The centrality of local authorities in regional economic policies

A decentralised State, Italy is divided into 20 regions (including 5 autonomous regions) with legislative power. The local autonomy principle, constantly reinforced since the 1948 Constitution, recognises normative, financial and organisational powers for all local authorities, which put them on an equal basis. Public establishments such as Chambers of Commerce are also considered as local authorities. In practice, the responsibilities of municipalities (a total of 8,101) include public services, land use planning and economic development. The provinces (110 in all) are concerned with planning on a larger scale. Seeking territorial coherence and economies of scale, more and more intermunicipal cooperation establishments are created to deliver better public services, planning, infrastructure and economic development.

Strong local promotion agencies

Invitalia, as an agency of the Italian government, deals both with inward investment promotion and support to national business competitiveness. Its FDI promotion efforts benefit primarily the less-advanced Southern Italy which is why most rich regions and provinces (about 20) have set up their own development agencies. Enjoying full autonomy from the State, their status, missions and strategies vary significantly. Some of them were established as stock companies by a region (Abruzzo, Emilia-Romagna, etc.), possibly in partnership with local business associations (Piemonte). Others are special agencies (law no.580 of 1983) of Chambers of Commerce, which is the case in Firenze, Campania and Lombardy. Promos is the strongest internationalisation agency of all Italian chambers, and Invest in Milan therefore the main local Investment Promotion Agency.
Promos, a special agency for a special chamber

- The Milan Chamber of Commerce, Industry, Craft Industries, Trade and Agriculture, was established in 1786. The Chamber is governed by a Board of Directors, appointed by business, consumer associations and labour unions. The board - together with its Chair - defines strategic guidelines, while the Secretary General is responsible for their implementation. With an annual budget of EUR 120 million (2009), employing more than 800, the Chamber is organised as a holding, where 8 Special Agencies are entrusted with specific areas of expertise.

- Promos is the Special Agency set up to foster the internationalisation of the province of Milan and beyond, of the whole Lombardy region, thanks to funding from the Region. It has many overseas offices.

“Il sistema camerale”: favouring cooperation among chambers

Regionally, some of the services provided by Promos are also offered to members of Unioncamere Lombardia, the Lombardy Association of Chambers of Commerce with headquarters in Milan (and its own representative office in Brussels), in a effort of mutualisation. Nationally, even though Invitalia wishes to better coordinate regional efforts through permanent agreements, collaboration with the national Investment Promotion Agency occurs on a case-by-case basis. On the contrary, a national coordination among Italian chambers has long been organised within Unioncamere. Milan is a very active member of this powerful association, of which, Carlo Sangalli, the Milan Chamber Chair, was the head for two consecutive terms between 2000 and 2006. Unioncamere is also an influential member of Eurochambers, the European association of chambers of commerce. When preparing international promotion campaigns, once again, Invest in Milan favours partnerships with bilateral Italian chambers of commerce abroad.
Defining a promotion strategy: a great autonomy within a regional frame

A strategy defined internally and revised annually

- Period: Annual
- Framing: In line with Unioncamere Lombardia/Lombardy Region Programme Agreement but independent from other Territorial Marketing Department strategies (tourism, human capital attraction)
- Content: Diagnosis + General objectives (not quantitative)
- Status: Confidential document
- Means: None specific

Regional framing of economic development policies

In 2006, Unioncamere Lombardia and the Lombardy Region signed a Programme Agreement, renewed in 2009 to cover 2010-2015, which provides a common diagnosis, certain co-financing, and the annual co-planning of joint actions. This regional planning covers “the promotion of the territory and the environment, the adjustment of physical and technological infrastructure, the environmental, tourist and cultural attractiveness, the attraction of film productions, the development of human capital and knowledge, the prospection for the establishment of non Lombard businesses”. A Board of Direction and Supervision controls its implementation. Chaired by the Chair of the Regional Council, it brings together relevant regional councillors and the 12 Chairs of the Lombardy Chambers of Commerce.

A holistic approach to territorial marketing & attractiveness

Promos Territorial Marketing Department is the main arm of the regional promotion scheme. Its aim is to stimulate international interest in Milan first, and also in Lombardy thanks to regional financing. Its mandate is broad, encompassing inward investment attraction, human capital attraction (foreign scientists & students), but also the promotion of fashion, culture, and tourism. These 5 business lines are in interaction, as shown by Carlo Sangalli, Chair of Milan Chamber: “Culture is decisive regarding local quality of life but is also an important factor in competitiveness because it helps strengthen the “Made in Italy” that combines product excellence and knowledge”. Invest in Milan was set up in 2005 within the Territorial Marketing Department to reinforce FDI promotion but has only had full-time dedicated staff since 2009. Its focus is Milan but Lombardy, as an attractive hinterland, is also covered.
Regional positioning: the Euromed capital of creative industries

**Strengths**
- Italy’s powerhouse: metropolitan area of 7.4 M people, Milan = 10% of GDP (Lombardy > 20%)
- Competitiveness: Milan better than Paris, Frankfurt, London (KPMG Competitive Alternatives)
- Capital of world fashion, along with Paris and New York
- Innovative fabric: prestigious universities (Bocconi, Politecnico), 10% of all Italian students, strong patents production
- Established attractiveness: Lombardy’s share of foreign equity investments in Italy > 50%
- Milan Fair: 2nd in Europe, 100 events/year, 4.5 million visitors

**Opportunities**
- Euromed market = 780 mn customers (Single market of 440 M Europeans, average income> USD 30,000 + 340 M South Med consumers, income> USD 10,000 vs. China: USD 5,900)
- Milan Expo 2015
- Closer regional coordination of communication & promotion efforts (joint territorial branding through Milano Globale project)
- Creative industries: fashion, design, ICT, biotechs, multimedia and publishing, finance
- Emerging markets for Lombardy machinery & luxury goods

**Weaknesses**
- Italian bureaucracy
- Labour unions
- High corporate income tax
- Freight costs
- Utilities costs (electricity)

**Threats**
- Competition for HQs and R&D with other dynamic European regions: Lyon, Barcelona, etc.
- Relocation of manufacturing SMEs southwards
- Italian political instability
- Impact of the crisis (real estate)
- Appreciation of the euro

A legitimate pretender to the title of Euromed economic capital

When seeking to attract decision-making and R&D centres, differentiation is the key. For Milan, competition mostly comes from Europe. One of the city’s unique selling point is its position as a crossroad between the Lisbon-Kiev axis and the North-South dividing line of Europe. Milan also positions itself as a gateway to the South. Promos therefore has an Euromed department to increase its impact in regional cooperation. This is consistent with the efforts of Milan’s Chamber and City Council, and also of the Italian government to promote Milan as a perfect location to host future Union for the Mediterranean agencies (SMEs, etc.).

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A synthetic visual identity for Invest in Milan

Promos, as every special agency, part of the Milan Chamber holding, sets out the new visual identity of the Chamber, designed to express style and tradition, in its own colour (blue): the logo stylises the iconic figure of St. Ambrose. Since 2005, Invest in Milan has had its own marketing identity, which somehow resembles Oldenburg & Van Bruggen’s sculpture Ago, Filo e Nodo on Piazzale Cadorna in Milan (Needle, Thread, and Knot, a reference to the fashion industry). The colours illustrate the cooperation between the Region (green), the Chamber (red), and Promos (blue).

Towards integrated territorial communication?

Invest in Milan has a 100% bilingual, readable, content-rich and well-referenced website. It is distinct from that of Promos in order to better address foreign investors’ informational needs (mostly indications on local business potential and costs). Its red & white graphic house style capitalizes on the Milan Chamber and City council colours. It was designed by an agency which also works for Promos, the Lombardy Region, etc. Reciprocal links between the websites of the Milan Chamber, Promos, Milano Metropoli Development Agency, the Tourism Office etc. ensure a fluid navigation and an efficient lead-sharing process. Further coordination of regional communication efforts would be a plus, according to the recommendations of the Milano Globale project, while Milan Expo 2015 is already a powerful incentive to do more. Invest in Milan systematically promotes this event when campaigning abroad.

Communication: marrying up style and innovation

Communication actions/ tools

- **Plan:** Confidential => Budget & Human resources: Promos
- **Tools:** Website in Italian and English, brochures, gadgets, roll up, short video clips (outsourced production) on the Invest in Milan website and You Tube (the first on Milan Expo 2015 and two others on investment opportunities)
- **Actions:** Participation in selected business fairs and visibility events (21 million visitors expected for Milan Expo 2015); Adverts in targeted national & international newspapers; Ad hoc newsletter for each campaign
- **Impact:** 1,000 monthly unique visitors on www.investinmilan.com, hundreds of viewings for promotional videos
Prospecting: a blend of heavy artillery and targeted campaigns

Prospecting strategy: a blend of opportunism and targeting

- **Range:** Medium/Status: confidential (internally defined)
- **HR:** 2 FDI promotion + 1 customer care managers in Milan + commercial agents in 3 Promos offices (Brazil, India and China)
- **Sectors:** Creative industries (Fashion, Design, Financial services, ICT, Multimedia and publishing, Life Sciences and Biotechs)
- **Zones:** 16 clusters (geographically defined), 5 metaclusters
- **Target:** Focus on medium companies from emerging economies
- **Tools:** Intelligence, Website, Videos/no specific incentives
- **Actions:** Phoning (no subcontracting), meetings through local agents. Contacts taken during business trips, visibility events, workshops. Road shows in 2010 in China, Japan, Brazil, India, Israel
- **Impact:** 100 companies assisted by customer relation dept/18 deals in 2010 (+20 expected for 2011)/90 jobs created (2010)

The benefits of an efficient network management

Invest in Milan works closely with the Province and City of Milan, local universities and business associations. It has no agreement with Milano Metropoli Development Agency (re-industrialization in North Milan, sectoral networks and business incubators). The Lombardy Region funds Invest in Milan customer relation services (pre-investment data and assistance in local business creation) as they benefit all of Lombardy but does not yet finance pro-active prospection. For that reason its seeks private sponsoring to finance overseas campaigns. Invest in Milan also depends on a large network of private partners (lawyers, banks, real estate, recruitment) for both prospection and facilitation. Its agents in overseas offices are partly evaluated on their efforts to build and maintain a dynamic network of local contacts.

Be creative!

Invest in Milan focuses its prospection efforts on medium and large firms (EUR 50-100 M turnover) from developing countries, all sectors included. It considers that these medium-sized firms would find Invest in Milan's networks affordable and useful while multinationals rather count on their own consultants. As for developed countries, Invest in Milan concentrates on selective campaigns in niche sectors lesser known than fashion, etc. Invest in Milan commercial agents in Brazil, India and China take care of economic intelligence (press screening), local databases, local business events. The last promotion campaign in India was prepared by Milan (ad hoc newsletter) in cooperation (+ co-financing) with the local office of Deloitte. Invitalia joined in, bringing along another Southern Italian region which is no direct concurrent for Lombardy. Invest in Milan used its own local staff and the local Italian chamber in India to deal with logistics and B2B contacts; while Invitalia co-financed the logistics of Italian companies. When campaigning in Israel or Japan, Invest in Milan uses local Promos office staff (not fully dedicated to FDI) and local private partners to provide contacts.

Prospecting during a World Exposition: Milan Expo 2015

Hosting a World Expo is a huge opportunity, both in terms of visibility and prospection. It involves massive investments (EUR11 billion being spent mainly on infrastructures). The official topic, "feeding the planet, energy for life!" should provide companies operating in fields such as agrofood, biotechs, renewable energies, life sciences, real estate, logistics and infrastructures, with business and investment opportunities. Promos Territorial Marketing Department and Invest in Milan are actively targeting international operators interested in Milan Expo 2015.

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