

Malta Enterprise adopts new strategies

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by Vanessa Macdonald

Malta Enterprise (ME) has analysed its strategy and dropped the sponsoring of conferences in favour of a focused one-on-one approach.

It has also laid more stress on its relationship management, supporting companies that already operate in Malta, chairman Alec Mizzi said.

ME has reviewed its strategy more or less continuously over its short history, pressed to do so by both national and international trends. As the country moved from its heavy dependence on low-skilled manufacturing towards more knowledge-based industries is has also placed a stronger accent on attracting high value added manufacturing and services operations in a number of priority sectors. They include healthcare, pharmaceuticals and medical related products, information, communication and technology, including electronics, mechanical engineering, knowledge-based services including back office operations and skill based support operations, logistic based services and renewable sources of energy



"Malta is now competing more than ever with Europe and Eastern European countries for the attraction of FDI, therefore less importance is being given to macro marketing (seminars, advertising, general mailing campaigns and unfocused initiatives) while concentrating more on identifying and targeting individual companies in desired operations. This process involves substantial market research, intelligence and 'multiplier' support," Dr Mizzi said.

At the same time ME is focusing its efforts on investment promotion activities in Germany and Austria, UK, Italy, Scandinavia, Spain, France, Ireland, India, Benelux, and Switzerland.

Other initiatives include the organisation of sector-oriented actions directed mainly on call centres and pharmaceuticals in India, Canada and the US.

Meanwhile, the ME Libya and Dubai offices concentrate on generating trade and investment opportunities between countries. The idea of using embassy staff, part of the Foreign Ministry's strategic plan, works - but Dr Mizzi stresses that once initial contacts have been made, more technical input is needed.

"We get considerable support from Malta's diplomatic representation overseas. Even though the staff are trained in the basics, the time comes when you need technical people. It means a lot of travelling but it is quite effective," he said, referring to the 110 projects approved by ME in 2006 and 2007.

Another element of investment promotion is the role of "multipliers": These are business

specialists, foreign accountants or lawyers and international banks who promote Malta with their numerous clients. This has turned out to be a very effective way of reaching those most likely to be interested in what Malta has to offer. It is also very cost-effective: They are paid a success fee. No clients; no cost.

Is this cold-calling - albeit informed cold-calling?

"As you say, it is based on research so it is not 'cold'. If there is initial interest, then we set up a meeting and send people from Malta to meet them. You may only get one follow-up from 15 contacts but the strategy is working."

Malta Enterprise is also working closely with service providers to industry particularly financial institutions, the University, Mcast, the ETC, private players such as the Federation of Industry, the Chamber of Commerce, the GRTU, ministries and government departments to ensure that a holistic approach towards investment promotion and business growth is achieved.

As sectors grow, ME also wants to encourage clustering - creating horizontal or vertical chains in a particular field. "We will be launching initiatives to promote networking. Networking - and working together - is not traditionally or typically a Maltese trait, and in the past, unfortunately, we competed against each other.

Now we are facing the outside market and we need to work together. A lot of countries have done this very successfully and we're actually going to create incentives so that if people work together they get assistance from the state to do so," he said.

As ME adapts to the opportunities of the future, the educational side of the equation is also trying to keep up. Whereas 300 students a year chose IT in the past, there are now 1,400, the result of the government's intercession to ensure there were enough skills available to meet the demands of SmartCity.

ME is already liaising with the Mcast and the University. But is this enough? Is there a skills forecast for the coming years?

"There is not yet a formal study being conducted but I hope there will be," he admitted.

In the meantime, ME offers assistance through training - as it did in the case of aviation engineering.

"Today ME is in constant discussions with education institutions to identify sector-oriented training that is available to companies already operating in Malta and those setting up," he said.

"We hope the pharma sector will employ over 1,000 people within two years and 1,500 within five years. These are relatively highly paid jobs with many graduate positions. The challenge is to make sure that we have the right flow coming through the system."

ME's efforts have to look at all the factors of production: If capital, labour and entrepreneurship are being dealt with, what about land?

This has been highlighted by ME's hopes to make inroads into logistics, whereby Malta would serve as a base for various activities in neighbouring countries.

"One of the issues this creates is space. Land is a finite resource so we have to be very careful how to utilise it," he said referring to the new strategy with regards to factories (see interview in The Times Business, October 4).

How does he see the future? Is he very optimistic about Malta's competitiveness.

"It is an accumulation of factors and obviously labour is one of them. Our cost of labour is obviously determined by the cost of living that the Maltese have chosen for themselves, keeping up with inflation through the cost of living allowance (COLA). This makes us less competitive than countries that do not adjust their wages to reflect inflation. We have - rightly in my opinion - chosen another path and if we are not the least expensive in Europe, neither are we the most

expensive.

"Bear in mind productivity. Industrialists have gone to countries where wages are a quarter to a fifth of what they are here but where productivity is significantly lower. In the end it may be only marginally cheaper there; so is it worth the upheaval?"

"Malta does not need to attract thousands of industries, just a few dozen every year. I am happy to say that, although manufacturing was supposed to be a declining sector, it is creating jobs and certainly at a higher rate than jobs are being lost."

"And industry is not only about manufacturing using machinery. The Prime Minister announced recently that we are looking at going into areas like medical tourism and educational activities. Isn't this also industry? We need to be open-minded about it. Our role is to improve the quality of life of our workforce and give them job satisfaction."