GLOBAL CITIES INITIATIVE
A Joint Project of Brookings and JPMorgan Chase

FDI PLANNING GUIDE

A BLUEPRINT FOR METRO TEAMS PURSUING GLOBAL ECONOMIC ENGAGEMENT

BRAD MCDEARMAN AND RYAN DONAHUE

Leaders in states, cities, and metropolitan areas across the country are exploring ways to help their firms and regional economies become more competitive through increased and more intentional global engagement. In 2011, the Brookings Institution Metropolitan Policy Program tapped into this rising demand through a collaborative pilot project with four U.S. metro areas—Los Angeles; Minneapolis-St. Paul; Portland, Ore.; and Syracuse, N.Y.—to develop metropolitan export plans.

The success of the initial pilot, along with heightened interest in global engagement, resulted in creation of the Exchange, a peer-learning network of metro areas that are developing and implementing global trade and investment plans incorporating both exports and foreign direct investment (FDI). The Exchange is part of the Global Cities Initiative (GCI), a joint project of Brookings and JP Morgan Chase, which aims to help leaders in U.S. metro areas reorient their economies toward greater engagement in world markets. The Exchange has grown to include 28 U.S. metro areas, with each producing an export plan in the first year and a companion FDI plan (or a combined global trade and investment plan to include both exports and FDI) in a later year.

To capture and more broadly share learning from the export-planning experience, in August 2012 Brookings released *Ten Steps to Delivering a Successful Metro Export Plan*. This "10 Steps Guide" serves as a how-to tool for private, nonprofit, and government leaders who are interested in developing effective, action-oriented export plans and initiatives customized to their region's unique assets and capacities.

B | Metropolitan Policy Program at BROOKINGS

This document—the "FDI Planning Guide"—serves as a companion piece to the 10 Steps Guide and is designed to support practitioners managing the everyday planning process. It is based primarily on experience gained from working with six Exchange metro areas (Columbus, Ohio; Minneapolis-St. Paul; Portland; San Antonio; San Diego; and Seattle) in the FDI pilot that was completed in March 2015. Learning from the pilot was verified and supplemented through experience gained through the second FDI cohort of metro areas (Atlanta; Des Moines, Iowa; Greenville-Spartanburg, S.C.; Los Angeles; Milwaukee; and Syracuse) that was completed in April 2016.

The basics for both export and FDI planning phases are fundamentally the same, so the original 10 Steps Guide continues to serve as a relevant tool throughout the export and FDI planning processes. However, there are some key differences and areas of emphasis related to the FDI planning phase that are worth emphasizing.

This FDI Planning Guide is divided into three sections: (1) set up: the organization and commitment of resources, (2) planning, and (3) implementation.

1 SET UP: ORGANIZATION AND COMMITMENT OF RESOURCES

Metro areas intent on developing an FDI plan should be ready, capable, and committed to engage fully in the 10-month planning process required to deliver a solid plan. The work requires significant organizing of local stakeholders and a commitment of resources up front as part of the set-up phase. Every metro area in the GCI Exchange had to complete an application to demonstrate this readiness. Still, most ultimately stated that, despite having completed regional export plans through a similar process, they were not fully prepared for the demands of the FDI planning process, nor were they prepared for the early stages of execution. Indeed, many held preconceived notions about the ease of executing an FDI plan relative to exports. While exports were deemed challenging at first for most metro areas, export planning proved to be an overall easier exercise in the end. Exports are inherently local serving (benefiting small and mid-size enterprises), while FDI services foreign interests, a difference that adds layers of complexity. This section emphasizes the importance of an upfront and ongoing commitment of required time and resources, a dedication to research, and an engaged core team and steering committee.

COMMITMENT OF RESOURCES

As with export planning, metro areas that proved to be most successful in managing FDI planning designated a regional economic development organization (EDO) to lead the overall effort, named a project manager to coordinate and "own" the project through completion, and secured the commitment of the EDO's leadership to dedicate a significant amount of staff time and resources to the project. The planning process requires a structure and staff that will continuously drive everyday activities, keep key partners and stakeholders engaged and bought in, and ensure the project is meeting key milestones.

This type of project, involving management of committees, in-depth research, one-on-one company interviews, and championing with local leaders, requires the project manager to dedicate at least 50 percent of his/her time to the effort over the 10-month planning process. The project needs to have support of the primary actors on a consistent basis to support plan development and, ultimately, implementation.

A common mistake was to initially task the existing lead person for FDI attraction in the metro area to also serve as the project lead for the planning process. In nearly all cases, that person's travel schedule, existing commitments, and the need to prioritize new prospect work proved to be significant obstacles. Either additional staff had to be brought in to help with the project or a new lead had to be appointed, often resulting in significant interruptions and delays to the project. Further, while interns were able to provide basic help on certain tasks, more experienced administrative support must be accounted for in the planning process to manage tasks such as company outreach, scheduling, and event coordination. It proved best to assign someone who was good at day-to-day project management and organization, was well-networked within the region, and could begin thinking about execution at an early stage.

There were a couple of successful exceptions to having just one lead organization spearhead the process. These occurred in Minneapolis-St. Paul and Portland, where EDOs from two different levels of government successfully collaborated. In the former, Greater MSP (the regional EDO) and the Minnesota Trade Office (an arm of the state's EDO) partnered; in the latter, Greater Portland Inc. (the regional EDO) and the Portland Development Commission (the city EDO) were co-leaders. In both places, the FDI planning process allowed the participants to recognize that they each bring their own unique capabilities and attributes to the table, and it secured their partnership on trade and investment for the longer term. This model worked because both EDOs were truly committed to the planning process and remained committed throughout. Each also dedicated a lead staff member to co-manage it, and those relationships proved to be productive.

COMMITMENT TO RESEARCH

Research during FDI planning can be more difficult than in the export phase because the data are richer, additional local data are typically required, and the team must determine whether and how to merge FDI and exports data and findings into one plan. The common thread in all successful examples of FDI research is that one person was ultimately responsible for (and highly committed to) driving the comprehensive research process. In fact, this assignment proved to be just as important as the project manager role. For example, the FDI planning led by the Upstate Alliance (in Greenville-Spartanburg) and Columbus 2020 stayed on track and produced high-quality market assessments because the teams committed accomplished, in-house staff to lead research.

In some cases, a group of researchers was pulled together from multiple local organizations to form a research team. One such case was in San Diego, where the San Diego Regional Economic Development Corporation (EDC) (regional EDO) partnered with a team from University of California-San Diego's School of Global Policy and Strategy. UC-San Diego assigned to lead the project a dedicated, high-level researcher who was able to take advantage of a pool of staff and graduate students, and EDC maintained a tight relationship with UC-San Diego throughout the process. However, in terms of success, this set-up was the exception and not the rule. Coordinating an outside research team is at least as much work as doing the research in-house, so this decision should be made based on the unique abilities of the researchers, not a desire to save time.

Baseline input: Brookings FDI research

The core Brookings data report that supports the FDI phase of the planning process is *FDI in U.S. Metro Areas: The Geography of Jobs in Foreign-Owned Establishments*, released in June 2014. It is important that local project and research leads, and their local teams, thoroughly familiarize themselves with what this report provides, what it does not provide, the nuances of the data, how the data should be used and not used, and the methodology.

The report, for the first time, provided an in-depth view of FDI in U.S. metro areas, including breakdowns by:

- Foreign geography: geographic data by U.S. state, metro area, and county (however, due to the size of the data set, county data are not available online and must be requested from Brookings);
- Industry: industry detail at the two- (higher level) to four-digit (more detailed) NAICS level for each geography; and
- Mode of entry: investment based on mode of entry, including greenfield, mergers and acquisitions (M&A), and expansions of existing operations.

FDI in U.S. Metro Areas is different from *Export Monitor* (Brookings' primary research report on exports) in a number of important ways. The primary differentiating attributes of the FDI report are that it provides:

- Annual data from 1991 to 2011 only, while Brookings export updates are produced each year with a one-year lag;
- Data based on jobs and establishments, not capital investment; whereas exports data are based on export value;
- Actual counts of FDI jobs based on Dun and Bradstreet national establishment time series (NETS) data (with substantial review, cleaning, and adjustments by Brookings researchers), whereas exports data are estimates; and
- Foreign country and metro area of investment origin (but only for 2011, so no trends are available), whereas there is no source that provides foreign export destinations for U.S. state and metro areas.

It is imperative that local project and research leads, as well as their local teams, understand that *FDI in U.S. Metro Areas* was intended to provide metro areas with basic insight into regional foreign investment activity. However, the data should not be considered "perfect" or exact, for four reasons: (1) FDI data are based on an extremely large, national data set; even given extensive scrubbing, it is difficult to produce perfectly accurate data; (2) while based on actual job counts, metro area estimates were calibrated to ensure that overall data in each state match up with state data produced annually by the U.S. Department of Commerce Bureau of Economic Analysis (BEA); (3) the data are available only through 2011, so they are not a source for the most recent investment activity; and (4) there is a lot of churn in FDI, so information changes rapidly. Despite these drawbacks, FDI in U.S. Metros still serves as an important barometer for the region's investment activity and as a strong foundation for strategies and planning.

COMMITMENT TO LEADERSHIP (CORE TEAM/ STEERING COMMITTEE)

Strong and committed leadership is vital to the success of the FDI planning process. The core team and the steering committee drive and manage the initiative throughout the 10-month process and into implementation.

Core team

The core team is effectively the "staff" on the project and assumes responsibility for developing the work plan, recruiting members of the steering committee, organizing and scheduling key meetings, conducting the market assessment (including research and company interviews), and ultimately writing and implementing the early stages of the plan. This smaller team does the heavy lifting on the project and presents and proposes information and drafts to the steering committee for its discussion and approval. Also, as the strategies are being developed, the core team must decipher whether the strategies are realistic and implementable or something that would be "nice to do," or doable only under perfect circumstances. All of this involves a significant commitment of time and resources, so it is important to set expectations with each core team member up front.

The core team is led by the appointed project manager and consists of representatives from the primary organizations in the region that are committed to driving the local FDI planning process and strategy implementation. It typically consists of four to six members (some metro areas have had as many as 12, although this is not recommended), including the project lead, the lead researcher, and a global industry representative. Other representatives vary from region to region; however, they often include individuals from the regional EDO, the state trade and investment office, one of the cities or counties in the region (typically an economic development practitioner), universities, and/or an industry trade association. In many cases, the core team consists primarily of representatives from the lead organization on the project (typically the regional EDO), including the project lead, the lead researcher, the existing FDI representative, and/or the chief executive officer.

The group should also consider including the local lead on the export initiative, either as a member of the core team or as a frequently invited guest, to ensure that that individual is part of the process and is bought in. This is especially important in metro areas where the FDI and export plans are likely to be merged into one global trade and investment plan. In those cases, some key aspects of implementation (such as work with middle-market firms and business retention and expansion) overlap directly.

Steering committee

Whereas the core team acts as the assigned staff for the planning process, the steering committee serves the role of a short-term board. This group of 25 to 30 individuals commits to a series of meetings (typically three to four during the planning process) and assumes responsibility for reviewing, discussing, challenging, and providing feedback and reaction to the market assessment's key findings and draft strategies. Just as it is helpful to have an export lead participate on the core team, it is also helpful to have members of the export steering committee serve on the FDI steering committee.

The steering committee has three basic functions: (1) develop and approve solid and realistic strategies; (2) secure broader public and private-sector support; and (3) oversee early implementation. The core team proposes concepts and ideas, which the steering committee must approve, reject, or refine. This process better ensures that a broad array of stakeholders contributes insights, is bought in, and provides long-term support for the initiative. The steering committee is also ultimately responsible for helping to champion the final product and initiative with the broader community, including securing the support of key local officials and potential funders to support a successful launch and early implementation of the plan.

The changing nature of FDI requires different strategies and new players to become involved.

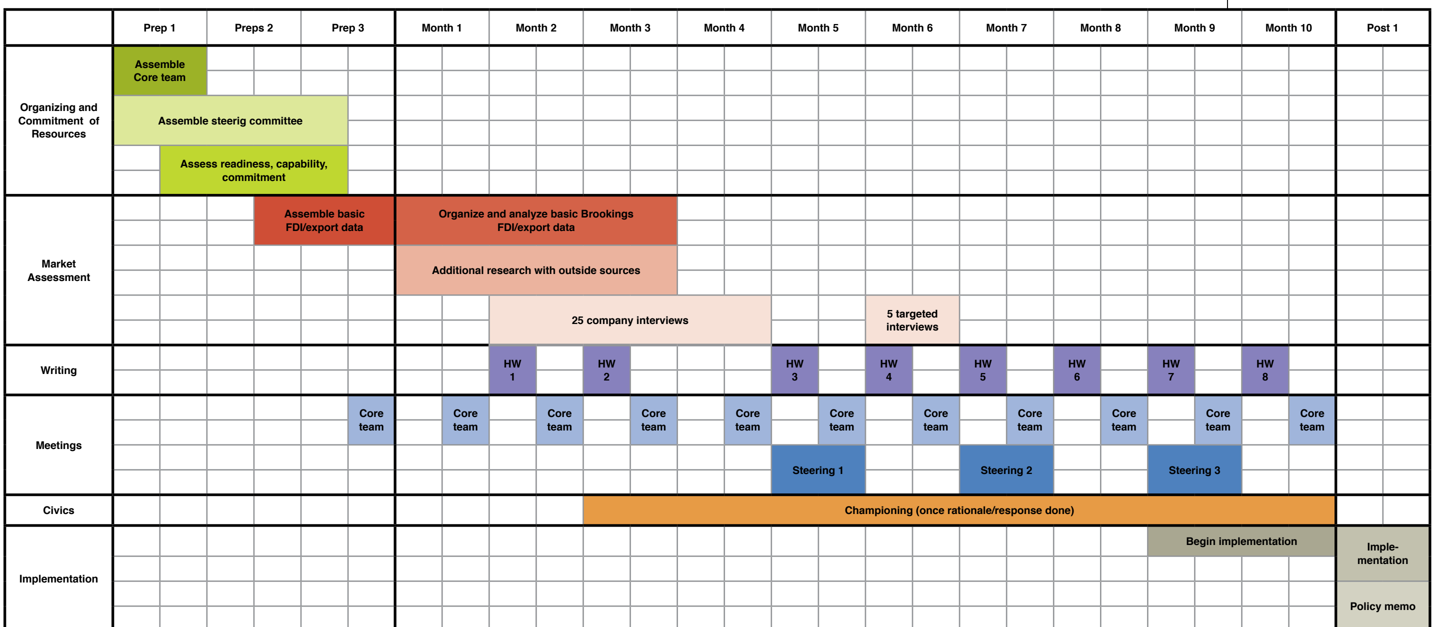
Steering committee meetings should follow this sequence: (1) kickoff; (2) presentation and confirmation of key findings from the market assessment; (3) brainstorming of potential strategies; and (4) discussion and approval of the final draft. Generally, metro areas have opted to hold the first steering committee meeting either at the start of the planning process (kickoff meeting) or after the market assessment is complete (kickoff and market assessment meetings are combined into one). The advantage of going with the first option is that the steering committee becomes informed about the project up front and members are able to engage in the process if they choose, including helping to set up company interviews. The advantages of waiting until after the market assessment is complete are that the steering committee can jump right in to a more compact four- to five-month process (as opposed to the entire 10 months), the committee is not left waiting for four months with little to do while the core team completes the market assessment, and the effort can start off with more momentum and purpose, since there will be relevant information to present from the market assessment at the first meeting.

A list of suggested steering committee members is available on page 12 of the 10 Steps Guide. While this also serves as a useful guide for assembling an FDI steering committee, there are additional considerations. Whereas with exports, many steering committee members were selected because they already played at least some role in fragmented regional export promotion efforts, core economic development organizations that have not traditionally been involved in regional FDI efforts will need to be tapped for participation; these organizations include economic development practitioners from cities and counties within the metro area (these often serve as the leads on business retention and expansion) and representatives of the key industry associations (who know their firms and the competitive pressures they face in the global economy). The changing nature of FDI, including the rising role of mergers and acquisitions and their implications on existing business retention and expansion programs, requires different strategies and new players to become involved.

Most metro areas uncovered private-sector champions (primarily middle-market firms, which were more willing to engage than the largest firms in most metro areas) during the company interview process, and many of these individuals were willing to participate, bringing valuable first-hand experience and insight to steering committee meetings. At least three to five committee positions should be left open for foreign-owned enterprises (FOEs), including local firms that have become foreign owned through mergers and acquisitions. These private-sector leaders can serve as incredible assets to the committee and bring perspectives that can't be represented by any other group. Ideally, some of these individuals would represent the perspective of both the local operation and the foreign parent. Also, banking and legal firms that are engaged in local M&A can bring valuable insight to the process. Lastly, consideration should be given to those potential committee members, such as state and local governments and private-sector firms, whose involvement could lead to early and ongoing funding of the FDI initiative.

Leadership of the steering committee is key. Public- and private-sector corporate officers who understand the importance of global trade and investment can ensure the core team takes into account the full mix of issues to ensure the plan connects the international issues to the regional reality.

There are two basic stages of the FDI planning process: the market assessment and the writing of the FDI (or combined global trade and investment) plan. The activities and key milestones for these stages are outlined in the timeline below.



STAGE 1 MARKET ASSESSMENT

The market assessment, the first stage of the planning process, is the foundation of the entire effort and consists of three primary inputs: (1) FDI data from Brookings; (2) additional data and research collected locally and from other outside sources; and (3) one-on-one interviews with existing FOEs. Since most metro areas decide to merge the export and FDI plans into one global trade and investment plan, and because it is beneficial to know how exports and FDI activity are connected, the data and key findings for exports should also be updated and serve as inputs into this market assessment. (Note: it is assumed that metro areas will have developed an export plan before pursuing FDI planning.) Developing a solid market assessment is critical to ensuring an in-depth and uniform understanding among steering committee members and the development of a defendable and energizing plan. The strategies and tactics that will drive the new plan will each be based on key findings that surface as a result of a comprehensive and data-driven market assessment.

The end product for the market assessment should be a 15- to 20-page written report and/or a related presentation, each anchored by a set of six to nine key findings. These key findings should be the most important insights to surface in the market assessment process, and each should relate directly to creation of one or more of the final strategies. The market assessment should also include a one-page write-up of the rationale for doing an FDI and/or global trade and investment plan and a one-page local response (i.e., what the metro area is doing to respond to the changing global economy). The rationale and response sections should be written early on in the project, as this clarification better ensures that all engaged participants are unified around why FDI and the initiative matter; this commitment in turn supports recruitment of steering committee members and can aid in securing company interviews. A guide to writing the FDI market assessment and worksheets designed to help metro areas develop the key findings is available on **Brookings' GCI Exchange website**.

The extensive data available from the Brookings FDI research report was outlined previously in this document. While these data provide a fairly comprehensive look at FDI by metro area, they do not include data past 2011, and there is no list of local FOEs. Every team wanted the most up-to-date information at the outset of the project; however, it either doesn't exist or requires significant effort to collect.

Unfortunately, updated data and lists of local companies that are foreign owned often prove difficult to come by because they require local collection of this information on an ongoing basis, and that is not something most metro areas routinely undertake. Local data collection is typically limited to greenfield FDI and does not account for FDI that enters the market through M&A. Many metro areas choose to take on collection of these data during the planning process by pooling information from a variety of existing state and local sources (sources vary by metro and often include the state and metro EDOs, university economic researchers, and/or lists from a local business journal); seeking out those locally who have institutional or historical knowledge about FDI; and/or purchasing data from outside sources, such as FDI Intelligence. This provides the team with a starting point.

Assembling at least a cursory list of FOEs is also critical so that the team can identify and secure company interviews. Identifying sources, collecting, and assembling this information requires time and dedication. Once a solid base of company information is collected, it is helpful to maintain it on a regular basis. Greater Portland, for example, has developed a GIS map that reveals its FOEs by country of origin, and it continually updates the map. This activity further underscores the recommendation for a dedicated lead researcher.

The industry cluster data are particularly important in that they provide a compelling view of the region's core economic activity.

Other inputs that prove vital to the market assessment include local industry cluster data, any national or local research reports on economic trends and foreign investment, relevant articles, and Brookings reports on freight, global air passengers, foreign students, STEM (science, technology, engineering, and mathematics) workers, innovation, global competitiveness indices, imports, and other related topics. Relevant research reports on many of these topics, often including data and profiles by U.S. metro area, can be found on the **Brookings GCI Exchange website**. The industry cluster data are particularly important in that, combined with export and FDI data, they provide a compelling view of the region's core economic activity and reveal where trade and investment activity relates to existing and emerging strengths.

In addition to statistical research, metro teams should conduct at least 30 targeted company interviews with local FOEs. These should include interviews from a mix of firms based on mode of entry (greenfield and M&A), source country, industry, and size of local operation. It also proves helpful to conduct one-on-one interviews (or perhaps group interviews) with local banking and legal representatives who specialize in M&A transactions. These individuals offer a wealth of knowledge on local FDI activity and can serve as good long-term partners. For the export planning process, metro areas conducted both one-on-one interviews and an online survey. For the FDI phase of the process, metro areas did not conduct surveys, as one-on-one interviews alone proved the most efficient and effective means to gain insight and information while also establishing key relationships with local firms.

Experience from metro areas that have already been through the FDI planning process reveals that interviews with foreign-owned local operations can be difficult to secure. Many EDOs don't know their foreign-owned firms well, and the companies they would like to interview do not understand the benefit of the project to them or to the region. This suggests that identifying and securing interviews with FOEs must begin at the outset of the project. The interview process can often take three to four months, or longer, to complete. Core teams need to leverage the relationships of the lead organization and steering committee members to connect to the proper FOEs and contacts. Existing connections and a compelling story (i.e., the rationale, which is often delivered via email to the desired FOE contact) are the two keys to success when it comes to securing interviews. Metro areas have found that once the interview process starts, companies will refer them to their peers for additional interviews.

San Antonio utilized its existing Business Retention and Expansion (BRE) outreach program to conduct interviews with foreign-owned companies. The BRE program had already been in place for a couple of years, had been well received by the business community, and had conducted outreach to a number of foreign-owned companies. This made finding and connecting to FOEs much easier and, because the FOEs were already part of the BRE program, they were more willing to participate in interviews.

All members of the core team, as well as select steering committee members, should participate in at least some company interviews. It is important for these leaders to hear first-hand from companies about their experiences. Most metro areas in the pilot believed they knew their firms but were forced to re-examine those assumptions as a result of this process. Ultimately, in many metro areas, the insights and information gained through the interview process proved to be just as valuable, if not more so, than current FDI data and in fact drove key findings and strategies in the majority of cases. When possible, these strategies were supported by data. For example, the decision to focus on certain geographic markets is a very important decision that is fraught with challenges, such as personal or institutional attachments to certain markets, historical and cultural connections, resource limitations, and lack of clear direction from the data. The interview process can provide clearer direction based on market connections to existing firms.

Some metro areas developed their basic market assessment after conducting 25 company interviews, and they then tested and refined their key findings through an additional set of five, more targeted, interviews. A sample company interview questionnaire is available on the GCI Exchange website.

MARKET ASSESSMENT TOOLKIT

A comprehensive set of tools, guides, and sample metro area plans is available on Brookings GCI Exchange website at www.brookings.edu/gci/exchange. The toolkit includes:

- *FDI in U.S. Metro Areas* (FDI data)
- *10 Lessons From Global Trade and Investment Planning in U.S. Metro Areas*
- *Global Trade and Investment Market Assessment Guide* (step-by-step guide to writing a market assessment)
- Company interview template (sample questionnaire)
- Worksheet: Developing and Supporting Key Findings
- *Export Monitor* (annual export data)
- *Ten Steps to Delivering a Successful Metro Area Export Plan*

STAGE 2 WRITING THE PLAN

The core deliverable of the entire planning process is the written plan. This is a 20- to 30-page document that makes the simple, compelling case for why FDI matters and lays out what the metro area intends to do to take advantage of the opportunity. Its purpose is to capture the story in one place, serve as a vehicle for educating a wide range of audiences on the topic, gain the buy-in and support of key local stakeholders (which in many Exchange metro areas proved a much tougher sell than exports), and provide direction and accountability for the local agencies charged with its implementation. The plan should include an introduction or set-up section that clarifies the rationale for increased global engagement, key findings from the market assessment, an overarching goal, objectives, a set of strategies and related tactics, and an implementation plan summary. A section-by-section guide to support this process, *Guide to Writing a Global Trade and Investment Plan*, as well as examples from plans completed by other metro areas and additional tools and guides are available on the Brookings GCI Exchange website. Some metro areas, such as Minneapolis-St. Paul, decided to produce a four-page summary document to share with the public. It serves as both a marketing and an information piece that makes the entire plan easy for stakeholders to digest.

Each metro area must determine how integrated or separate the export and FDI plans should be. There are two basic options to consider: (1) merge exports and FDI into one global trade and investment plan, or (2) produce two separate plans, one for exports and one for FDI. All of the metro areas in the FDI pilot cohort chose to combine the two plans into one by updating and integrating the initial export plan. In doing so, they chose to promote a unified global initiative in their regions, as opposed to independent efforts managed and executed separately. They also desired to demonstrate the importance of economic development organizations working together on global topics and wanted to ensure no favoritism toward either FDI or exports. That being said, it didn't always prove easy to reconcile the two plans into one. Some metro areas currently producing FDI plans are considering keeping the plans separate based on local preference and circumstances, especially in cases where export efforts already had strong brand recognition or dedicated staff. Others simply viewed the strategies for FDI and exports in their region as a bit more distinct. In these cases, the metro areas may consider writing an additional overview or briefing that ties the two plans together at a high level.

There are compelling reasons why metro areas would want to combine export and FDI plans. The goals and objectives are often the same; they are core, intertwined components of how a regional economy functions and grows; the "story" is stronger when the plan is presented as a unified global trade and investment plan; and the key findings match up fairly well, especially because outreach required for exports, M&A, and existing FOE expansions tends to target the same firms (which are often in the middle market). However, each metro needs to decide how it should proceed based on its own, unique situation.

One area of caution is worth raising: some metro areas in the second FDI cohort at first determined they would produce two separate plans for exports and FDI, but reconsidered what they should do as they neared the end of the process. This late change of heart was sometimes problematic because the core team had not engaged those involved in the export initiative enough during the process to be prepared to update and include exports seamlessly into the new, more comprehensive plan near the end of the FDI phase. If the plans are to be merged, the export team will want to ensure that it is able to maintain what matters to its current effort, update its findings and strategies to reflect learning from early implementation, and have a say in the final document. This implies that the core team should run the planning process under the assumption that it could go in either direction, and it must be prepared to support either alternative right up to the end.

As in the market assessment phase, it is important to assign a willing and capable individual to serve as the lead writer on the plan. This task requires someone who is a creative and strategic critical thinker and has the ability to dedicate significant time to both the writing effort and the project overall. The writer must be able to organize thoughts, take a lot of quantitative and qualitative information and cull the key points, solicit input from all meetings and determine whether and how to include critical points, and manage and drive completion of the writing project. Even in cases where teams of people are assigned a role in writing, the lead writer carries the bulk of the workload. Further, writing by committee simply did not work in any metro areas that attempted to use that approach.

Among metro areas that have completed their plans, the lead writer was typically either the project manager or the research lead, but the assignment has not always proven easy. Some metro areas hired a professional writer, but that choice can present issues because outside writers probably don't know the subject matter or local politics as well, and typically they have not been involved in most of the critical meetings. The writing process becomes even more complicated when melding the previously written export plan and the new FDI plan into one document. This type of exercise requires more time and additional critical thinking, creativity, and writing skill.

To avoid becoming overwhelmed, particularly for those who are doing this work in addition to their regular full-time jobs, it is advisable to begin writing sections of the plan from the outset of the project. The lead writers who continuously worked on draft sections of the plan throughout the process were better able to focus on pulling all the sections together into a cohesive story and refine it, as opposed to starting from scratch near the end of the planning process. Those who chose to wait to begin writing found the task more daunting because they were writing under considerable stress to meet deadlines.

THE 'CIVICS' CHALLENGE

The FDI planning process requires 10 months to complete, not only because of all the activities and coordination required in producing the actual market assessment and written plan but—just as importantly—because of what GCI Exchange metro areas refer to as the "civics." Global trade and investment planning ultimately requires change in economic development behavior and practice, and these changes challenge the status quo on a number of fronts (see *The 10 Lessons From Global Trade and Investment Planning* for more in-depth discussion). Further, exports and FDI planning proved to hit right at the heart of a rapidly changing economic development field whose state, metro, and local institutions are arguably not well positioned for the realities of the 21st century economy. The honest dialog generated by the global planning process surfaced the need for frank discussions about the region's overall economic development system.

Civic issues that confronted the metro planning teams cover everything from difficult or absent state partners to uninterested mayors, defensiveness among certain partners, lack of value placed on FDI in the region, and, occasionally, even lack of true buy-in on behalf of the CEO in the lead regional EDO. Existing state and local organizations sometimes feel threatened because they believe they already cover FDI well, are concerned that a new metro initiative will compete with them for limited funding or be duplicative, or worry that the process will expose their organization to unwanted scrutiny at a time when EDOs are increasingly being evaluated to gauge their relevance and effectiveness. Some state and local staff who lead existing FDI efforts can become defensive because the process represents entirely new ways of approaching foreign investment, and they sometimes believe they already perform this role effectively, do not want to be forced to change, and/or do not possess the skills these new roles would require.

An effective planning process with the greatest possibility for successful implementation requires metro areas to confront and attempt to work through these issues; they cannot be glossed over just to speed up the process. The steering committee can help shape this conversation by supporting greater coordination among EDOs to implement the strategy. And indeed, in metro areas that committed to addressing these challenges and worked methodically through the process, even the most defensive local players typically came around to become full supporters. They realized that a credible regional initiative would generate increased awareness, support, and resources for global initiatives and actually boost their personal profile, responsibilities, and support for the global cause.

THE CIVICS CHALLENGE OF M&A

One of the greatest challenges to grapple with in the FDI phase of the planning process is the role of economic development organizations in mergers and acquisitions. All agree that the vast majority of FDI enters a given metro area through M&A, and the regional EDOs report increasing interest and activity from foreign buyers. EDOs are concerned that M&A transactions could lead to downsizing or closure, and they often don't want to become deal "'brokers." However, they increasingly understand that M&A is a market reality and that they must determine how they will engage with it in an economic development capacity, including focusing on aftercare and robust business retention and expansion programs. This reality forces EDOs in the region to re-think their roles in FDI and in economic development overall. It raises questions around what economic development is actually about, and whether EDOs are set up and resourced to effectively respond to today's private-sector market realities. Traditionally, state and regional EDOs have focused on job creation through business attraction. However, while EDOs focus on job creation, this isn't at all the goal of the companies they are dealing with. Companies create jobs to promote business growth and address constraints. The global planning process has forced EDOs to consider not only the ways to reconcile this but also the importance of other driving factors, such as firm and regional competitiveness, that make the role much more complex and demanding. More detailed discussion on M&A is available in the 10 Lessons guide available **here**.

Many metro areas dealt with civics challenges during the creation of their export plans but found that it was during the FDI phase of the process that institutions seemed to really come together on a comprehensive global strategy

One major conclusion among many of the metro areas was that needed change in the civic culture in economic development is a major success in itself. Many metro areas dealt with civics challenges during the creation of their export plans but found that it was during the FDI phase of the process that institutions seemed to really come together on a comprehensive global strategy—including both exports and FDI. The metro areas were able to not only work through new issues, but also revisit lingering ones from a position of strength, based on solid planning and increased regional buy-in. Having a "champion" for the global initiative can prove highly beneficial to this desired outcome. A well-respected civic leader, such as a CEO or elected official, who can demonstrate the importance of the plan and be a voice for it can be a game changer.

PERFORMANCE MEASUREMENT

A major issue for metro areas producing and implementing global trade and investment plans is how to measure and demonstrate performance. As proved true with exports, the impact of EDOs on attracting and retaining FDI is difficult to quantify and measure. Traditionally, when defined solely around greenfield business attraction, FDI performance has been fairly easy to measure. In these cases, EDOs count success based on the number of jobs and total capital investment related to the new facility. M&A changes the game because it represents a transfer of ownership of a local operation from domestic to foreign, and does not add up to "new" jobs or investment in the region. It is also more difficult to measure and quantify the impacts of robust BRE programs, since the outcome may be a higher number of satisfied firms with higher job retention and increased competitiveness, but not necessarily new jobs.

The *10 Lessons* report makes the case that M&A does matter and is a reality of global engagement and regional economic health, whether a metro area chooses to acknowledge and engage with this reality or not. Further, M&A (as with exports) changes the focus of economic development efforts to the competitiveness of existing firms, not just near-term job counts. This presents metro areas with a quandary, in that they know global engagement matters to the long-term health and sustainability of a regional economy, but they cannot easily measure firm competitiveness or the effectiveness of programs to increase firm competitiveness. If the impact of M&A, for example, is not easily measurable or conclusive about its impacts but is clearly driving FDI in the private sector, should a regional EDO engage with it?

In practice, metro areas in the GCI Exchange continue to scratch their heads when it comes to performance measurement even after almost five years of global trade and investment planning. No one has come up with a complete and satisfactory solution to this issue, and it remains a topic of intense dialog and exploration. One partial solution is getting EDOs and their boards comfortable with measuring inputs rather than outcomes. This involves a focus on service and activities, such as how many companies were assisted and related customer service measures, but not the impact on jobs. In most metro areas that are focused on global competitiveness, companies state that they appreciate this type of support and believe it is truly valuable to them. However, this transition is easier said than done. It goes smack up against traditional methods of performance measurement and keeps regional EDOs under constant pressure to demonstrate value and performance in new and specific ways.

Producing a good plan, and gaining widespread buy-in for it from key partners and stakeholders through an inclusive process, is a significant achievement. If the plan is not implemented well, however, then the planning process will prove fruitless. It is critical to the longer-term success and viability of the initiative to hit the ground running on implementation, arguably even before the plan is launched. This will help to maintain momentum, demonstrate some early "wins," and better ensure buy-in from key stakeholders and funders for the global trade and investment initiative over the longer term.

Among metro areas in the GCI Exchange, it has proven more advantageous to get out and get started with implementation on at least some aspects of the plan at or even before its formal launch, as opposed to waiting to start until after the perfect implementation plan has been created. Some metro areas focused their efforts on a successful launch event, assuming they could wait to focus on implementation until after the plan was released, but this inevitably led to frustration and stress when lead organizations were caught flat-footed and unable to respond to requests for action or progress. To counter this, San Antonio transformed its steering committee, which oversaw the development of the strategy, into the Global Competitiveness Council, tasked with public accountability and ensuring the plan's implementation. Other metro areas in the GCI Exchange, such as Columbus, linked their plans directly to larger comprehensive economic development strategies (CEDS) that either already existed or were being developed concurrently. This overall issue implies the need for a well-thought-out communications plan for the entire process, including the plan release and early implementation.

To ensure a quick start, the critical elements of implementation must be agreed to during the planning process and should be laid out in one or two pages at the end of the written plan. These elements include all the basic questions that must be addressed, such as a timetable that clarifies the phases of implementation over the next few years; identification of a regional organization to lead and coordinate the unified regional effort; annual funding required for the initiative; what specific programs and staffing this funding will support; how the money will be raised (existing resources and new sources of investment); the core roles of federal, state, and county partner organizations; and the basic plan of action for the first three to six months.

To ensure a quick start, the critical elements of implementation must be agreed to during the planning process and should be laid out in one or two pages at the end of the written plan.

It is also highly recommended that metro areas produce a separate implementation plan document, for internal use only, that provides very specific detail outlining how the global trade and investment plan will be carried out for each strategy and tactic. This can be done in the first few months after the plan is released, since producing the core elements of the plan requires the entire 10-month planning process.

Among metro areas engaged in the GCI Exchange, the organization identified to lead FDI implementation was the regional EDO, with the only exceptions being metro areas that did not have one. In no case was the largest city or individual county designated to serve as the lead on its own. State EDOs are already typically designated as the lead for the state's international efforts; however, they have typically focused solely on greenfield investments and are often limited in their ability to take a leading role on some of the new topics, such as M&A, aftercare, and business retention and expansion programs, that have risen out of this process. Designated state and metro area lead organizations provide potential for a strong partnership to lead the overall FDI effort by leveraging the unique resources and capabilities of each organization.

CONCLUSION

U.S. metro areas, recognizing the imperative to better grasp and manage opportunities and challenges in global markets, have been prompted to develop global trade and investment plans. Delivering a successful plan, however, requires more than just writing a document. It involves managing a data-driven, inclusive, and strategic process that will not only open new doors in the global economy but also challenge traditional economic development approaches. The FDI planning process involves upfront set-up and organization, consistent engagement of staff and committees, and the commitment of local champions to drive effective implementation. This FDI Guide is designed to help project leaders prepare for, and successfully navigate, this process and equip their metro areas to embrace the global economy. ■

FOR MORE INFORMATION

Metropolitan Policy Program at Brookings
1775 Massachusetts Avenue, NW
Washington D.C. 20036-2188
Telephone: 202.797.6000
Fax: 202.797.6004
Website: **www.brookings.edu**

ABOUT THE METROPOLITAN POLICY PROGRAM AT BROOKINGS

The Metropolitan Policy Program at Brookings delivers research and solutions to help metropolitan leaders build an advanced economy that works for all. To learn more visit **www.brookings.edu/metro**.

Metropolitan Policy Program
at BROOKINGS

telephone 202.797.6139
fax 202.797.2965
web site **www.brookings.edu/metro**

BROOKINGS