



Inter-municipal cooperation for Commercial Location Development

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Overview

- Concept of inter-municipal Commercial Location Development (CLD)
- Models of CLD – general options for action
- Process of CLD – developing a local solution
- Outcomes



CONCEPT





Starting points of COMUNIS

General trends influencing municipalities in the Alps

- Economic changes: concentration on metropolitan regions, job-related outmigration, brain-drain, decrease in agricultural activities
- Societal changes: demographic change, ageing of population

Situation of municipalities

- Scarce land resources, overlapping land use demands
- Scarce financial and personnel resources in municipal administrations
- Difficulties in sustaining the provision of services, functions, and infrastructures by small rural municipalities



Starting points of COMUNIS

Situation for steering commercial location development

- Local commercial development policies focus on the level of single municipalities / municipality communities and lead to intraregional competition.
- Existing practices of cooperation often aim at creating additional supply (e.g. inter-municipal commercial sites), or at marketing existing over-supply, aspects of managing and steering supply and demand are often neglected
- Higher level steering mechanisms exist (province, region), but their focus (naturally) is not directed to municipal development strategies
- Despite existing legal standards for cooperation, there are no routines / established procedures for inter-municipal commercial location development; assistance of higher level administration is rare.



Main considerations

- Adjacent municipalities jointly form (small-scale) economic areas (economic, infrastructural, societal inter-linkages)
- Municipalities of small-scale economic areas face similar problems



Spatial focus: inter-municipal cooperation

- SME's (production, trade, services) are a backbone to local / regional economies
- Supply oriented commercial development is related to high investments and follow-up costs
- Location decisions are guided by quality-related location factors



Focus of content: quality and demand oriented development for commercial / productive sector



Commercial Location Development – CLD

Inter-municipal cooperation

Municipalities jointly develop their economic area , their “location”

- They jointly develop and agree on common development goals and a (long-term) development strategy.
- They install a joint management structure.
- They share tasks and functions, they bundle and save resources (finances, ...)

Quality and demand orientation

Municipalities provide the enterprises with services or sites which are tailored to their needs – in correspondance to the inter-municipal development goals.

- They concentrate on endogenous demand, requiring close relation and communication to local and regional enterprises
- They focus on production (crafts, small industries), trade and services





MODELS OF ACTION





Models of action

The models of CLD :

- Represent bundles of activities for addressing challenges in the field of commercial development
- Are adaptable to the requirements of municipalities under different regional framing conditions
- Shall help municipalities to look at development options with a wide angle
- Can be combined according to the specific inter-municipal situation, to potentials, qualities, and necessities

Land use
management

Promotion and
communication

Business support
services



Land use management

Inter-municipal business park

- Joint development of one commercial site
 - planning
 - purchasing
 - developing
 - promotion
- Search for one suitable site, no holistic concept of spatial functions

Commercial site policy

- Inter-municipal strategy on distribution of spatial commercial functions
- Common development aims
- Development of sites according to qualities and potentials
- Joint development of commercial sites
 - planning
 - purchasing
 - developing
 - promotion

Comprehensive urban development

- Inter-municipal strategy on further urban development
- Common development aims
- Joint development of urban fabric
 - planning
 - purchasing
 - developing
 - promotion
 - optional: realization

Promotion and communication

Commercial Site promotion

- Object of promotion: existing commercial sites
- Internal promotion
 - Business contacts
- External promotion
 - Website
 - Trade fairs
 - Print material
- Installation of one-stop-agency

Location promotion

- Object of promotion: municipalities as economic location
- Internal promotion
 - Regional identity
 - Business contacts
- External promotion
 - Location profile
 - Branding
 - Print material, website...

Business support services

General economic support

- Creation and optimization of exchanges between businesses and / or local authorities
- Common economic and political vision for the territory
- Founding of a business association

Individual business support

- Support and assistance for individual businesses
- Financial support
 - Subsidies
 - Investment allowance
 - ...
- Business services
 - One-stop-agency
 - Administrative support, e.g. for start-ups
 - Settlement support
 - ...

Industrial ecology

- Support of businesses concerning the management of raw materials and energy
- Turning discharges into production factors
- Possible municipal initiatives
 - Analysis of material / energy flows
 - Establishment of working groups and networks



PROCESS OF CLD





Process of CLD

Starting points:
motivation, history,
development problems

Examination the situation
and evaluation the
analysis results

Defining common goals and
devising joint strategies and
action concepts

Setting up suitable
management structures,
regulations etc.

1. Context

2. Analysis

3. Development

4. Implementation

5. Evaluation

Feedback and
strategy adaptation



1. Context

2. Analysis

3. Development

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Problem awareness

- Various contexts can be the reason to start a process targeting CLD (commercial location development)
 - motivation, history, development problems
- Milestones
 - Expression of Interest
 - Description of the pilot area
 - Formation of a working team
 - to define and coordinate the next steps
 - to integrate all involved or probable cooperation partners in the next steps
 - to identify all stakeholders
 - to broaden the identification with and acceptance of the project
 - to obtain information on previous experiences of similar projects



Balanced Scorecard (BSC) - COMUNIS adaptation

The BSC method describes an approach for measuring, documenting and controlling the activities of an organization / region in terms of its vision and strategy. It is divided into an analysis and development part.



1. Context **2. Analysis** **3. Development** **4. Implementation**

Identified Problem
Various contexts can be the reason to start a process targeting CLD (commercial location development)

Evaluation of the actual state of the region
On the grounds of the quantitative and qualitative description, the indicators form the basis for the evaluation of the actual state for the formulation of aims and provide decisive input for the formulation of strategies.

The BSC structure and the indicators are both the guiding principle for the evaluation, depiction of the chances, and the configuration possibilities.

Describe Challenges and Opportunities
In this analysis, spheres of activities and approaches to problems or improved circumstances are described for each field of activity of the BSC analysis.

Defined goals for all relevant Indicators
The goals will be described comprehensively in a qualitative and quantitative manner so that they can be subsequently measured.

Enter the goals in the target column of the BSC analysis.

Developed operational strategies and chosen model of CLD
Operational strategies mostly influences more indicators and goals. Therefore the operational strategies will be described for the defined goals in the break-down of the fields of activity.

In addition an operational strategy can be located in a [c] category of the [m] various models of CLD. The category with the most operational strategies should be the model for CLD to focus on.

Definition CLD Management Structure
The selected model of CLD which covers most of the strategies helps defining the CLD Management Structure

Core field	Field of activity	Indicator	Challenges/Opportunities	Goal	Operational Strategy	Land Use Development	Marketing	Business Development										
Location profile	Situation / Location	Accessibility	Challenges			[c] Intermunicipal businesspark	[m] Commercial Site Policy	Urban Development	Com. Site Marketing	Location Marketing	Business Support							
		Demographic trends	Opportunities	Goal	operational Strategy													
		Leading institutions		Goal														
		Public services		Goal														
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		betw. businesses	Opportunities	Goal														
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		publ. stakeholder	Opportunities															
	Political and legal framework	BtoB associations	Challenges															
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Land prices	land use conflicts	Challenges		Goal														
	available tools	Opportunities		Goal														
	Price level	Challenges																
	Ownership	Opportunities																

Definition of Terms
CLD commercial location development
→ methodological assistance, techniques and tools
[m] Model for CLD
[c] category

CLD Management Structure
Business Concept / Model / Unit

Periodic evaluation of the business concept after defined periods of time shows its progress.

Enter the new indicator values in the BSC again and compare it with the earlier version.



1. Context

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Explanation of BSC (Balance Score Card) for CLD:

- BSC is a performance management tool
 - for analyzing, measuring and monitoring of a complex subject in a common and structured manner
 - to analyze situations and to develop and monitor strategies efficient and transparent

- The characteristic of the BSC tool
 - indicators can be adapted for each use case
 - In the case of COMUNIS the focus lays on business location development.
 - The project consortium developed a common structure.
 - different approaches and regions can be analyzed in a common manner.

- The result is the basis to find decisions for solutions, to choose approaches



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Comunis Approach adaptation of the BalancedScoreCard

- **Why:** Analysis and evaluation of the situation of a location (municipality, region)
- **Who:** Municipality administrations and representatives with the support of external experts
- **Effort:** Selection of suitable issues and respective indicators, elaboration of the analysis in the framework of workshops or expert interviews
- **Field of activity:** not restricted to specific issues
- **Transferability:** in general, the BSC-analysis can be applied in different national or regional contexts



1. Context

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Analysis of the actual state of the region

- quantitative and qualitative description based on indicators form the basis
 - for the evaluation of the actual state
 - for the formulation of aims and
 - to provide important input for the formulation of strategies
- The BSC structure and the indicators are both the guiding principle
 - for the evaluation,
 - the description of the chances,
 - and the configuration of possibilities.



1. Context

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BSC Division

Core field	Field of activity	Indicator
Intermunicipal cooperation	Intensity of cooperation	betw. municipalities
		betw. businesses
		PP-partnership
	Attitudes and Expectations	publ. stakeholder
		BtoB associations
		Local population
	Political and legal framework	upper level
		strategy planning



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BSC-Core Fields

- The tool-adaptation in COMUNIS is divided into core fields on the first level
 - Location profile
 - Inter-municipal cooperation
 - Commercial land-use management



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BSC-Fields of activity (Axis)

- Each core field is divided into fields of activity
 - Fields of activity in the Core field “Location profile”
 1. Situation/Location
 2. Economy
 3. Job market/human resources
 4. Image
- These fields refer to important aspects analyzing a location (area, region).
- Each field of activity is again divided into indicators.



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BSC-Indicators

- Indicators are subjects in a field, which indicate (quantify) the quality of strategies.
 - Indicators in the Field of Activity “Situation/Location”
 - Accessibility
 - Demographic trends
 - Leading institutions
 - Public services
- The characteristic of indicators:
 - they can be quantified and evaluated
 - they are describable
 - they can be measured qualitatively or quantitatively

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LOCATION PROFILE

Assessment Scale: The assessment will be in the range from 0 to 100 points. A crucial clue for the evaluation is the description of the rating levels. The structuring of the indicators and the description of the rating levels are a fundamental part of the adaptation work for the scope.

					Actual	Target	Actions
Situation/Location							
1 Accessibility					25	75	
	0	25	50	75	100		
	No transport infrastructure No IT network Just land / field	Infrastructure not appropriate, not adapted public transport network and very low accessibility to broadband	The transport infrastructure is not appropriate but investments are foreseen to enhance it. Most of the population have access to broadband and IT.	Area well connected with an efficient transport network (public transports and infrastructures) as well as IT network (broadband etc.)	"IT paradise", close to railway, airplane, highways		IT communication network (connection to broadband) should be available for 90% of the households The transport infrastructure should be improved. There should be a public transport possibility once in an hour.
2 Demographics trends					25	75	
	0	25	50	75	100		
	No balance between the age range. Overaging population and high dependency rate. High demographic risk	High dependency rate and not much balance between the age range. The demographic trends represents a risk	The trends is turning over to reach balance. Between risks and potential, the area has to seize opportunities.	The demographics trends is quite equilibrated between overaged and young people. Good potential	No or low over-aging tendencies, Low dependency rate. Demographic trends and age range equilibrate. High potential for the area		Demographic risks and potentials (overaging, dependency ratio) <u>Over-aged people</u> : Senior people, retired or close to retirement. <u>Dependency ratio</u> : Ratio between "dependent" people (baby and very old people...) and "non-dependent" (grown up children, teenagers, adult...) By creating more job possibilities in the region more non-dependent people should be attracted to live in the region to level the dependency ratio.
3 Leading institutions					25	60	
4 Public services					75	75	
Average					38	71	



1. Context

2. Analysis

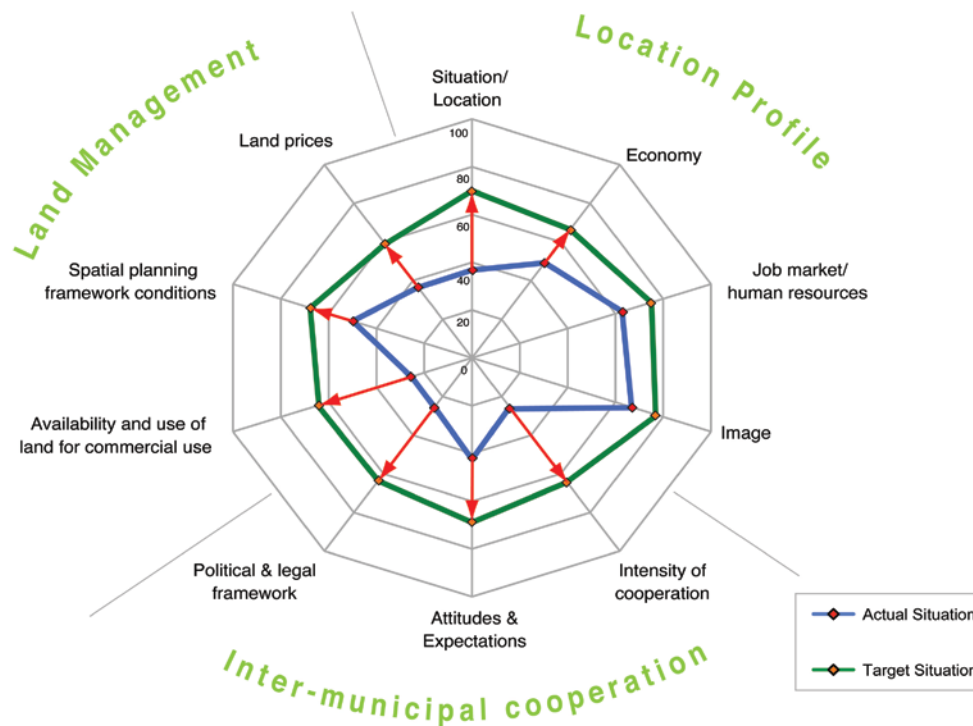
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BSC-Result

- It is not the goal and also often not possible to reach the maximum score in the various fields of activity





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5. Evaluation



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Describe Challenges and Opportunities

- a range of activities and approaches to problems or improved circumstances are described for each field of activity
- Milestone
 - SWOT-profile summarizing strengths and weaknesses, challenges and opportunities,
 - broken down on the fields of activity
 - result in a higher concreteness
 - better chance for quantifying



1. Context

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Definition of Goals to relevant indicators

- There is no need to improve all indicators
 - a focus to relevant indicators is necessary (time, money resources ,...)
- The goals will be described understandable in a qualitative and quantitative manner so that they can be subsequently measured.
- The goals are entered in the action column of the BSC analysis.



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Development of strategies or adaptation of models of action

- Operational strategies mostly influences more indicators and goals.
- Therefore the operational strategies will be described for the defined goals in the break-down of the fields of activity.
- In addition an operational strategy can be located in a category of the various models of CLD.

- Milestone
 - policy decision as foundation of the cooperation framework including agreed objectives



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5. Evaluation



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Definition of an inter-municipal CLD-Management structure

- The selected model of CLD which covers most of the strategies helps defining the CLD Management Structure (Business Concept / Model / Unit)
- Regional differences make adaptations for a local CLD-Management structure necessary
- More information on the various structures follow in the afternoon session
- Milestone
 - Cooperation agreement and adoption of cooperation regulations



Transferability of CLD-models to different regional contexts

- The success of implementing inter-municipal CLD is determined by the basic principles and success factors for inter-municipal cooperation as such.
 - Willingness to cooperate must be given
 - “Bottom-up” initiation (imposed cooperation is usually met with skepticism)
 - No domination by a single partner
 - Ability and willingness to reach consensus
 - Adequate decision-making structures to allow for cooperation at eye-level
 - Consideration and balancing of interests of all cooperation partners



1. Context

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Evaluation

- Periodic evaluation of the business concept after defined periods of time shows its progress.
- Enter the new Indicator values in the BSC again and compare it with the earlier version.
- Milestone
 - Insights and lessons learned for subsequent cooperation projects and optimization of CLD concept



1. Context

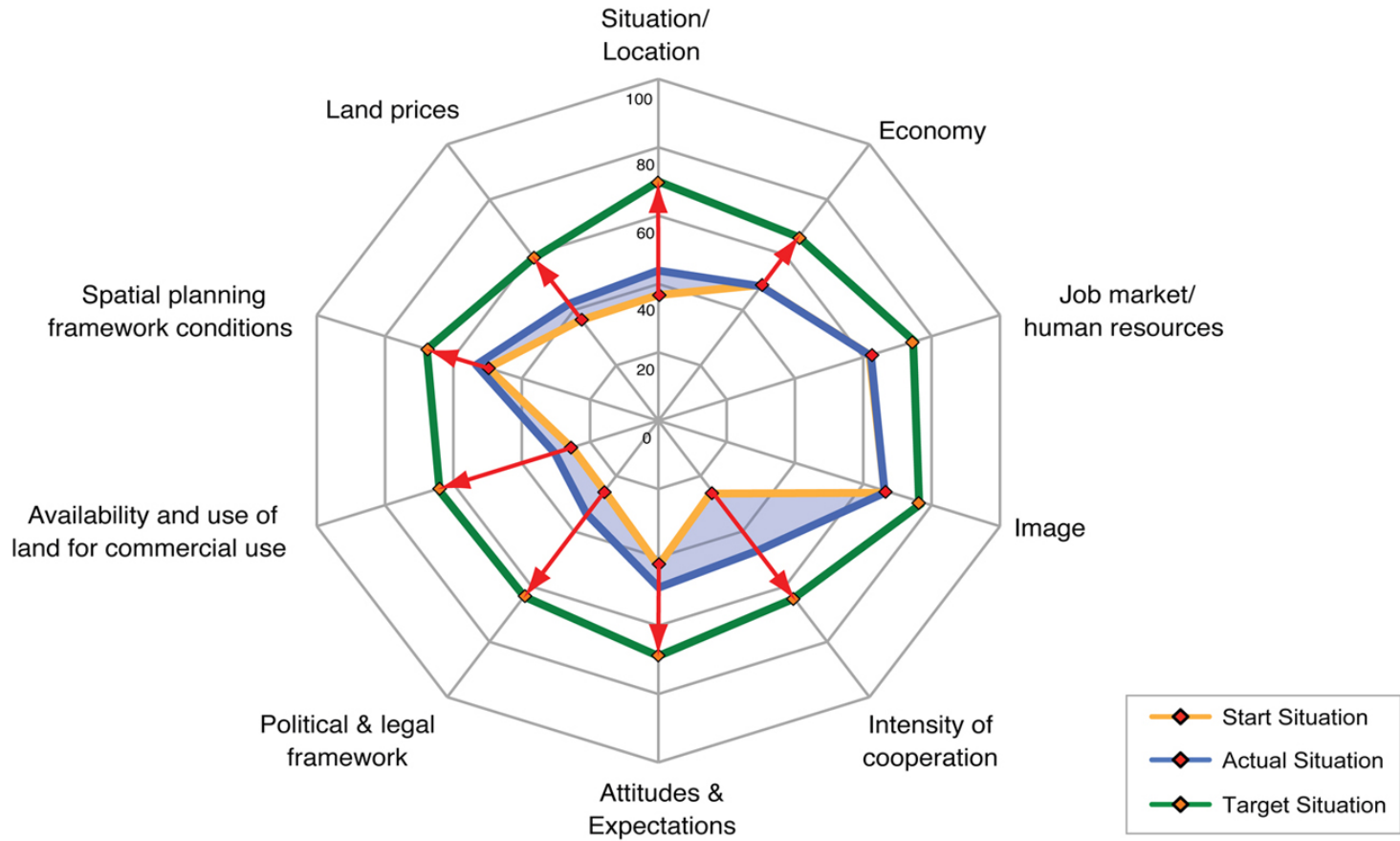
2. Analysis

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Evaluation





OUTCOMES





Main findings

Long and continuous process

- Inter-municipal CLD is to be understood as a long and continuous process.
- A close coordination between all partners involved is required.

No universally valid and easily transferable solutions

- Economic and social conditions in the Alpine Space are heterogeneous, legal framework conditions are diverse.
- Options for action strongly depend on specific stakeholder constellation – trust is a main prerequisite for cooperation.



Outputs

- Definition of cooperation process
 - Procedure for devising and implementing CLD
 - From detailed situation analysis to adequate problem-solving
- Installation of management structures
- Guidelines
 - Process description, options for action, methods, tools, examples ...
 - To be published in the forthcoming COMUNIS publication
- Knowledge management
 - Information exchange via Wikipedia, LinkedIn, Slideshare, specialized and “cloud” platforms
 - Exchange between “inter-municipalities” in so-called “tandems”



Thank you for your attention

Stefan v. Andrian-Werburg

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Peter Steurer

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