RETHINKING REGIONAL DEVELOPMENT STRATEGY IN THE CONTEXT OF STRUCTURAL FUNDS:
LESSONS FROM THE IRISH CROSS-BORDER REGION

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“As in the past, so today: the real boundaries in Europe are not between countries but between prosperous urban centres and a neglected and impoverished rural hinterland”

Tony Judt, *Post War: A History of Europe Since 1945*
1 IN THE BEGINNING

We have spent the last twenty years studying the impacts of EU Structural Funds on national economies. It all started with a phone call in late 1988 received from the Irish Department of Finance. The first programme of EU Structural Funds was about to be launched in 1989, extending out to 1993. A pre-condition for access to financial support was that the recipient countries were obliged to commission detailed ex-ante evaluations of the likely impacts of the policy proposals that were being incorporated into the National Development Plans (NDPs), within which the Structural Funds would operate. The ESRI in Dublin was requested to carry out an ex-ante impact evaluation study, which turned out to be the very first such study in the new era of expanded Cohesion Policy (Bradley et al, 1992).1

The policy research project that followed was both fascinating and challenging. It was fascinating, because a huge national programme of public investment, spanning five years, was being designed. It was challenging, because we were initially uncertain as to how the likely impacts of the programme might be analysed. But our modelling work of previous years had produced a macro modelling framework for the Irish economy that was uniquely suited to act as a test-bed for analysis of the supply-side impacts of large-scale public investment programmes in the areas of infrastructure, human resources and R&D. Over the next twenty years these techniques were gradually extended to all 27 EU member states and many of the candidate states (Bradley, 2006a; Bradley, Untiedt and Zaleski, 2009).

When the opportunity arose in 2009 to study in detail a very small region of the island of Ireland, i.e., the border region between Ireland (a sovereign state) and Northern Ireland (a region of the United Kingdom), many of the insights and lessons from modelling national economies and large “macro-regions” like East Germany and the Italian Mezzogiorno had to be discarded and new approaches sought. This was because the research sequence for national economies goes from theory, to data, to empirical analysis, to models, and ends up with policy impact simulations. This simply doesn’t work at the regional level. Theory in spatial economics is complex, new, untested and suggestive rather than prescriptive (Fujita, Krugman and Venables, 1999). Data are always scarce, and when available can be unreliable and often irrelevant to the needs of research into regional structure and development. Empirical analysis tends to be carried out on cross-regional panel data and tells us little of how specific regions – like the Irish cross-border economy – evolve and develop.

1 At the time, the ESRI had little idea that what we had done was in any way novel, or that it might be of wider interest elsewhere in the EU. Indeed, we neglected the report after it was submitted to the Department of Finance and passed over to the European Commission in 1989. Two years were to elapse before we even considered publishing it.
This creates a very serious problem for Cohesion Policy designers and analysts. European Cohesion Policy may be designed mainly at the national level, but is implemented spatially in specific regions. The kind of macroeconomic policy impact analysis that the ESRI had been carrying out with national models ignored the spatial aspects and examined the aggregate impact of all policies on the national economy.\(^2\) The need to examine a small regional economy, with a view to getting a better understanding of how regional policies should be designed and evaluated, forced us to review the manner in which we try to understand how a regional economy works in the absence of many of the data and models that are available at the national level, but are absent at the level of sub-regions. Our project turned out to be a kind of voyage of discovery and it led us to the conclusion that previous methods of matching Cohesion Policy design with regional needs could sometimes be deficient, and that this deficiency was exacerbated by the fact that the national macro (top-down) approach to policy impact analysis had become detached from the vital regional micro (bottom-up) approach that forms the most important element of Cohesion Policy evaluation.

\(^2\) The East German regions and the Italian *Mezzogiorno* are the exceptions, but these are large, distinctive economies that are quite different to the usual small sub-regions of national economies. They probably represent the limit of usefulness of macro modelling techniques.
Before turning to the lessons that we learned from the Irish cross-border study, we illustrate the gap that exists between macro-national and micro-regional cohesion policy design and analysis by looking at two state-of-the-art micro evaluation studies. The first is a study of the impact of the M1 motorway that links Dublin to the border with Northern Ireland (Centre for Industrial Studies, 2011a). The second is a study of the port of Gioia Tauro in Southern Italy (Centre for Industrial Studies, 2011b). Both of these studies illustrate the difficulty of providing a comprehensive and coherent description of the regional economic context into which both major projects were inserted as well as the wider encompassing economy of which the specific region was only a part. The task of getting national economic development strategy right is hard enough. But the challenge of regional development strategy is even harder. Our perspectives on the development challenges of the economies of the EU member states have been reasonably well articulated and systematic, and have gradually became more effective as these economies progressively integrate (or don’t integrate!) with the wider Single Market. On the other hand, our perspectives on the development of the constituent sub-regions of national economies have tended to be partial, distorted, poorly organised and often ineffective.

Regional development perspectives tend to be partial because there is a natural tendency to focus almost exclusively on the role of public policy-makers and neglect private sector actors and actions. They are distorted because from a mainly public policy perspective it is difficult to understand the true potential and structural characteristics of regional economies and how they evolve and grow in an organic way. They are poorly organised, not for lack of regional enthusiasm, but because it has proved extremely difficult to coordinate the many actors and layers of decision making that need to be involved. They can often be ineffective because there is usually a strong preference to rely on national strategic development frameworks with the hope that centralised policies will generate sufficient spillover and trickle-down effects from core densely populated regions to peripheral, sparsely populated regions.

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3 These two studies, and similar studies commissioned by DG-REGIO, were innovative and experimental evaluations designed to explore post implementation impacts over a time scale during which policy outcomes would have time to “stabilize”. The more common studies of policy impacts often look at a shorter time horizon, including impacts while programmes are still incomplete. These can suffer from distortion due to the inclusion of demand-side implementation impacts that have nothing to do with the more desirable supply-side post-implementation impacts being explored in the CSIL studies.
We illustrate these points by referring first to the Irish M1 motorway noted above. Figure 1 illustrates where this major motorway is located on the island of Ireland, linking Dublin to its border with Northern Ireland. Figure 2 widens the perspective and shows the continuation of the motorway link south to Cork, Ireland’s second largest city, and the transport links across the Irish sea to Wales, England, Scotland and onwards to continental Europe.

Motorway links from Dublin to Galway in the west now also exist, as do links south-west to Limerick and north-west to Sligo. In other words, the M1 motorway is only one element of a nationwide system of high-grade roads that link all of Ireland’s main population centres. The requirement to evaluate the specific M1 element of this network in relative isolation from the rest of the network – mandated by EU accounting rules for the evaluation of specific large-scale projects – means that the study missed the main benefit of the M1. The wider, network context was crucial, where the impacts of the M1 needed to be examined holistically in terms of other associated Cohesion Policy projects: in this case the national motorway system and the national development objectives.4

The second example is the evaluation of the port of Gioia Tauro in the southern part of the Italian Mezzogiorno, illustrated in Figure 3. An interesting finding highlighted in the study was that the expected “energising” role of the port in stimulating development in its underdeveloped hinterland never happened. But the report itself was silent on how the project promoters justified the project in terms of a wider spillover development role. Nor

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4 An analogous issue occurs in macroeconomic impact evaluation of Structural Funds, when a specific budgetary period (say, 2007-2013) is evaluated in isolation from previous programming periods. In most cases the programmes contained in a series of budgetary periods form a continuous evolution of a wide national development strategy and they should be analysed jointly rather than in isolation from each other.
did the report spell out the nature of any ex-ante analysis of the structure of the local and adjoining economies that might have been carried out in a way that would have sounded an early warning about the over-ambitious goals of the project.

Figure 3: Location of port of Gioia Tauro (Southern Italy)

In planning both of these projects and in the subsequent impact evaluation studies there was a need to stand back from the detail of the actual project and to take a wider (M1) and deeper (Port of Gioia Tauro) view of the economic context into which the project benefits fed. To some degree this was done. But what our research on the Irish cross-border region suggests is that much more could have been done. In the case of the M1 study, the regional micro analysis of the specific M1 section of the national motorway system was carried out, but the wider national macro developmental consequences tended to be missed. The risk here is that such a project might have been shelved since the “local” impacts on the region through which the motorway ran were only one small part of the overall potential national impacts. In the case of the Port of Gioia Tauro, it was the micro-structural analysis of the local and adjoining economies that was missing, both in the original project planning and – to a lesser extent – in the ex-post impact evaluation study. This left the port project completely dependent on winning a large share of international transhipment activity, in a business that had many lower-priced alternative international competitors.

5 In fact there was a very clear understanding at the highest level of Irish economic planning that the entire motorway system was a crucial element of the national development strategy. It is this national perspective that was not emphasised in the specific M1 evaluation study.
3 UNDERSTANDING REGIONS: RESEARCH BY WALKING ABOUT

We were lucky in our INTERREG-supported project on the Irish cross-border region in that our research was not tied closely to the evaluation of any specific project or group of projects. We retained a high degree of freedom to ask questions and pursue lines of enquiry that would normally not be part of a standard policy evaluation exercise. For example, we looked more deeply into the historical background of the cross-border region before the island was partitioned in 1920, a time when Belfast was the centre of a massive agglomeration of industrial activities (ship-building, textiles, clothing, engineering) and the rest of the island economy was mainly agricultural. We examined the subsequent decline of the Northern Ireland industrial complex, a process that accelerated from the late 1960s with the outbreak of serious civil unrest and paramilitary violence. We reviewed how the previously under-industrialised economy of Ireland reinvented itself as a highly successful host location for high technology foreign direct investment. Only then did we zero in on how regions that were remote from the five large urban agglomerations on the island (Dublin, Cork, Limerick and Galway in Ireland and Belfast in Northern Ireland) had difficulty in participating in development and modernisation. Today, the island of Ireland has a small number of developed urban regions with infrastructure that is fit for purpose and activity sustained by a largely foreign-owned manufacturing base, with expansion of internationally traded services taking up the slack in recent years. The less favoured rural hinterlands and more peripheral regions have had some injections of foreign direct investment, but this often creates the phenomenon of the ‘one plant town’ that is uniquely vulnerable and never likely to become self-sustaining. Well intentioned polices of dispersal of economic development to the regions were frustrated by the impersonal, inexorable logic of spatial and market forces.

To anticipate some of our insights, our research on the border region economy found isolated islands of excellence, dedication and enthusiasm within the cross-border region. But there did not appear to be any overall guiding strategy through which successful initiatives could cumulate and generate positive spillovers to other parts of the region. In part, the explanation was the less ‘dense’ nature of the cross-border region compared, say, to the ‘denser’ urban agglomerations elsewhere on the island. In part, it is also due to the policy fault line introduced by the border itself. This does not mean that such cumulative spillovers are impossible in other than urban agglomerations contained within a politically unified jurisdiction. Unfortunately, it does mean that they are more difficult to

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6 When our original response to the call for tenders was successful, the project steering committee set up by the awarding institution made an effort at the inception report stage to oblige us to be more specific about what exactly we were going to do; what precise methodology would be used; what were the project way-points; and what our likely conclusions would be in terms of policy recommendations. We had to fight hard to keep our freedom of action in a research area where previous methodologies had failed to generate much by way of insight into the underlying structure and challenges of the cross-border economy.
achieve in the cross-border region which lies largely outside major urban agglomerations. Spatial and market forces are weaker in peripheral regions, but not entirely absent. Increasing returns to effort in regional development are especially needed when resources are limited and windows of opportunity rare.

When we started our research on the Irish cross-border region we did what any economist would do and reached out to examine the available officially published sources of data. Our background was in the analysis of national economies, where you have well organised data that tell you what is produced; how incomes are generated; and on what goods and services these incomes are spent (i.e., the output, income and expenditures sides of national accounts). At the regional level the data situation is usually less benign. In larger regions like the German lander, one has data of almost the same coverage and quality as national accounts. At the NUTS 2 level in Poland (16 voivodships), the regional accounts are incomplete, but can be filled in using available ancillary data sources (see Bradley et al, 2005). However, in the Irish cross-border region there were very serious deficiencies in the available published data. The Irish CSO provided limited data on seven planning regions and some data at the level of the individual counties (the smallest local government administrative level). In the case of the sub-regions of Northern Ireland there was almost nothing available in the area of sub-regional accounts.7

Official data sources can sometimes be augmented by private commercial sources of data. For example, the FAME database in the UK and Ireland provides a fairly comprehensive inventory of all enterprises, including basic information of the main area of activity (using the UK SIC classification system rather than the EUROSTAT NACE system), employment, turnover, etc. These databases can often be accessed by researchers through academic sites at low cost. In addition, local Chambers of Commerce and other business organisations sometimes take inventories of enterprises in their catchment area, although data standards here can be problematic. Nevertheless, they serve a useful purpose in terms of assisting the identification of a range of enterprises that can subsequently be investigated in greater detail by individual visits.

Economists are notoriously reluctant to leave their offices and abandon their computers in order to look closely at how the world actually works! Their idea of a “firm” is a stylised abstract production function, \( Q = f(K,L) \), where output (Q) is produced by inputs labour (L) and capital (K), preferably at minimum cost. The most difficult part of our research was the task of gaining a deep understanding of how businesses operated in the cross-border region. Official statistics tended to be bland and uninformative, where they existed. Ultimately, knowledge lies with the people who run the businesses. However, business people are always busy and not only did we wish to interview senior management and owners at considerable length, but we had a very intrusive list of questions that tried to

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7 One of the more frustrating aspects of regional research is that there tends to be lots of data gathered at the regional level, but very little of direct relevance to the study of economic performance and structure. We know how many dog licences were issued, but not what is produced, consumed or earned in the region.
penetrate into the deepest areas of the firm’s operation and strategy. The visits that we were able to carry out were extraordinarily interesting, informative and thought provoking, and the senior managers that met us gave generously of their time and their expertise in a very friendly and open way. Not only did we learn much about a range of individual firms, but we also came to interpret the role of public policy in a new and illuminating way.  

Given limited time and resources, we mainly targeted indigenous firms rather than multinational branch plants. We accepted that foreign branch plants play a vital role in directly generating jobs and indirectly sustaining activity in the region. Indeed, for many small Irish towns the multinational enterprise is the largest, or sometimes the only, significant manufacturing employer. But such plants can resemble what Jane Jacobs referred to as ‘castles in the desert’, having no organic links with other businesses other than through their direct and indirect spillover impacts (Jacobs, 1986). However, when we visited locally owned firms it was usually very clear that success was always traceable to gifted individuals who founded and developed dynamic business ventures and leveraged local resources. In some cases the state development agencies played a crucial supportive role. But in others the firms seemed to value their independence and did not wish to bend their plans to the rigid, bureaucratic rules and regulations of the agencies. The diversity of experience was surprising.

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8 See Annex 1 below for a list of the kinds of issues that we explored with the individual firms. It helped that one author, Michael Best, was a specialist in business strategy and could talk to business leaders as an equal. While firms were sometimes reluctant to let us into their busy lives, the ensuing conversations became so interesting to both parties that they were often reluctant to let us depart!
**LESSONS FROM REGIONAL WINNERS**

In this section we want to focus on a few implications of the analysis of the performance of four sample firms: namely, what wider lessons can we learn from a detailed examination of a range of specific firms that operate in the cross-border area?

**HUNTER APPAREL SOLUTIONS, DERRY/LONDONDERRY**

The insights arising from our discussions with Simon Hunter related mainly to the question of how a firm in a very traditional manufacturing sector (clothing) can transform itself and survive in a declining sector and a de-industrialising region. When we visited the Derry region and spoke to people in local government and NGOs, there was a tendency to regard this sector as a lost cause and to want to move on to high-tech sectors that appeared to offer more promise. Hunter Apparel Solutions showed us how short-sighted and flawed this view was.

Derry is known as the first city in the world to have shirt making factories, an industry that once had 64 shirt making companies, many of which were large. Hunter Apparel Solutions is the only surviving company in the city’s clothing industry, an industry that until recently dominated the regional economy. Hunter began in Belfast in 1936 as a retailer of police uniforms and relocated to Derry after buying a small shirt manufacturing company to control its supply chain. However, the shirt making industry contracted rapidly in the 1980s and by the time Simon Hunter, the third generation owner, took over in 1995 the number of shirt making factories had been reduced to four from the 46 when his father took over.

When Simon Hunter became managing director he feared the ups and downs of getting into the fashion end of the market and the power of retailers to shift the cost of unsold inventories to manufacturers. He sought to build on the company’s legacy in supplying groups within the emergency services as these sectors were well-known. But the marketplace was changing due to a move toward the idea of ‘consolidated purchasing’ in which suppliers were required to offer a whole uniform rather than a single item. Starting with the idea of ‘holistic’ supply meant Hunter had to move toward supplying the whole uniform to its customers. Hunter Apparel, however, did not have the manufacturing capability to supply whole uniforms and such capability could not be found by networking with other firms to combine the skill base of the region. This led to the decision to not compete on the basis of low manufacturing costs for any single item or even to seek to drive down costs on manufacturing by importing alone.

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9 So large, in fact, that they drew the attention of Karl Marx, who described in *das Kapital* the dreadful working conditions in the Victorian factory system of the Derry clothing sector.
Simon Hunter’s strategic vision for reinventing his company was based on an understanding of the opportunity created by information technology and the internet. By fortunate coincidence, he was developing a strategic vision precisely as the internet was starting to provide a sophisticated tool for communication between supplier and customer. He had studied accounting at university and realised that the great opportunity to reduce waste and economise in the delivery of service uniforms was not in production. Rather, it was in simplifying and reducing the long chain of activities in the ordering process. The strategic vision became clear: Hunter Apparel Solutions would become a ‘managed service agent’ for public service agencies. The target was to re-engineer the chain of activities in the ordering and delivery process for uniforms to drive waste out of the system. The technological cornerstone of the new business model was a proprietary web portal that would eliminate much of the indirect labour previously required to order uniforms. The new technology made it possible for an individual member of a public service agency to interact directly with Hunter and thereby eliminate the many intermediary people and transactions that had previously been involved in the order delivery process.

On the production side it meant downsizing internal manufacturing activities and developing a flexible, rapid response, networked supply system. This greatly expanded the company’s global reach. The in-house production facilities were reorganised into four warehouse cells using visual, ‘lean production’ system principles to maximize throughput efficiency. It also meant investing in a high-tech embroidery capability for purposes of individualizing uniform insignia and retaining a small but highly flexible manufacturing capability to respond to emergencies as well as to deal with highly customised orders.

Hunter Apparel Solutions: Uniforms for An Post

Hunter is now established as the managing agent of uniforms primarily for emergency services such as fire brigades, police, ambulance and health. The success of the new
business model is indicated by the fact that it has contracts to supply the uniforms for almost half of the UK’s 48 fire services. It also supplies Ireland’s postal service (see above); Dublin’s new airport terminal staff; and the Northern Ireland health and social care system. At the same time, by focusing on apparel solutions, Hunter is now finding ways to partner with technology companies to dramatically improve the functionality of the uniforms. In the case of health care professionals, this means developing uniforms that reduce the spread of infection.

CASTLECOOL, CASTLEBLAYNEY, CO MONAGHAN

The insights arising from our discussions with Paul Shortt of Castlecool related to the complex storage and supply logistic systems that are essential in supporting the growth of high added value food manufacturing, much of which is located in the cross-border area. They also illustrated how firms that take the island market seriously see the cross-border region as an important strategic location for supplying the large population centres, North and South.

Castlecool, a cold storage and logistics company founded and managed by Paul Shortt, operates from three sites in Castleblayney, Lough Egish and Dundalk. Castlecool’s customer base comprises major food and beverage companies in the dairy and retail food sectors in both Northern Ireland and the Republic of Ireland. What makes Castlecool particularly interesting is that this single company interfaces with so many other companies and sub-sectors of the food processing industry. It does so by providing a set of common production-related services that are required by nearly all firms in the industry. This enables all of its customer companies to specialise in their core capabilities and partner for their requisite business services. Castlecool, in turn, is able to achieve economies of scale and scope in the provision of storage and logistics services to all of the firms in the industry independent of size.
The diverse but related range of services that Castlecool can provide customers includes temperature controlled warehousing, dry storage, blast freezing, tempering, packing, order picking, local and international distribution, sampling and food testing, logistics management and food brokerage. It has integrated a range of IT and internet-based telecommunication technologies with food processing logistics. These include web-based network management software and radio frequency functionality which has enhanced order picking accuracy, tracks movement of goods (receipt-order pick-delivery), interfaces with SAP and other systems, and provides product traceability processes.

To address the costs from the high energy intensity of cold storage, Castlecool has conducted R&D on wind turbines and combined heat and energy systems. In giving its 2010 award to Castlecool, the Small Firms Association noted that: ‘The company also works closely with Queen’s University Belfast to aid innovation and has recently taken in a graduate electrical engineer to look at wind-energy opportunities’. The project carried out an exemplary wind turbine feasibility study for the Lough Eglish Food Park site. In refrigerated cold stores there is an opportunity to store energy passively within the building in the internal structures and product. Driving down the costs of energy with innovation is another illustration of how increasing specialisation within an open-system business model can foster innovation for networked groups of companies.

WALTER WATSON (WW) LTD, CASTLEWELLAN, CO DOWN

Our discussions with Walter Watson gave valuable insights into how a sophisticated, modern firm engaged in the production of a range of complex metal products could evolve in a rural area near the border and thrive in highly competitive domestic and export markets. It also illustrated how a firm can start by manufacturing simple products destined for local markets, but can grow to become a large and sophisticated exporter.

Walter Watson’s father was a blacksmith with a shop next door to the small family home near Castlewellan, located about 30 km north-east of the border city of Newry. Walter, born in 1944, became a welder, but after being laid off by his employer in 1967 he set up a business to repair farm machinery and later to make farm machinery and farm buildings. He extended his product range to agricultural trailers (eventually with hydraulic hoists), transport boxes, gates and silos. His core capability was in steel fabrication and he fostered relationships in Scotland with steel mills at Ravenscraig and elsewhere. He built and sold hundreds of farm buildings in Scotland and the Republic of Ireland. All were pre-fabricated in Walter Watson’s facilities before shipping and erection on the customer’s land. The firm had its own transport with access to roll on and roll off facilities.

Walter Watson expanded into the production of reinforcing steel and a new opportunity arose when a German company making overhead cranes closed its Bangor (Co Down) operation. WW bought all of the unsold cranes, refurbished them and added guarantees to create a market. Thus overhead cranes became a third main line of business along
with structural steel and reinforcing steel. WW has continued to develop and grow up to the present with annual sales approaching £30 million and 180 employees, setting an extraordinarily high productivity level.

Walter Watson Plant: Metal Fabrication

BOSE (IRELAND), CARRICKMACROSS, CO MONAGHAN

Our discussions with Pat McAdam, Bose director in Ireland, gave us an example of an extraordinarily sophisticated, foreign-owned firm that located in the border region in 1978, originally hoping to source some of its supply chain locally (i.e. production of wooden cabinets for the Bose top-of-the-range audio equipment), failed to find suitable suppliers and then put in place its own supply facility. It also illustrated how the valuable experience of a firm like Bose was largely ignored by the existing furniture sector in the area, which has suffered a catastrophic decline in recent years.

Bose Corporation, the global leader in loudspeakers and ancillary audio equipment, was founded in Massachusetts in 1964. Its turnover today is approximate $700 million and it has five facilities, including its headquarters in Framingham, Massachusetts. It opened its Carrickmacross manufacturing site in 1978, attracted in part by the furniture making tradition in the region. In Pat McAdam’s words, importing cabinets was not economical. The idea was to get local suppliers to make the high-specification cabinets, which for acoustical reasons are made of wood.

As it turned out, Bose was not successful in finding woodworkers who had experience in making wood products at the tight tolerances demanded for audio systems. Subsequently, Bose developed a state of the art manufacturing plant which today employs just under 200 people. Much of the specific woodworking expertise was obtained from a Bose facility in Canada that had developed good woodworking practices over the years. The Carrickmacross plant has seven CNC woodworking machines for
drilling, routing and milling operations. Much of the tooling is made in an in-house machine shop. Furthermore, the Bose plant recycles waste wood products into an environmentally clean boiler system to provide all of its heat energy requirements.

The cabinet-making and electronic assembly plant is a model ‘lean’ manufacturing facility, including a high-performance, self-directed work team organisational system. Mr McAdam stated that productivity has advanced by 50% since beginning the lean manufacturing journey in 2007. All of the features of the Toyota lean manufacturing production system are on display: JIT, SMED or single-minute exchange of die, Kanban or visual information and scheduling system, and 5-S kaizen continuous innovation work organisation (Best, 1990 and 2001). Bose illustrated how world class manufacturing can work in a relatively small plant located in a rural area in the Irish border region.

As we left the plant we asked our host if local furniture firms came by to study the wood processing side of the Bose plant in order to evaluate possible ways in which the more traditional Irish sector could upgrade its technology and production systems to meet the stiff competition coming from China and elsewhere. The negative answer surprised us and obliged us to reflect on the policy, institutional and other problems that prevented this world class centre of excellence from becoming a force for transformation that might have assisted in the preservation of the once-strong but now rapidly declining furniture sector in the mid-border region.
5 ENTREPRENEURIAL FIRMS AND CLUSTER DYNAMICS

To understand the industrial growth of a region our research focused on entrepreneurial firms as the engines of growth. We sought to address two inter-related questions: where did new entrepreneurial firms come from, and where did new groups, sectors or clusters of firms come from? These are inter-related questions, since entrepreneurial firms drive clusters and clusters create opportunities for existing entrepreneurial firms and new entrants. This simple proposition informed our research methodology and a very brief overview of our findings follows.

5.1 ENTREPRENEURIAL FIRMS

Firm strategy is important and a variety of strategies existed. We found examples of high volume production within single production units. Seagate (based in Derry City) produces on a scale that matches East Asian mass producers. Bose, while on a much smaller scale, has a one-piece flow, high-throughput, efficient plant in a niche market. Scale economies in segments of the dairy and poultry industry are also important. Nevertheless, scale economies alone were rarely the sources of competitive advantage. Flexible specialisation is the most common generic strategy. The common denominator was focus on a core capability but partner for complementary capabilities; but we found creative applications depending upon context rather than a formulaic categorisation.

Most of the successful companies in the Irish cross-border region pursued a strategy of developing a distinctive product/service and constructed the production capability to deliver it. A number can be characterized as mid-size, indigenous, multinational companies. Here we drew an unexpected lesson: these companies have radically reinvented themselves at least once as if they became a new firm. In fact, we might say that new firms were created out of previous incarnations of the same firm. Other times we find succeeding generations of the same firm in the form of the establishment of new out of old production systems. Walter Watson, for example, moved from steel fabrication of agricultural implements, to structural steel fabrication, to fabric mesh and pile cages, to cranes – all the while deepening the company’s core capability in steel fabrication. The transition to a range of reinforced steel products involved erecting a new, state-of-the-art production facility.

We found examples of ‘system integration’ strategies or a process of enterprise reinvention. In these cases the new management leveraged legacy skills and capabilities, but within the context of reengineering the core production system, in order to take full
advantage of new technologies and market opportunities. Often this was precipitated by the transition to the second and third generation of family leadership. Simon Hunter, for example, established his ‘management service agent’ business model by seizing the opportunity of the internet and the web to redesign the system by which service uniforms are designed, manufactured, and delivered. This transition required an alliance with an IT company to develop a web-portal system. But it also meant the construction of a new production process at Hunter Apparel and new service offerings that could become a resource for companies in other sectors. This process of increasing differentiation of capabilities and innovation has led to the creation of a new business system as envisioned by Simon Hunter. It also hints at how network alliances can be incipient clustering processes. The fact that Hunter Apparel is a successful company has created a new opportunity to form a R&D alliance to create a material with built-in functionality that could revolutionize medical services apparel.

The process of developing a distinctive capability is interlocked with establishing ‘network alliances’. These alliances may be within other production units within a larger company (such as Feldhues, based in Clones, Co. Monaghan) or they may be part of incipient clustering processes. In any case we have found that an on-going process of focusing on core capability and partnering for complementary capabilities underlies or sparks increases in capability differentiation and derived innovation activities in the participating companies. These are examples of the dynamic between internal organisation and inter-firm relations. In the case of Castlecool, we found the emergence of an open-system business model in which a series of service activities in logistics and warehousing are shared to the mutual advantage of a range of enterprises. Here the advantages are not merely cost economies of scale and scope: Castlecool is an innovative company that enables its partners to focus on what they do best and, at the same time, enjoy the benefits of improved complementary business services.

5.2 CLUSTER DYNAMICS

We found that the important characteristics of clusters included the following:

a) Firms do not compete alone in the global marketplace but as members of networked groups of firms. For this reason we needed to examine network alliances and other forms of inter-firm relationships.

b) Firms compete in the global marketplace by leveraging the skills, capabilities and knowledge bases of the regions in which they are embedded.

c) Innovative firms make more than products: they advance the skills, capabilities and knowledge base of the region in which they conduct business. Moreover, the
process by which innovative firms develop specific capabilities in pursuit of new market opportunities itself creates opportunities for other firms. In fact, even the failure to pursue emergent market opportunities by one firm may give rise to the establishment of a new firm. Paul Short, for example, who later established his own company, had previously been a finance manager for a company in the same sector.

d) The inter-firm processes by which skills, capabilities and knowledge are deepened within a region can trigger the emergence of new sub-sector growth opportunities. In this way, a region’s production base can be enhanced by transition from declining to growing sectors.

The detailed examples of cluster dynamics we studied in our research (mainly in food processing, aerospace, furniture and wood processing, timber frame housing and science-based clusters) are not meant to be exhaustive. Further research would certainly reveal many more. We have at least demonstrated that constructing and searching company and other datasets for regional concentrations of companies by sector can indicate on-going or incipient cluster dynamic processes of new firm creation, techno-diversification and increasing capability differentiation. Industrial growth is not likely to happen without policies that foster these processes.
6 HOW CAN WE THINK BETTER ABOUT REGIONAL STRATEGY?

Systematic policy frameworks can help small nations and their regions to be smart with limited resources. They are essential in order to bring focus and synergy to the disparate policies that make up any modern national or regional development strategy. However, the experience in the Republic of Ireland has been that such frameworks usually emerge as ex-post explanations of outcomes of policies that were designed (or which emerged) in a less formal, eclectic fashion. This is not an ideal situation, but is probably no less desirable than a slavish adherence to a rigid and prescriptive strategy that might turn out ex-post to be completely inappropriate. Nevertheless, strategic frameworks have an important role to play in identifying potential barriers to development or in distilling the lessons of development experience in nations and regions that may share some common characteristics. Formulating, documenting and testing such frameworks represent some of the very few ways that researchers can play a role in promoting regional development.

In general, there have been two broad economic approaches to regional analysis. The first might be termed the ‘descriptive’ approach, which is based on the history of regions, their geographical features, the quality of their physical infrastructure, the characteristics and standards of their human resources (or ‘human capital’), the nature of their main economic activities, and their socio-demographic features. This ‘soft’ approach is popular, but tends to end up as a confusing mix of praise for the great unrealised potential of the region and a call for something to be done about its serious problems. The second approach might be described as ‘analytical’, which is usually based on an explicit economic framework and makes use of systematic data to examine critically the underlying economic mechanisms of the regions.

Within the ‘analytical’ approach to strategy formation, one possible way of looking at regional economies is to regard them as spatially scaled down versions of the encompassing national economy, but which have at least some local policy autonomy. At the other extreme, one might regard regional economies as isolated production units (or export bases) with little or no policy autonomy. However, if we regard the region as an isolated unit of production, with very little local policy autonomy or initiative, then structural development policy reverts to being the concern of the national authorities. The convergence prospects of any such lagging region are limited, and depend almost completely on how national policy towards the regions is designed and executed. A lagging region risks being trapped semi-permanently in dependency, a situation that is often referred to as the Mezzogiorno problem, after the region of Southern Italy whose name has become synonymous with persistent under-development and dependency. A useful approach to developing an analytical economic framework for the Irish regions, North and South, starts off with the premise that regions have different initial internal structures and the potential for some policy autonomy, even if that potential is not always
realised. For reasons that are fairly obvious, no such framework has yet emerged for the cross-border region.

Turning to a narrower focus on the business sector, the work of Michael Porter on competitive advantage has been influential in the reformulations of Northern Ireland and Republic of Ireland national industrial strategies, and has obvious – although as yet largely unanalysed – implications for Irish regions, including the cross-border region (Porter, 1990; Culliton, 1992). Porter asked how a nation can achieve international success in any particular industry or in groups of industries. His answers identified four broad attributes (the competitiveness ‘diamond’) that shape the environment in which firms compete

a) **Factor conditions**: the availability and quality of the factors of production such as skilled labour, infrastructure etc.

b) **Demand conditions**: the nature of local and external demand for the industry’s product or service, where local demand can play a vital role in encouraging product innovation and improvement.

c) **Related and supporting industries**: the presence or absence of supplier industries and related industries that are also internationally competitive.

d) **Firm strategy, structure and rivalry**: the national conditions governing how companies are created, organised and managed.

Porter also suggested that there were different stages of competitive development during which different elements of the ‘diamond’ come into play. At the early stages, competitive development is driven by factor conditions, and draws on low cost labour and/or abundant natural resources. The next stage is investment driven, drawing from factor conditions and demand conditions as well as firm strategy, structure and rivalry (i.e. from three of the four diamond elements). In the final stage, competitiveness is driven by innovation and draws from the entire diamond.

Of particular interest in the context of small economies such as Ireland, including regional economies, is the fact that Porter assigns particular significance to indigenous firms and local markets. More ominously, he asserts that:

> A development strategy based solely on foreign multinationals may doom a nation to remaining a factor-driven economy. (Porter, 1990, p.679)
Debate on the wisdom and sustainability of the Irish national strategy has raged over this important issue, and has serious implications for regional policy. An extensive literature has grown up around the debate on the role Porter assigns to the home market and domestic firms (the home-country ‘diamond’), and has led to modifications and extensions. In a closely related issue, Porter’s views on the role of inward FDI in small nations have also been criticised. Porter only regards outward investment as a manifestation of competitive strength. Inward investment is regarded as a manifestation of domestic weakness.

*Except when it is largely passive, widespread foreign investment usually indicates that the process of competitive upgrading in an economy is not entirely healthy because domestic firms in many industries lack the capabilities to defend their market positions against foreign firms. ... Inbound foreign investment is never the solution to a nation’s competitive problems. (Porter, 1990, p. 671)*

Another framework to emerge from a business research perspective is the ‘capability triad’ of Michael Best (Best, 2001). The capability triad contains probably the most synergistic combination of insights drawn from the economic theory of the firm and the detailed history of the structural evolution of business practices. It is based on the interaction of three elements: a business model, production capabilities and skill formation. The most crucial policy implication to emerge from Best’s framework is that any overall programmes of change in the area of industrial policy require the close integration of the change programmes in each of the elements of the triad:

*Rapid growth involves coordinated organizational changes in each of three domains: the business model, production capabilities, and skill formation. ... The three domains are not separable and additive components of growth, but mutually interdependent sub-systems of a single developmental process. ... No one of the three elements of the Capability Triad can contribute to growth independently of mutual adjustment processes involving all three elements. (Best, 2003, p.2).*

The business model element of the triad describes how entrepreneurial firms can grow, based on the creation of new firms through technology diversification, inter-firm networks within open systems, and regional specialisation based on technological capabilities. The production capabilities element of the triad integrates ideas from operations management and strategy into a logical system of production models that drives home the lesson that competitive strategy and productive systems are bound together. The skill formation element of the triad provides a vital input to innovation and serves to facilitate the synergistic interaction and reinforcement of all three elements. Finally, an important implication to emerge from Best’s analysis is that overall programmes in the area of industrial strategy require the close integration over time and space of the change programmes that need to take place within each of the elements of the triad.
The above three policy analysis frameworks are analytical to varying degrees. The most analytical – the macro-regional framework – is normally incorporated into formal computer models that can be used to carry out forecasting and policy impact analysis. The Porter and Best frameworks are more like systematic taxonomies that provide ways of organising facts into sequences that are easier to link together in a policy-useful way. A final framework, due to Jane Jacobs, is very different (Jacobs, 1986). Jacobs’s principal theme is the part played by cities in economic achievement. She sees cities as the engines of economic advance, providing markets, jobs, capital and technology for themselves, the regions around them, and other cities as well. Cities do this, she believes, only when business people in them engage in what she calls ‘import-substitution’, that is, ‘replacing goods that they once imported with goods that they make themselves’.\(^{10}\) Because, she argues, ‘an import-replacing city does not, upon replacing former imports, import less than it otherwise would, but shifts to other purchases in lieu of what it no longer needs from outside’, the import-replacing activity of the city is ‘at the root of all economic expansion’. However, when the economic forces created by a city’s growth spread beyond a city’s region, they are often not in reasonable balance with one another: ‘The various strands—markets, jobs, technology, transplants and capital—separate from the mesh and take off by themselves’ and create ‘stunted and bizarre economies in distant regions’. An example is what she refers to as a ‘supply region’, i.e., a region that supplies distant markets but lacks an import-replacing city of its own.

\(^{10}\) Jacobs’ concept of import substitution should not be confused with the policy driven, tariff-induced strategy of import substitution implemented in Ireland between 1932 and the early 1960s. In a Jacobs city, import substitution initially serves local markets, but rapidly generates strong local firms capable of exporting.
NEW APPROACHES TO COHESION POLICY
DESIGN AND EVALUATION

One can plan and analyse Cohesion Policy in many different ways. Indeed, the diversity of approaches is a kind of strength if a proper effort is made to examine links between the elements of this diversity. Our Irish research suggests that there are likely to be three critical dimensions to the optimal planning and analysis of investment actions undertaken within Structural Fund programmes. The first dimension is spatial, to characterise the extent of the regional economy likely to be affected. Our research suggested that such a region is unlikely to coincide with any simple collection of existing administrative boundaries and that it can cross international frontiers. Nevertheless, an effort must be made to define it.

The second dimension is sectoral, to identify a range of sectors which are uniquely suitable and adaptable for promotion within the designated region. In the case of the Irish cross-border region, examples included high technology and environmental manufacturing in the densely populated NE cross-border region which lies on the so-called Belfast-Dublin economic corridor; advances in food processing, as exemplified by a range of important existing clusters in the mid-border region which had good transport links to the main island markets; and a search for new manufacturing and service specialities in the NW region, which was the most peripheral and has suffered greatly from the decline and virtual extinction of its previous specialisation in clothing and textiles.

The third dimension is institutional, to identify the kinds of co-operative policy frameworks and actions that are be needed in the targeted region if it is to have a greater prospect of participating in wider national and EU-wide prosperity. Our Irish cross-border research suggested that failures here tended to arise as a result of knowledge deficits (e.g. imperfect understanding of the structure of regional cross-border economies); institutional jurisdictional issues (e.g. legal constraints on the operation of ‘national’ development agencies); policy and administrative gaps (e.g. small and under-resourced local government development functions and capacities); a lack of regional development focus by the third level educational establishments and an inability to achieve close cross-border synthesis between them; and weaknesses in non-governmental socio-economic agencies (e.g. chambers of commerce, the IBEC-CBI Joint Business Council, etc.). The objective here would not be to design new institutions from scratch, since neither the resources nor the political will are likely to favour such a root and branch approach. Rather, it would be to propose ways that elements of the existing institutional policy framework can be improved and refocused in order to overcome the weaknesses caused by coordination failure, mainly by articulating a shared vision of the challenges faced within the border development zone.
The combination of these three objectives – spatial, sectoral and institutional – provide a sound and coherent basis for dealing with the exceptional challenges of lagging regions. For example, the identification of specific infrastructural deficits is best carried out where the spatial dimension is explicit, the sectoral issues are a key justification, and the institutional dimensions are supportive and facilitating. The three objectives provide the natural context within which to generate specific development proposals, to do so in a way that facilitates the objective evaluation of likely achievable benefits, and to ensure that the appropriate institutional framework is in place to implement policy decisions.

These three dimensions (spatial, sectoral and institutional) are also relevant to both micro and macro impact analysis, which have their own specific objectives and methodologies. Analysis of the impact and effectiveness of Cohesion Policy can proceed at different levels of investment aggregation, where the essential difference between these levels is the extent to which the rest of the economy is assumed to remain unaffected or unchanged while a specific policy initiative is investigated. These stages are usually denoted micro, meso, and macro in evaluations of Cohesion Policy.

In the case of an individual project (e.g., a particular stretch of road like the M1; a new harbour like the Port of Gioia Tauro; a targeted training scheme, etc.), a conventional cost-benefit analysis can be carried out, with competing projects ranked in terms of increasing internal rate of return. Such micro analysis, however, can give rise to obvious difficulties in relation to the need to evaluate the impact of complementarities, spillover effects and externalities in the context of the overall programme. For micro impact analysis to be valid, the investment projects need to be sufficiently small and self-contained so that spillovers and externalities can be assumed to be second order.

Moving up the scale of aggregation, a grouping of, or the totality of projects targeted at a general or systemic problem (say, long-term unemployment or industrial competitiveness), could be evaluated in terms of how successful they were in attaining their overall priority objective (such as lowering the incidence of long-term unemployment or boosting domestic and export sales). Here the assumption that meso impact analysis can be carried out purely, or even mainly, in terms of its internal focused objectives is more difficult to sustain. Meso impact analysis can be carried out, but it leads inexorably to the need for complementary macro impact analysis.

Finally, the effectiveness of the entire programme can be evaluated as an integrated whole. Given the often large size of the funding in relation to the size of the economy, and the obvious implications for domestic fiscal, monetary, industrial and regional policy, evaluation of the impact of the full programme must be done a context that includes economy-wide feedbacks and interactions, attempting to account for all complementarities, spillover effects and externalities. In other words, it requires a
macroeconomic perspective, and demands formal national or regional economy models: input-output (I-O), macro-econometric, computable general equilibrium (CGE), growth, etc.

Table 1 below sets out a schema that focuses on some of the distinctions between micro and macro impact analysis and characterises the different emphasis each of the two approaches has over ten stages of the evaluation process.\textsuperscript{11} Many of these stages are self-explanatory and are determined by the fundamental characteristics of micro and macro approaches to policy research. But some stages require explanation. For example, in Stage 3 we suggest that for policy interventions at the level of individual projects or measures (i.e., a series of closely related projects) can be analysed using microeconomic approaches since spillovers and externality effects can reasonably be assumed to be of second order. But above that level, for Operational Programmes or for the entire Cohesion Policy programme, the large size of the policy interventions force one to adopt macro approaches to design and impact analysis since spillover and externality effects can be very large and cannot be ignored.

Turning to Stage 9, the crucial issue of the appropriate policy counterfactual arises. This is probably the most contentious issue in both micro and macro policy impact evaluation. The micro approach draws on techniques commonly used in experiment design in areas of science and medicine. But the formal implementation of the scientific approach is fraught with difficulties. For example, it is seldom possible to design Cohesion Policy interventions at the project or measure level in the same fashion as in scientific experiments (i.e., one region gets a bridge while another, similar region, does not). But an approximate application is sometimes possible in order to identify with an adequate degree of precision “a population ‘similar’ to the target population” (Barca, 2009). In the macro approach, on the other hand, a formal counterfactual scenario can be defined fairly precisely by means of a “policy-off” model simulation. However, its reliability depends on the acceptability of the macromodel being used as a representation of a true and accurate portrait of how economies function and how policy instruments affect economic processes.

Such a table might suggest that the micro and macro impact evaluation approaches can be treated in isolation from each other, and behave like ships passing in the night. Review of the older literature on Cohesion Policy evaluation tends to confirm that this separation was a fact of life and the specialists in the two areas almost never talked to

\textsuperscript{11} Table 1 does not include the meso approach to policy impact analysis since this is an uneasy blend of elements from both micro and macro approaches. Our objective is to try to clarify the distinctive features of the “purer” micro and macro approaches so that the appropriate mix can be derived for any meso analysis on a case by case basis.
each other.  But if the quality and effectiveness of policy design and evaluation is to improve, this methodological apartheid must end.

Regional development appears to work best when national and regional, micro and macro perspectives are in harmony; when national policy makers realise that the nation is simply the sum of its regions, and regional policy makers accept that co-operation is a two-way process. The knowledge gaps on the macro side (in particular, the calibration of policy externality effects) can only be treated if better and more focused micro research is carried out, perhaps along the lines of the two CSIL studies referred to earlier. On the other hand, the appropriate economic context in which policies are designed and evaluated can only be understood if some attempt is made to explore it using insights from macro-regional research, even if this is obliged to stop well short of constructing formal macro-regional models. In terms of the methodologies used in planning and evaluating regional policy initiatives, our Irish research suggests that weak methodologies tend to lead to weak outcomes. A better balance between top-down (macro) and bottom-up (micro) analysis is essential if the scarce investment resources being devoted to EU Cohesion Policy are to be used to best advantage. These are not competing perspectives, but are essential complements.

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12 A further complicating factor was that the different modelling groups on the macro side of evaluation tended to fight among themselves about the appropriate modelling methodology (Bradley and Untiedt, 2008).
Table 1: Stages in Cohesion Policy Impact Evaluation: Micro and Macro Approaches

<table>
<thead>
<tr>
<th>Stages</th>
<th>Micro (bottom-up)</th>
<th>Macro (top-down)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 First steps</td>
<td>Narrative description of regional economic context of intervention</td>
<td>Macro-sectoral description of national, regional, sub-regional economies</td>
</tr>
<tr>
<td>2 Nature of data</td>
<td>Use whatever are available and gather the rest</td>
<td>Requires access to published national and regional accounting data</td>
</tr>
<tr>
<td>3 Aspects of Cohesion Policy</td>
<td>Individual projects and measures</td>
<td>Operational programmes and aggregate programme</td>
</tr>
<tr>
<td>4 Main formal techniques</td>
<td>Cost-benefit analysis (CBA)</td>
<td>Macro-sectoral policy modelling</td>
</tr>
<tr>
<td>5 Timing</td>
<td>Mainly used ex-ante, but can be used ex-post (as in the CSIL studies)</td>
<td>Ex-ante, mid-term and ex-post</td>
</tr>
<tr>
<td>6 Necessary inputs</td>
<td>Measured costs and benefits of Cohesion Policy investments</td>
<td>Model calibration plus inputs from micro research</td>
</tr>
<tr>
<td>7 Nature of outputs</td>
<td>Informed value judgements based on CBA results</td>
<td>Quantification of impacts on macro-sectoral indicators using model simulations</td>
</tr>
<tr>
<td>8 Treatment of externalities</td>
<td>Handled informally or ignored</td>
<td>Formalised, but needs inputs from micro research to link analysis to CP instruments</td>
</tr>
<tr>
<td>9 Approach to identifying a policy counterfactual</td>
<td>Uses data of good quality and the robustness of the method to identify a population “similar” to the target population (Barca, 2009, p.47).</td>
<td>Counterfactual is defined in terms of a “policy off” model simulation (Bradley, 2006b)</td>
</tr>
<tr>
<td>10 Presentation of results</td>
<td>Narrative presentation with CBA inputs; focus on organisational aspects and efficiency of implementation</td>
<td>Uses macro-sectoral framework to describe impacts on the economy during implementation and post-implementation phases</td>
</tr>
</tbody>
</table>
REFERENCES


Centre for Industrial Studies (2011a). *Ex-post evaluation of investment projects co-financed by the European Development Fund (ERDF) and Cohesion Fund (CF) in the*


Annex 1: Talking points for visits to manufacturing firms

[1] What is the project?

- The visits are an important part of a larger project that is being carried out on behalf of the Armagh-based Centre for Cross-Border Studies, supported by InterTradeIreland and the EU INTERREG programme.
- The project is looking at the development potential of the border economy, from Donegal/Derry in the north-west to Louth-Down in the north-east.
- The visits to firms are being organized so as to obtain the “hidden” story of how firms are performing and with a view to recommending policies that will enhance the business environment.
- To do this we need to interview company leaders, as they alone have the intimate knowledge of managing business development within the specific border economy environment.


- Your company has been carefully selected
- Visiting a small number of key manufacturing companies across the border region
- The North-West region and Derry-Londonderry specifically is critical to the border economy
- Keen to see companies involved in actual production across a range of sectors

[3] What do we want to find out?

- The company directors’, or senior managers’, general views on the current conditions facing the company (strengths, weaknesses, opportunities and threats) and strategy to improve performance.
- Their view of the distinctive capability or ‘concept’ of the company that will be the source of the company’s profitability in the future.
- Their view on which companies set the “standard” in the company’s industry, to which others compete and learn?
- A guided tour of the firm’s production facilities and discussion of plant layout, production capabilities, production flexibility, design, research, etc.

[4] Who we are?

- The team will be led by Professor Mike Best of the University of Massachusetts. He is an international expert on business strategy and has carried out similar studies in a wide range of EU and other countries, cities and regions from Slovenia to London, Northern Ireland to Cyprus, and Massachusetts to Malaysia. Site visits and practical,
first-hand assessment of the existing enterprise capabilities has been critical to his work.

- Professor John Bradley, project Director, will accompany Mike on the visits.

[5] What are the logistics of the visit

- We will come to you and the visit is expected to last **at most** hours
- It is essential that the visit include both an interview with the senior manager plus a site visit of the production facilities or shop floor
- We are NOT interested in confidential financial information
- We can come late afternoon to facilitate managers’ hours or, if necessary, early morning
- The results of the firm visits will be written up by the team, and will be made available initially to all participating firms for comments

Please note that prior to the visit to your firm, the researchers will already have obtained information of a general nature about your activities from published sources including company literature, web sites, newspaper articles, etc. The purpose of the visit will be to explore with you the deeper, strategic aspects of your business and the environment in which you compete.