firm that specializes in assisting IPAs with in-market support and meetings.

Confirm the meeting venue and plan your travel arrangements in order to arrive in good time. Aim to arrive 15 minutes before the meeting in most countries. Take local traffic conditions into account and never be late. In some cities (e.g., London or Seoul), public transportation can be much more reliable depending on the location of the meetings.

### Arriving at the Meeting

#### **1. Be aware of local conduct and appropriate ice-breakers.**

When you first arrive at the company's office, be aware of local business practices and culture, and behave accordingly. In some cases, loud discussions in the lobby may create a bad impression, and the reception staff may convey this to executives.

Whether you are met and greeted by a personal assistant, junior executive, or senior executive, take this opportunity to build a more personal relationship. Use the walk to the meeting room to pick up information on the company or managers, and avoid water/coffee/tea distractions.

If you are met by an executive, you can engage in "ice-breaker" conversation in some countries and companies. This must not include risqué jokes, but may embrace a wide range of topical issues involving the company, the economy, or social/sporting events, always taking company culture into account. In western markets in particular, spontaneous references to non-business topics often work well.

If the IPA account manager handling the investor enquiry has built up a good rapport with the executive at the company, this can help create a more relaxed and positive meeting. Likewise, the involvement of an experienced local lead-generation consultant, especially if they have a prior relationship with the company, can also provide a positive start to a meeting.

### During the Meeting

#### **1. Open the meeting appropriately.**

Exchanging business cards at the start of each meeting is considered polite in most countries. Make sure you bring enough business cards and that your job title has the same meaning in the country you are visiting.

The person opening the meeting on behalf of the IPA should include a brief introduction of the agency and the staff present at the meeting, together with a clear statement of the objectives, examples of value-added services provided to companies of similar background (to add credibility), the IPA's policy on strategic companies, and a brief résumé of your IPA's current understanding of the company.

Leading teaser questions (which should be worked out prior to the meeting) can probe in a general sense about the company's strategy, but should not be too penetrative.

It is preferable to take notes during the meeting to assist with an internal debrief after the meeting. If you notice any signs that the company is uncomfortable with this, stop taking notes and ask the executives if it is all right for you to take notes about any questions the company might have.



## **2. Set the tone of the meeting.**

Use a simple structure for the meeting (unless it is part of a planned series of meetings). Most importantly, give the company the opportunity to offer early responses before entering into more detailed discussions.

Try to take things to the next level with more probing questions (pre-prepared based on your agenda for the meeting). Understand the company's strategy for current and future operations and how your region and country fits into that strategy.

Gauge the willingness of the company to divulge information to see if you should continue probing or back off.

If the company offers some concerns about your location, try not to provide immediate or knee-jerk responses. You are in a "listening/getting to know you" session, not in selling mode.

If you are making a formal presentation, keep to the agreed-upon time frame. Avoid a hard sell: In some markets, such as Japan, this will be looked upon negatively. Speak slowly and clearly, and provide time for the company to ask questions.

Stay focused on the meeting: Avoid looking at your phone or other device, dealing with e-mail, touching the business cards that have been exchanged, reading reports, speaking to colleagues while the company is speaking, or interrupting corporate executives. Turn your phone off at the meeting. Many IPAs do not follow these basics of business etiquette and create a negative impression with the investor.

## **3. Close the meeting and move forward.**

End the meeting within the agreed-upon time frame and ensure you have allotted at least half of the time to listen to the company and for Q&A.

At the end of the meeting, the lead person for your agency should provide a review of the main areas discussed, reasserting key points to pin down the agenda, and give the investor the opportunity to add their thoughts.

What happens next? Don't leave it to chance. Offer a clear suggestion for how to move forward in terms of information or action you will deliver based on what was discussed. Your next move should be to offer something that you can deliver quickly, but that is not highly strategic.

Agree on the arrangements for follow-up communication, such as e-mail, a letter, a call, or another meeting. Make a commitment to respond soon. The onus is on your agency to control the strategic agenda.

### **After the Meeting**

#### **1. Update your CRM.**

The meeting notes should be entered into your CRM and the enquiry and project status of the company updated based on the meeting. New contacts at the company should also be added to the CRM.

#### **2. Send an immediate response.**

Send a letter or e-mail to the company within 24 to 48 hours of the meeting with a focus on the business agenda and actions to be undertaken by your agency in the coming days and weeks. Connect with the executives on social media.



### **3. Provide requested information.**

Provide any information that you agreed to provide to the investor at the meeting, following the best practice guidelines in Section 2.4 above.

### **4. Build and evaluate the relationship.**

Determine how you will remain in contact with the company, taking into account your judgement of how frequent contact should be. Gauge whether it is sensible to involve other stakeholders.

Review the feedback from the initial discussion and consider how the relationship can best move forward, taking company views into account.

Channel any company correspondence or contacts through the key account/project manager (or at least ensure their involvement before taking action).

Carry out regular reviews of the engagement process and impact to ensure their relevance to the company and an effective use of resources.

Develop propositions to encourage high value-added investments by the company and assess their response and follow-up actions.





# Organizing the Site Visit<sup>17</sup>

## Importance of the Site Visit

### 1. The IPA perspective

Investors do not make a significant investment based solely on desk research and benchmark studies. A site visit is mandatory in order to make a well-informed investment decision.

A site visit is a custom-tailored program to present the location's characteristics and available investment opportunities. Potential investors need to inspect the investment location in detail, and you should act as their investment guide.

Site visits are organized by your IPA to encourage and convince potential investors to invest in your country and region. But site visits consume time and resources, and should be undertaken in response to an official investment proposal from a serious company with an investment project that will generate substantial economic and sustainable development benefits.<sup>18</sup>

Strong coordination during the site visit with introductions to relevant organizations, individuals, and other investors can be crucial in winning an investment. This is your chance to show off your location and your IPA to your investor.

A site visit is one of the most important steps in convincing and encouraging investors to start investing in your country. An efficient and well-coordinated site visit requires a tremendous amount of planning.

A project manager needs to be put in place with responsibility for planning and contacting organizations, individuals and investors.

Sufficient information from the potential investor is key to success. Clearly define the objectives of the site visit and allow them to be reviewed by the investor.

A site visit is much more than just a real estate tour; it is an overall validation of your location's competitiveness. Always ask the investor if there are specific organizations with which they would like to meet. Provide local information to help the investor assess and benchmark the visited regions and sites. Always follow up to make sure the site visit is part of the investment process and not the end of it.

### 2. The investor perspective

An investor site visit is an expensive allocation of time, money, and company resources, so it must be planned meticulously in order to produce a valuable outcome.

When management approves a site visit, it has indicated serious interest in a location; otherwise, they would not come.

---

<sup>17</sup> This section uses information from ICA's FDI Academy training toolkits. See <http://ic-associates.com/> (accessed August 4, 2017).

<sup>18</sup> See the WAVTEQ/ICA 2017 publication *Sustainable Development and FDI: Towards a Practical Framework to Implement the Principle of Sustainable Development into Investment Promotion Strategy* for how to evaluate which companies will contribute most to sustainable development. [www.wavteq.com/publications](http://www.wavteq.com/publications) (accessed July 31, 2017).



Some site visits are related to a specific project, but sometimes company officials visit to get a feel for the land for future strategies. Know their agenda and manage your expectations.

Some company executives travel 200 days a year to all parts of the world, so they may not always seem excited to be there, and many investor officials have probably been to your country before.

Potential investors all have their specific reasons for visiting your country. Below are some of the most common objectives:

- finding potential greenfield or brownfield investment opportunities;
- looking for partners or acquisition targets;
- assessing the human resource potential;
- assessing the overall quality of the infrastructure;
- establishing contact with other investors, preferably in the same industry;
- establishing contact with important service providers (labour, utilities, etc.).

## 2. The site-selection team

Investor evaluation teams will be a diverse but highly capable group of professionals. The team may be made up of one senior person, an appointed site-selection consultant, or an entire project team, which may include:

- a senior manager with project team oversight who reports directly to the C-suite;
- an HR manager who will assess all aspects of the labour market and education system;
- an operations manager who will assess all operational aspects;
- a real estate/facilities manager who will evaluate all real estate issues, including logistics and equipment access;
- an IT manager who will need to understand all connectivity, telecom, power, and equipment issues;
- a security manager who will assess risk to company employees.

Be prepared to understand what each team member will be focused on.

The investor is likely to make one or more visits to the proposed location, and it is very important that the investment promotion agency or department facilitates this process together with other key stakeholders.

As well as seeking information, the investor will be looking at potential sites for the investment.

The professionalism of the agency in preparing an itinerary and coordinating visits can be crucial in winning the investment, because the executive from the investor company is likely to hold a senior position in the company, and may be based in the location where the new investment is made.

The investment promotion organization will sometimes be the first contact that the executive will have with the host country and its government. If the agency makes the right impression, this can reflect very positively on the location and government as a whole.

As with conferences and investment missions, the agreed-upon presence of a major existing investor during the visit can create a strong comfort factor.

## Guidelines for Site Visits

### Before the Site Visit

#### 1. Assign a key account manager to the company and site visit program.

After receiving confirmation that an investor will come on a site visit, determine which project manager will be responsible for the program of the site visit. They will be the single point of contact for the potential



investor and must plan the site visit according to the specific needs of the potential investor. If necessary, they should contact the investor with any additional questions, and they must be on call 24 hours a day during the visit.

A project manager should act as the single point of contact for the investor for the entire visit. As such, a project manager requires a certain skill set to fulfill this role successfully, including executive-level sales experience. (See Table 2.)

**Table 2**

**PROJECT MANAGER PROFILE**

Position	Role	Skills
Project Manager	<ul style="list-style-type: none"><li>• Handling investor enquiries, facilitation, and site visits</li><li>• Actively targeting new potential Investors</li></ul>	<ul style="list-style-type: none"><li>• Experience in industry, ability to build a relationship with investors, and a proactive, can-do attitude</li><li>• Experience working in a foreign company is a big advantage</li><li>• Ideally speaks business English</li></ul>

*Source: Investment Consulting Associates (ICA).*

**2. Understand the project.**

It is important that you possess detailed information about the investor's project before planning a site visit. A checklist should include answers to the following questions:

- What are the site requirements?
- What are the plant requirements?
- Are there other requirements (office, warehousing, laboratories, etc.)?
- How many people will be employed?
- What are the various job functions and human resource needs?
- What are the utility requirements (electricity, gas, water)?
- What are the logistics requirements (truck, rail, port, airport access, etc.)?
- Are there any supplier needs? (type of suppliers, distance from site, etc.)?
- Are there any consumer needs (consumer market, distance from site, etc.)?
- When is the investment planned?
- What is the overall time frame for the construction process?

Table 3 lists the site and property information that should be gathered.



**Table 3**

Example of Detailed Site and Property Information

<b>Location Characteristics</b>	<ul style="list-style-type: none"> <li>• Close to major highways</li> <li>• Proximity to customers and suppliers</li> <li>• Good proximity to airport for accessibility of business visitors</li> <li>• Reasonable cost of energy (electricity and gas)</li> <li>• Away from plants that generate high pollution levels</li> <li>• Not close to a direct competitor's plant</li> <li>• Availability of mechanically inclined workforce</li> </ul>
<b>Site Characteristics</b>	<ul style="list-style-type: none"> <li>• Layout should be in "U" or "I" configuration for efficient material flow</li> <li>• Preferably brownfield</li> <li>• Easy truck access to site</li> <li>• Site area around 1.1–1.3 hectares</li> <li>• Size of the production facility at least 1,200 square metres</li> <li>• Size of the warehouse facility at least 5,000 square metres</li> <li>• Size of the office space at least 800 square metres</li> </ul>
<b>Plant Characteristics</b>	<ul style="list-style-type: none"> <li>• Height of the ceiling at least six to seven metres for production</li> <li>• At least three truck docks, hopefully more</li> <li>• 380V, 50-cps three-phase power available and reliable—at least 3,000 kilowatts</li> <li>• Good drainage</li> <li>• No regulations against outdoor tanks and silos</li> </ul>

Source: Investment Consulting Associates (ICA).

The more information you have, the better you can prepare for the site visit and the greater the chances of success. Investors may also bring up issues or concerns that you will need to address. For example:

- Are there enough chemical engineers (or specialists) to hire for this proposed project?
- What licenses do I need for my factory and how long will they take to obtain?
- What incentives are available and how long will it take to get approval?
- Do I need to perform an environmental assessment for this manufacturing proposal?
- How do I get access to utilities and who will supply them?
- Can I construct 1,000-cubic-meter gas tanks on my site?

Understand the questions and create an agenda to address each of them one by one. Involve existing investors, finance, tax, and legal experts, real estate experts, and other subject matter experts to address these concerns.

### 3. Prepare the itinerary and have the investor approve it.

It is absolutely critical that you prepare meticulously and gather as much information as possible, including:

- What dates would the investor like to visit?
- What is the key objective of their visit?
- Which organizations would they like to meet with?
- Do they have any other meetings, or can they dedicate all of their time to the site visit?
- Do they want us to arrange hotels, airport pickup, etc., and what type of hotel do they prefer?
- Delegation information—names, positions, responsibilities?
- Does the investor have representatives in the country already?
- Is there a site-selection consultant in the party? Research their background.





- Find out personal habits—are there any diet, alcohol, etc. issues or requirements?
- Are there any religious implications, holidays, etc.?
- Will the delegation be staying on personal time? If so, recommend social activities.
- Does the visiting investor team have other business to attend to during their stay?
- What are the language/translation requirements?
- What is their time frame for deciding whether to invest?

**“You are their host and they put themselves at your disposal during their stay.”**

(Investment Consulting Associates)

The following is an example of a one-day itinerary:

20:30	Pickup from airport by project manager. Drop-off at hotel. Informal chat, provide itinerary for the next day, and build rapport with the investor.
09:00–09:15	Pickup from hotel by project manager. Travel to first meeting.
09:30–10:30	Visit to a major recruitment agency.
10:30–12:00	Visit to a major company in the city in the same sector and from the same country.
12:00–13:30	Lunch at a business-friendly venue. A senior official from the city attends.
13:30–15:00	Visit to a local university.
15:00–17:00	Visit to two office complexes to see suitable office space.
17:00–17:30	Return to hotel.
19:00–21:00	Dinner with project manager and head of agency.
09:00–09:15	Pickup from hotel by project manager. Travel to IPA office.
09:30–11:00	Meeting at IPA office, with incentives expert present if incentives are on offer. Head of agency is present. Discuss opinion of investor, next steps.
11:00–12:00	Transportation to airport with project manager.

#### **4. Confirm logistics and brief stakeholders.**

Check travel times for all investor meetings and ensure they are kept to a minimum with high-quality, reliable transportation arranged. Ensure that the transportation company is briefed on the location of each meeting, time frames, and the importance of the investor.

Identify the key stakeholders involved, including both individuals to be visited and any other officials joining meetings, and ensure they are all fully briefed on the company, the importance of securing the investment project, and how to handle the investor meetings. You may need to brief the investor and provide invitation letters. For VIP investors, the IPA may inform immigration to ensure hassle-free entry.

Send reminders to all individuals being met and attending meetings with the investor the day before the visit to ensure they are prepared and on time. For busy or important people, send a reminder a few days earlier.

Ensure the investor has had time to review and approve the itinerary.

#### **During the Site Visit**

##### **1. “Hand-hold” the investor delegation throughout the visit.**

For first-time investors in a location, it can be difficult to understand the nuances of the government, administration, or culture of your country. Language barriers should not be underestimated. Remain open and flexible to deal with unexpected or unforeseen behavior. “Hand-holding” of investors is a key function of the project manager.



## **2. Showcase the quality of life in the location.**

Every investor will also be evaluating the quality of life of a location as part of the process, as they may be sending executives with families to live there. Be prepared to answer questions about security, education, housing, medical care, and how they can bring the family dog with them.

Tour cultural and recreational centres if there is time. Arrange free time and host them at a traditional meal in an authentic restaurant. Mix business with pleasure where possible: Show them that it will be a fun and interesting location to operate from. Consider leaving the investor site-selection team with a gift emblematic of your culture.

### **After the Site Visit**

#### **1. Initiate follow-up within five working days.**

After the visit, the key action points are:

- follow-up letter thanking the investor for their interest and providing further information;
- provision of a report with a summary of the visit, with additional information and materials required, and a list of contacts the investor has met with;
- reminding the investors of what they need to do to invest, with information on how to establish their business. This should include provision of a timeline for what should happen when.

These follow-up actions should be undertaken within five working days of the site visit, and ideally sooner.

#### **2. Provide continued follow-up.**

The IPA should outline for the investor the steps it has already taken since the visit to demonstrate that it is ready to make this investment happen.

The IPA should follow up with the established contacts in the company to maintain the continuity of the relationship and help the investor move forward with an investment decision. This should include:

- courtesy call to the investor one week after the site visit;
- addition of action items to the CRM;
- further follow-up, using the guidelines in Section 2.4 above.





# MOUs and Securing the Investment

## The Challenge of Securing Investment

Attracting FDI is far from easy and requires a long-term, sustained approach and strategy. Exhibit 8 shows the typical activities and effort needed to secure 10 investment successes. It shows that for a typical IPA, delivering 10 new investment projects will require 10,000 targeted companies, 1,000 investor meetings, 100 site visits, and 20 investment applications. And this whole process takes time—typically two to three years on average.

The challenge of investment promotion makes it so important for IPAs to be as effective as possible when handling investor enquiries and to increase their conversion rate from investor enquiries into MOUs and confirmed and realized projects.

Increasing the conversion rate of investment leads to meetings and site visits from 10% (see Exhibit 8) to a best-practice 20% will increase the number of new investments from 10 to 40. Also, increasing the conversion rate of site visits to investment applications from 20% to 50% will increase the number of new investments to 100. That is the conversion rate targeted by the world's best IPAs.

**"Implementing best practices in investor enquiry handling can substantially increase the volume of FDI secured by increasing conversion rates up to the benchmark 20% level."**

(WAVTEQ)

## EXHIBIT 8: INVESTMENT TARGETING PYRAMID—TYPICAL CONVERSION RATES FOR IPAS IN DEVELOPING COUNTRIES



Source: WAVTEQ, based on The Services Group.



## Guidelines for Securing MOUs and FDI Successes

### 1. Clarify ownership of the enquiry.

When handling enquiries, IPAs should assign a key account contact or project manager to every serious investment enquiry or potential project. This enables clear leadership and coordination. They act as the central point of contact for the investor.

As well as developing professional respect and personal rapport with the investor, the project manager needs good contacts with government bodies and private-sector advisers to facilitate the project.

### 2. Understand the investor's requirements.

Securing a project requires a full and accurate understanding of the investor's location requirements. It is important at this stage to win the trust of the company, and the project manager should get confirmation from the company about what information should remain confidential and to whom.

In most cases, corporate investment decisions are kept confidential, and personal relationships may help to reveal possible investment plans. IPA project managers should build their personal relationships with key executives, provide regular updates, and use social media to stay in contact. Managers should listen carefully, act accordingly, and keep their promises.

### 3. Provide requested information.

Depending on the size and complexity of the investment, the investor may request information that includes site and property availability, local supplier quality, the number of graduates in certain disciplines, transport and communications infrastructure, energy resources and prices, labour costs, labour availability, recruitment costs, and incentive information.

Accurate information should be supplied in a well-presented format as quickly as possible. This often depends on the quality of links between the investment promotion organization and other stakeholders, especially local agencies.

### 4. Organize site visits.

The investor is likely to make one or more visits to the proposed location, and it is very important that the investment promotion agency or department facilitates this process together with other key stakeholders. As well as information provision, the investor will be looking at potential sites for investment. The professionalism of the agency in preparing an itinerary and coordinating visits can be crucial in securing the investment.

### 5. Set up a package offer.

Successful investment locations develop ready-made packages of incentives and services for rapid response to enquiries that also cater to sector initiatives.

The investor should be presented with high-quality, customized information, effectively and succinctly addressing all questions and project-specific requirements. Any unique or distinctive arguments for investing can also be outlined, and high-quality photographs of sites or buildings and location maps can be provided.

While the government doesn't want to unnecessarily spend taxpayer money on incentives, it does want to make the deal with the investor. To make the deal happen, it is suggested that the IPA:

- make its incentives benefits package as transparent and simple as possible. Investors do not like complexity and uncertainty;
- emphasize soft non-financial incentives, which can be extremely important to the investor. Time is money, so the ability to implement the project quickly and hassle-free can be more valuable than



financial incentives and offer a key advantage over competitor locations (a one-stop shop is a key example of a soft incentive);

- show the highest possible commitment to the company, including involving (fully briefed) ministers. The greater the commitment the government shows at all stages of the negotiation, the more likely the deal will be done;
- demonstrate to the investor the benefits of investing in the location, not just in terms of incentives but also the fundamental advantages for the project compared to competitors. Even if the financial incentives are lower, the quality of the location, soft incentives, and ability to implement the project quickly will secure the investment in most cases. To achieve this, the IPA should have access to location benchmarking and financial models so it understands its overall strengths and weaknesses and how its incentives will impact the profitability of the project compared to investing in competing locations. See box "Case Study: Large Manufacturing Company" for an example of how incentives affect the profitability of a large manufacturing firm considering investing in Ireland, Wales, Hungary, and Canada.

### Case Study: Large Manufacturing Company

#### Assumptions

- No acquisition of advanced product or process technology
- No training expenses
- R&D expenditures account for 20% of the FIA

#### The company in figures (€):

• Sales	29,747,223
• Capex	
– Site	1,425,388
– Building	5,205,764
– Equipment	16,360,973
– Utilities	3,934,566
• Opex (Wales)	
– Raw material	9,419,954
– Labour	1,308,746
– Power	619,694
– Water	233,953
– Gas	294,418
– Sewage	452,290
– Transport	1,766,985
– Real estate tax	178,669

#### Eligible grants

##### Ireland

- Capital grant (15–30%)
- R&D grant (50%)

##### Wales

- General incentives
  - Only for small businesses or SMEs
  - Tax incentives too small to make a difference
- Territorial incentives
  - Capital grant (30%)
  - R&D grant (50%)

##### Hungary

- Cash subsidy (50%)
- R&D incentives (% of wage cost)
- Development tax allowance (20% = > 10%)

##### Canada

- Capital grant (site = C\$1)
- R&D incentives (tax benefit of 15% and 20%)
- Tax grant (27.12% = > 11.06%)

#### Net Present Value (€)

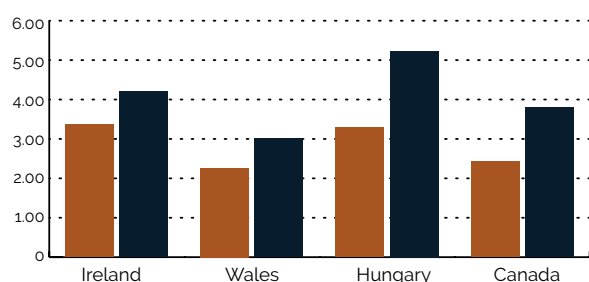
	IRELAND	WALES	HUNGARY	CANADA
Without incentives	33,733,101	22,663,883	32,858,554	24,206,441
With incentives	41,966,867	30,103,256	52,356,193	38,041,357
Gain in %	24%	33%	59%	57%



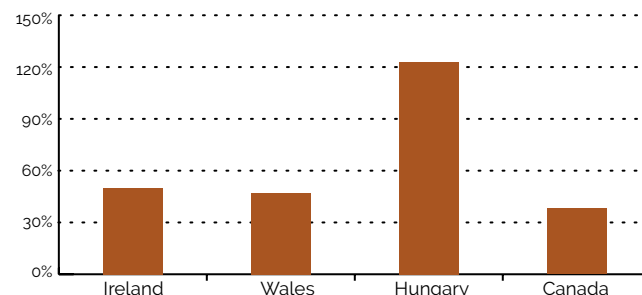
## Profitability Index:

Without vs. With Incentives

Without incentives With incentives



Gain in %



	IRELAND	WALES	HUNGARY	CANADA
Without incentives	2.30	1.88	2.27	1.94
With incentives	3.46	2.76	5.05	2.66
Gain in %	50%	47%	123%	38%

Source: PriceWaterhouseCoopers, Incentives Analysis for Promoting Regional Developments (London: PwC, 2008).

## 6. Create a one-stop shop.

Most investment promotion agencies offer some kind of one-stop shop for facilitating the investment.

The range of services offered can include consulting, expediting applications and permit processing, screening or evaluating the project, and providing incentive negotiation and approval. The speed and cost of obtaining post-approval permits, licenses, and planning permissions are often crucial to the investor. The professionalism of the investment promotion agency, and their links and influence with government ministries and other stakeholders, are key to fast, efficient facilitation. The facilitation may take weeks, months, or even years, but throughout the process it is important for the project manager to maintain a relationship with the investor.

Handling investor enquiries is critical to success in attracting inward investment. The most successful IPAs target 50% conversion rates of high-quality prospects to realized investments. Most agencies achieve nearer to 10%. BKPM should be aiming to get its conversion rate up to an industry-benchmark 20%. This can only be achieved through high-quality enquiry handling.



**TPSA** | CANADA-INDONESIA TRADE AND  
PRIVATE SECTOR ASSISTANCE PROJECT

Canada Centre, World Trade Centre 5, 15th Floor  
Jl. Jend. Sudirman Kav 29-31 Jakarta 12190, Indonesia  
P: +62-21-5296-0376, or 5296-0389  
F: +62-21-5296-0385  
E: [greg@tpsaproject.com](mailto:greg@tpsaproject.com)

**[TPSAPROJECT.COM](http://TPSAPROJECT.COM)**