

David Slater's speaking notes for the BABC Board of Directors Meeting, 19 May 07

Regional Director, UKTI West Coast; 11 States West of Rockies

Part of the 7 strong UKTI USA Leadership Team.

Apologies from Head of that team Sir Alan Collins.

I sit on the BABC LA Board. Understand number of my colleagues on other Boards.

Not out of sense of Diplomatic Duty. Admirer of BABC good work in promoting transatlantic Trade and Investment, promoting friendship and support of local charities.

But we are changing and you are changing. Thus important that we understand where each other is going if we are to collaborate for mutual benefit.

So 3 areas to discuss;

Overview of the new UKTI USA
Comments on recent BABC changes
Ideas about areas for collaboration

Essentially, UKTI USA has been through a 2 year period of enormous change.

The review of 04 which was implemented wef 1 July 05 resulted in;

- Deletion of 13 UK-based junior 1 secretary level jobs
- Closed Dallas, Phoenix San Juan
- Reduced amount of time that CGs spend on UKTI work
- Created 4 Regional Directors (with devolved decision making powers).
- Integrated trade and inward investment work

Moved to a market led, customer focussed approach, industry-sector based rather than geographic region based approach i.e. business plan was sector based and targets were sector based.

Rationale is to get alongside client companies, understand their business plan and their business drivers and attempt to fit our services around them. Not go into companies with a set of services and try and fit the company to them.

Worked very well. Network turned in record results for inward investment 05/06.

However,

- In July 06, CX set out a new agenda for UKTI globally.
- Mandated that more resources should be placed in the emerging markets to take advantage of opportunities; India., China, Mexico, some of the Asian economies, UAE.
- Large reduction in UK HQ staff and International Trade Teams in the English regions reduced and taken out of Business Links.

UKTI US forced to give up more resource. £2.5 million from baseline including 30 slots.

- So we undertook an analysis of the US market in terms of the potential to meet UKTI targets.
- Analysis was based on economic activity, R&D expenditure in our priority sectors, growth in the priority sectors, VC investment, distribution of fastest growing tech companies, source of mobile investment projects, and demand for our trade services.
- Analysis supported by report from George Washington University and evaluated by economists in London.

Results; Main centres of relevant activity for UKTI;

California, Boston-to-Philadelphia corridor and Texas.
Mid-West and South East.

Agreed Priority Sectors;

Clean Technologies
Creative and Media
Energy (including renewables)
Financial and Business Services
Healthcare
High Performance Engineering
Homeland Security
ICT

Lifesciences

So we closed Seattle and consolidated resource in SF and LA
Closed UKTI team in Denver, right sized Chicago
Right sized Atlanta, modestly expanded Miami
Thinned the network support team in NY

But what we have achieved in 2 years is an increase in investment productivity by 35% and trade by 50%.

UK HQ operation has now followed UKTI USA lead by combining trade and inward investment work and working sectorally. Also moving to a system of dedicated account management.

So where are we now;

4 Key Aspects of new UKTI Global Strategy:

Marketing the UK's business strengths; City + R&D

**Greater prioritisation of clients, activities and resources;
Segmentation and targeting.**

Of 1,898 companies identified, 962 are US companies.

Of the 51 companies identified as potential R&D investors, 19 are US based.

Rigorous evaluation of added value and greatest impact

Upskilling all staff

New set of increased targets agreed by UKTI and HMT.
Greater emphasis on quality but continued increase in quantity.
No new resources. In fact UKTI USA Programme expenditure cut by 35%.

156 Inward investment successes;

55 High value
71 Good value
30 RDA priority

High Value = R&D project win
EHQ
KD manufacturing
<150
Job value 20% above UK national average
Internationally mobile
Company/HEI collaboration resulting in capital
Investment
GPP resulting in physical investment

Good Quality = KD

UK Business Performance (Trade development);

Focus on more innovative and R&D active firms in UK to bring to market. Less focus on new exporters.

UKTI USA to assist 2,300 UK companies next year, 1,380 have to be innovative. 1,150 must improve their performance as measured by Performance Information Management System PIMS (explain what that is in a moment).

500 UK companies exploit US business opportunities as a result of UKTI USA help.

50% of all UK business helped improve business performance as measured by PIMS.

We cannot say "no" to UK business but we are identifying ways to say "yes but"

We will channel more non-priority sector work through a dedicated resource in NY, leaving more time for others to focus on intensive account management.

We will charge for almost all support and have to double revenue from charging next FY.

Rigorous evaluation of value add and impact;

From April UKTI USA will start using PIMS as the main mechanism of evaluation (Performance and Impact Monitoring System).

PIMS been favourably received by NAO, HMT and DTI.

Increases insight into client's experience with us.

Important source of evidence to inform management.

Decisions on future resources based on teams' performance.

I know that as business people, you will find nothing strange about our situation; it is part of being a manager in a dynamic organisation. But it means that we have to be very clear about our objectives and resulting tangible outputs before we can commit to any activity. It also means that we will be looking for more cost sharing and sponsorship for events at his residence.

Admire BABC drive to improve quality and business focus through benchmarking. Houston; spectacular success since establishing clarity of business objectives.

Relationships predominantly friendly, but some more productive than others in terms of contribution to our outputs.

UKTI stringent focus on outputs and all activity must be geared towards delivery of outputs.

CGs/FCO funding also cut; no longer funded to undertake British Community entertainment etc

Fewer UK@ big trade show events. Therefore less big receptions. Less big trade missions. Small and priority sector focussed missions.

Therefore tend to focus on smaller, sector focussed events. Find dinners with distinguished visitors a good source of business.

Like idea of BABC as delivery arm/organisers; fee based, fulfilment service

Like concept of BABC as multipliers

Good potential source of Intelligence and leads

Plan more sector based events; e.g. Aerospace in Seattle, HLS in DC.

Should seek some pilot projects and sharing of best practice between chapters and UKTI Heads of T&I.