

# Destination Wellington

Destination Wellington can deliver \$50 million of economic value (per annum) to Wellington City for every \$1 million of investment.

# Executive Summary

The following document proposes the methodology, delivery model and activity plan for Destination Wellington.

It explains how under this plan Destination Wellington can deliver a \$50 return for every \$1 invested. This represents total returns of \$90 million per annum\* of additional economic value to Wellington City attributable to its \$1.8 million annual investment.

Grow Wellington, Positively Wellington Tourism, and Wellington City Council together can achieve this result by delivering an integrated plan for economic attraction that harnesses the current strengths and capabilities of each organisation – our respective roles, expertise, relationships and service delivery models.

A shared approach is essential to leverage existing activities and to effect faster results. However, it is proposed that the work to deliver Destination Wellington should be subject to separate contracts with WCC. This will ensure clear accountability. Each entity will be operating to achieve separate, identifiable milestones, that all point towards the overall outcome demanded of Destination Wellington.

The following broad roles are proposed, in order to maximise economic impact:

- Positively Wellington Tourism: conceive of, design and deliver the destination marketing that will raise awareness of Wellington’s offer to potential international businesses, investors, talented migrants, and students. The aim of this activity will be to ‘let the global spotlight fall on Wellington - and stay there’.
- Grow Wellington: convert that global attention into tangible deals that result in businesses locating to Wellington, investors financing Wellington-based opportunities, talented migrants joining our community, and international students populating our schools and universities. Grow Wellington will provide its business-to-business approach; its understanding of business-specific and sector-specific fundamentals that are the key for business; and its ability to design and operate programmes that convert a broad interest into action.
- Wellington City Council: be the keeper of the strategy and its governance body. WCC will provide highly valuable civic influence and ease the landing of businesses and investors. The *mana* it and its officials carry will be applied in ways to assist in securing deals. It will enhance the investments of those who have committed to our city by providing appropriate ‘aftercare’.

All of this activity will be overseen by WCC via an independent advisory group comprised of relevant business leaders, councillors and iwi to guide the connections between the three entities.

It is expected that the bulk of funding will be dedicated to destination marketing in year 1. This will shift in years 2 and 3 to focus on hunting and deal conversion.

Once contracted as a partner, Grow Wellington will increase its current forecast expenditure on attraction activities by **matching 15%** of the total value of a Grow Wellington contract. For WCC this means that its investment will be instantly leveraged. For the region, this will enable even greater impact than is possible under current spending on business attraction under the Wellington Regional Strategy.

The risks associated with not harnessing a shared approach include inertia and duplication. Inertia will delay the period between expenditure and results for the City. Duplication will create a confusing support environment for the intended targets of Destination Wellington.

\*cumulative impact - \$270 million by end of year three, then \$90m per annum in out years.

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# Section 1

- Proposed delivery model and allocation of funds

# Proposed Delivery Model

	<b>Business Attraction</b>	<b>FDI Attraction</b>	<b>Talent Attraction</b>	<b>Student Attraction</b>
	Attracting new businesses to the region and encouraging existing multi-nationals to expand	Working with Wellington based businesses and projects to attract Foreign Direct Investment (FDI)	Working with Wellington based businesses and projects to attract the right talent	Working with Wellington education institutions to attract students for target sectors
<b>Destination marketing</b>	PWT			
<b>Hunting</b>	Grow	Grow	Grow	Grow
<b>Landing the deal</b>	Grow	Grow	Grow	Grow
<b>Retention</b>	WCC	WCC	WCC	WCC
<b>Coordination &amp; Governance</b>	Led by WCC, with independent advisory group			
<b>Analysis</b>	Grow, PWT and WCC			

Note – The private sector will have considerable input throughout the process. The delivery model highlights the roles of the three key contract partners.

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Under the proposed model:

- Positively Wellington Tourism will be Destination Wellington’s marketing machine,
- Grow Wellington its direct sales force, and
- Wellington City Council’s Mayors and Councillors its leaders.

All three parties will contribute to the attraction strategy, overseen by an independent advisory group.

**Destination Marketing:**

Raising the awareness of Wellington across all four target areas: business, FDI, talent, and student. The goal will be to lift Wellington above the international noise generated by competitor cities with comparable offerings and identical intentions.

**Hunting and Landing the Deal:**

Securing opportunities as a result of this increased interest requires a unique approach in each of the four areas because different commercial dynamics operate in each.

Common processes include running events in specific sectors and geographies, and attending international events to identify leads.

When leads are qualified, Grow Wellington will develop and propose bespoke solutions to businesses and investors and facilitate negotiation on those proposals.

Councillors, the Mayor and local Iwi leaders will be called on to lend credibility, authority and mana to negotiations. Often, the private sector will wish to make a contribution eg recruiters and local firms in a talent attraction process, or investment banks in a capital raise.

Where business interests and Wellington’s broader interests are aligned, Grow Wellington will partner with the private sector appropriately in each instance, seeing itself as a support rather than a replacement for private market activity.

**Retention:**

According to international best practice, once deals are done, the work does not stop. Grow Wellington will stay connected with businesses that have committed to Wellington and investors who have financed its growth. This provides an important feedback loop to WCC which can implement regulatory, planning and operational changes to meet their changing needs.

Special attention will be given to the ‘Top 50’ investors, businesses, and talented migrants at a Mayoral level. This ensures that the most influential and connected individuals become ambassadors and advocates for Wellington and the cycle of attraction self-perpetuates.

**Co-ordination, Governance and Analysis:**

A working party will be formed, comprising senior management of each of Wellington City Council, Positively Wellington Tourism and Grow Wellington.

This group will contribute to the strategy and operational plans, gather performance data, analyse, and provide recommendations that enhance each party’s success.

The governance function will be led by WCC, comprising the chair and CE of PWT and Grow.



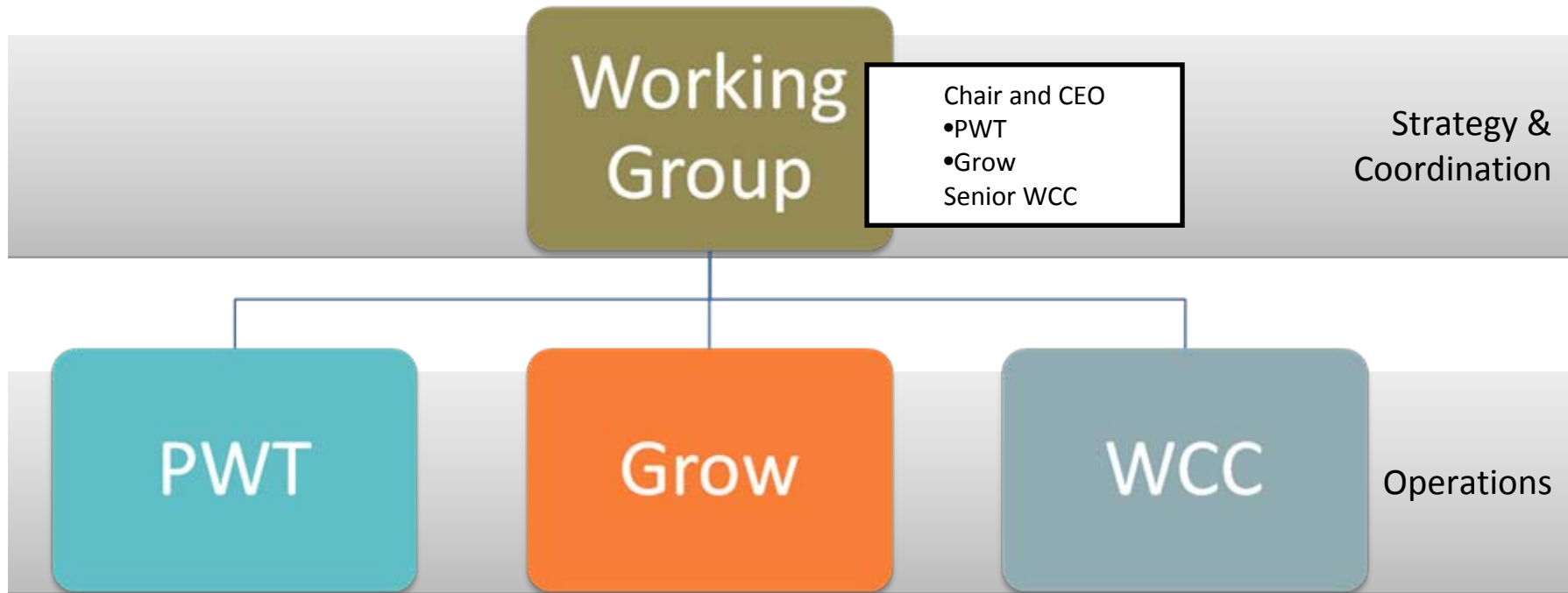
# 3 Year Budget

	Year 1	Year 2	Year 3	3-year Total
<b>PWT</b>	<b>\$685</b> -Develop proposition -Campaign -2x FTEs	<b>\$870</b> -Campaign -2x FTEs	<b>\$870</b> -Campaign -2x FTEs	<b>\$2.425m</b>
<b>Grow</b> \$1.1m existing FTEs GW will add 2 bonus FTEs	<b>\$330</b> - 2x FTEs	<b>\$900</b> -Conferences -Hosting -Visits -Proposals -2x FTEs	<b>\$900</b> -Conferences -Hosting -Visits -Proposals -2x FTEs	<b>\$2.130m</b>
<b>WCC</b>	<b>\$10</b> -Co-ordination	<b>\$120</b> -Governance -Analysis -Aftercare -civic	<b>\$120</b> -Governance -Soft landing	<b>\$0.250m</b>
<b>Total</b>	<b>\$1.025m</b>	<b>\$1.89m</b>	<b>\$1.89m</b>	<b>\$4.805m</b>

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# Operating structure



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# Section 2

- Context for how to attract businesses, investment, talent and students.
- The proposed role of Grow Wellington





# Grow Wellington's Business Attraction Cycle



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# A working example

A Chinese national obtained his BA degree in New Zealand.

He didn't want to leave after completing his study, but his immigration status required it. He returned to China, and developed and sold an international video gaming business.

For lifestyle reasons he returned to New Zealand and obtained permanent residency.

He attended AnimFX – a world-class annual video gaming, animation and visual effects conference run by Grow Wellington in partnership with our local creative industry.

There he met Grow Wellington, formed a concept for a company, and established why Wellington was the perfect international location to establish this new venture.

This company is currently raising NZ\$17m start-up capital in China to establish an HQ in Wellington, with five satellite operations in China.

Forecast turnover for the company exceeds \$80m per annum. 75% of which would be spent in Wellington.

## **PREDISPOSED**

Studied in NZ, and loved it

## **CATALYST**

Attended a NZ conference in his specialist field

## **CALL TO ACTION**

Grow Wellington staff identified and proposed a landing option for his business

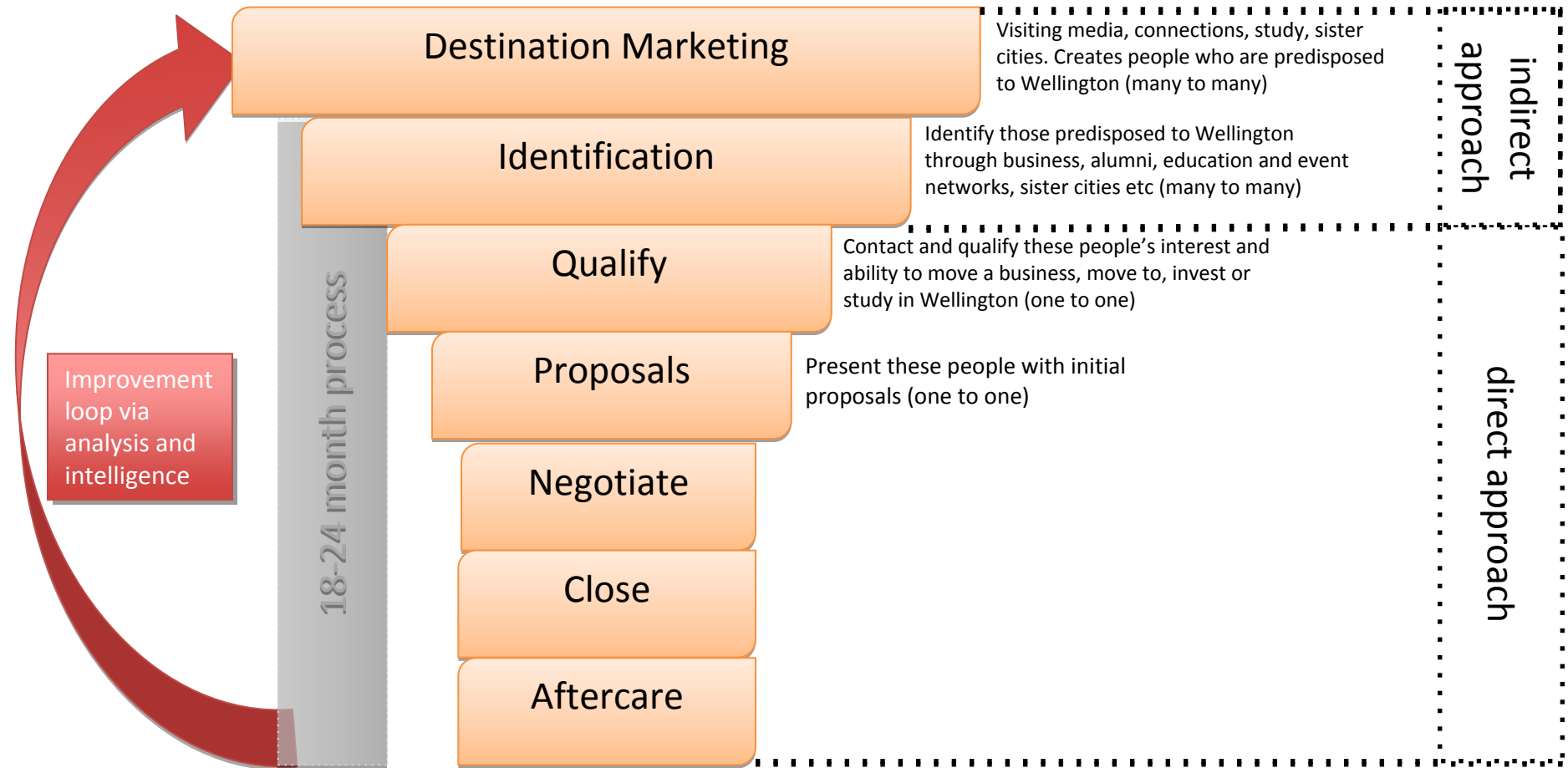
## **DEAL**

Negotiations are currently underway between various public and private sector partners

## **RETENTION**

Flow-on talent attraction and reinvestment into the city

# Conversion Process - Business, Investment, Talent, Student



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The best identification and conversion results will be achieved by continuing the B2B sales management approach and technique that are already operational in Grow Wellington

The conversion process is a visual framework that illustrates the amount of business a company is currently seeking to win over, and the key elements of the process.

The approach leverages useful tools for prioritising specific sales opportunities based on the probability of resulting in a sale. Prospects will be evaluated using an Ideal Customer Profile.

This disciplined methodology for identifying the right opportunities to pursue will ensure resources are not wasted on opportunities that are unlikely to result in a sale.

The key shift from sales funnel to sales pipeline represents the difference between Grow Wellington's **indirect actions** (one-to-many) and our **direct actions** (one-to-one).

**Indirect actions** include arranging industry or geographic market-specific events to demonstrate our existing talent pool; organising visits of international student agents to better understand Wellington's offer. Each of these events helps expose Wellington to a range of opportunities.

**Direct actions** involve working one-on-one with qualified opportunities to develop solutions, facilitate negotiations, and manage the close of a proposition. In FDI, much of this would be managed by the private sector, with Grow Wellington providing a supporting function. With business attraction, much of this would be managed by Grow Wellington directly, calling on WCC resources as required.

This approach will:

- deliver a strong visual picture of our opportunities and **share** that with the working group at all times
- deliver critical insights through analysis of opportunities of a particular kind
- organise all lead information in one place
- effectively manage a sales team and coordinate human resources
- win more deals

# Target Sectors and Markets

Businesses move for the following factors:

- to be close to customers
- to take advantage of a cost effective labour force
- to capture the value of innovative talent pools

Wellington is not close to the customers of multi-nationals. Therefore Wellington's strongest proposition is to leverage its benefits as a cost-effective, high quality talent pool, with extraordinary lifestyle opportunities for individuals and families.

This applies to certain industry sectors where there are deep clusters of interest and expertise in the Wellington region:

- Digital and creative
- Business and financial services
- ICT
- Divisions and innovation labs of multi-nationals

And these businesses, investors, talented people, and students are most likely to come from just a few geographic markets:

- China
- USA
- UK
- Australia
- India

## Target Sectors

Digital and Creative

Business and Financial Services

ICT

Multi-national divisions

## Target Markets

China

USA

UK

Australia

India

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# Target Sectors and Markets

Destination Wellington will first target those already predisposed to New Zealand, including:

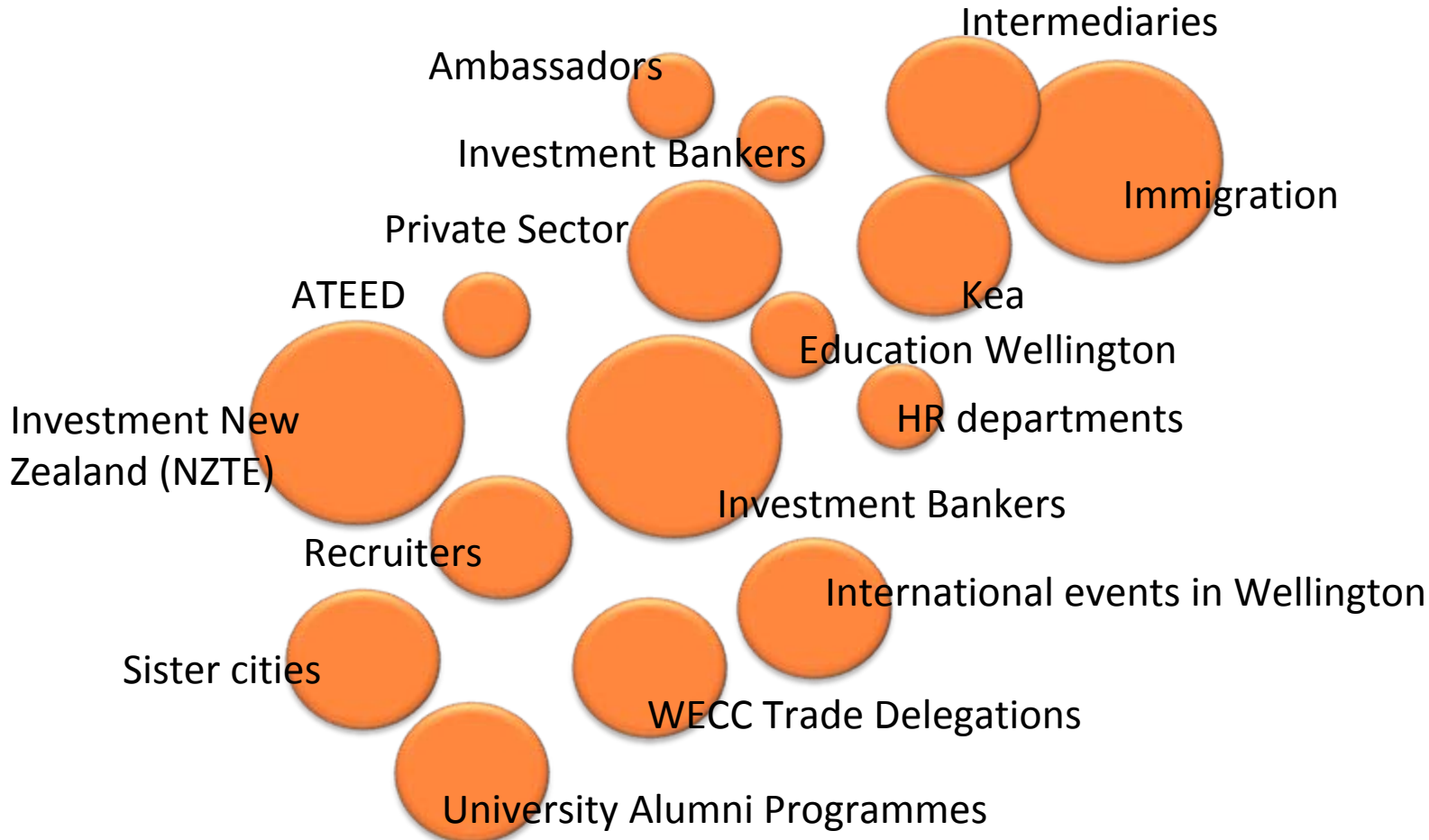
- Kiwi ex-pats in target locations who are cashed up and examining investment options to connect them back to home
- Kiwi ex-pats who have had successful careers and are looking to return home for lifestyle reasons or to raise their families in the manner in which they were raised
- Chinese entities with whom Wellington has a civic relationship
- Existing customers of established Wellington businesses

Destination Marketing will be most effective when it is 'broad and thin'.

This will generate as many targets as possible to be positively predisposed to Wellington. In Kea terminology this is called 'mile wide, inch deep'.

The hunting and landing focus, by contrast, will be narrow and deep, or "inch wide, mile deep". It will focus on markets and sectors to whom Wellington has an inherent advantage or a ground swell of activity.

# Working with Other Parties



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Grow Wellington will co-ordinate work with other channel partners on behalf of Destination Wellington to optimise network effects and results

The 'support' market in business, investment, talent, and student attraction is crowded.

Grow Wellington already works with a diverse and specific range of partners in the public and private sector to deliver attraction outcomes.

This model proposes that these relationships continue, albeit from a broader base of activity.

An effective cooperation between Wellington City Council, Positively Wellington Tourism and Grow Wellington provides more influence, gravitas, and relevance in the market place.

This will have a direct flow-on to Grow Wellington's effectiveness, and achieve better results.



# Sample Key Performance Indicators

**Outcome:** \$50 Million p.a. economic value for every \$1 million spent  
**Output:** Successful delivery of individual Action Plans from WCC, PWT and Grow  
**Measured by:** Independent Advisory Group, independent survey of “successes” per annum with economic value quantified

	Who	What	Measures		Expected Value
<b>Destination Marketing</b>	PWT	Develop and deliver the Wellington Story	Digital and physical asset creation ( websites, collateral) X reach of Y type. SEO performance. TBD by PWT.		
<b>Hunting</b>	GW	Complete action plan -Indirect: events run -Direct: prospects identified	BA: events held, 50 opps IDd	TA: X events held	1000 new students \$40M total value
			FDI: events held, 25 opps IDd	S: X events held	5 FDI deals \$20M total value
<b>Landing the deal</b>	GW WCC	Secure real outputs	BA: X30 proposal submitted	TA: X migrants migrated	6 businesses attracted \$30M total value 125 new FTEs
			FDI: 15 proposals submitted	S: 7K students	TOTAL \$90M
<b>Retention &amp; Aftercare</b>	GW WCC	Convert real outputs	90% still in place 1 year after		
<b>Intelligence &amp; Analysis</b>	GW WCC PWT	Complete survey and analysis report	Quarterly performance reports completed. Annual intelligence report completed. Insights communicated		
<b>Coordination</b>	GW WCC PWT	Quarterly reports Live pipeline tool Meetings & governance	12 coordination meetings held. 4 advisory group sessions held		

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# Section 3

- Performance measures
- Detailed budget allocation

# Activity Spend – Year 1

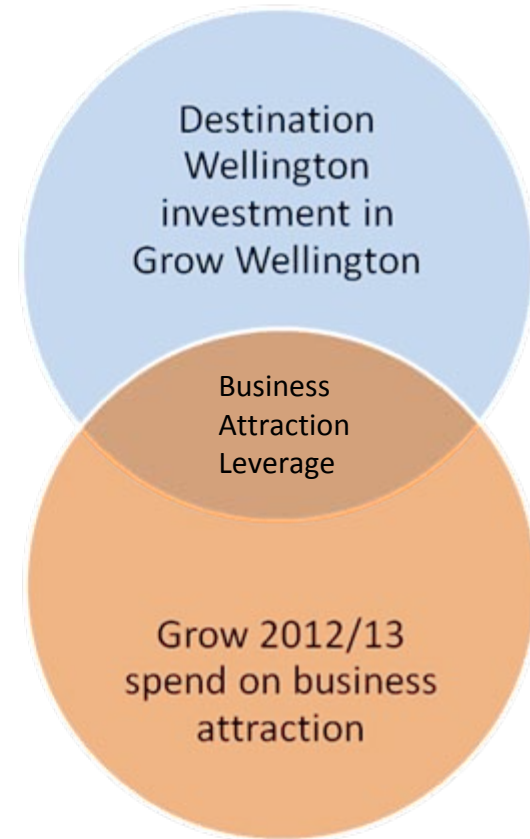
	\$000	PWT	GROW	WCC
<b>Destination Marketing</b>				
<i>Wellington Story</i>				
Key messages, images, strap line		✓		
Build website		✓		
Social media campaigns		✓		
Other collateral		✓		
Partnership with Kea, build Wellington Alumni		✓		
Visiting media programme		✓		
Market research (cost of doing business in Wellington)			✓	
Including FTE	\$ 685			
<b>Hunting and Landing - Catalyst, Call to Action, Deal</b>				
Focused Sister City activity				✓
Host Wellington events in key cities incl trade programmes		✓	✓	✓
Market visits to qualify leads, initiate relationships			✓	
Hosting international conferences to catalyse connection eg Animfx, Webstock, plus two more		✓	✓	
Hosting international guests in order to present proposals			✓	
Specific resources to support incoming businesses, talent and students, eg Mayoral receptions				✓
Including FTE	\$ 330			
<b>Governance, Soft Landing, Coordination and Analysis</b>	\$ 10			✓
<b>Total Activity Spend</b>	\$ 1,025			

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# Value Added Leverage

- Grow Wellington plans to invest over \$1m into Business Attraction activity as part of its 2012/13 business plan.
- Destination Wellington investment into Grow Wellington will have additional incremental value to the total Business Attraction activity in Wellington.
- This is achieved through leveraging Grow Wellington's established Business Attraction processes and overheads that have already been covered.
- This leverage is estimated at 15%, and is represented by additional business attraction FTE headcount at Grow Wellington. This FTE is spread across several individuals.



# Timeline – year 1

Includes education,  
screen & digital.



	Q3.12	Q4.12	Q1.13	Q2.13
<b>Destination Marketing</b>	Preparation	Delivery	Delivery	Delivery
<b>Hunting and Landing – existing pipeline</b>	Continue and ramp up	Continue and ramp up	Continue and ramp up	Continue and ramp up
<b>Hunting and Landing – new</b>	Preparation	Delivery	Delivery	Delivery
<b>Retention and aftercare</b>	Preparation	Delivery	Delivery	Delivery
<b>Co-ordination</b>	Preparation	Delivery	Delivery	Delivery
<b>Analysis and Intelligence</b>	-	Quarterly report	Quarterly report	Quarterly report

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# Section 4

- The role of PWT and WCC

# Governance & Coordination

An independent advisory group will be established to govern the Destination Wellington programme. The group will include:

- Chair and CE of Grow and PWT
- Other members as defined by WCC

The Group will be responsible for overseeing the execution of action plans from each organisation and for reporting back to their own organisations.

Overall co-ordination is provided by a FTE at WCC.

MOUs will be signed with each organisation followed by contracts for respective activities.

The MOUs and contracts will reflect the desired spirit of co-operation and the common goal of growing Wellington's economic value in target sectors.

# Destination Marketing Overview

PWT will lead the destination marketing stream of work, with other organisations playing a supporting role in promoting the region.

Collateral and messaging will be prepared for dissemination through many channels including Investment New Zealand (NZTE), immigration, recruitment companies, private sector, chambers (inbound trade missions), ambassadors.

The proposal recommends that \$685,000 is spent on Destination Marketing and that this expenditure is managed by PWT.

Destination Marketing will require one FTE responsible for the following tasks:

- campaign management
- development of the Wellington Story
- associated imagery and collateral
- website
- social media channels and campaigns
- direct marketing partnership with Kea
- visiting media programme
- market research about the cost of doing business in Wellington



# Retention and Aftercare

Aftercare embeds businesses in their host environment. This ensures their investments are maximised and enables the effective deployment of resources.

Grow Wellington and its support agencies will add most aftercare value as a trusted advisor and facilitator.

Grow Wellington will introduce foreign businesses to networks and help remove barriers to establishing and expanding in the region.

To maximise economic impact of foreign business requires targeted activity by support agencies at firm level eg maximise new technologies, new skills, international linkages and tertiary links into new R&D.

Grow Wellington has relationships with most businesses in Wellington.

This year there will a renewed focus by the CEO and Board, in conjunction with WCC, to maintain and develop relationships with key employers and revenue generators in the region.

This will be managed through the advisory group process.

Once deals are landed, the person responsible will maintain an aftercare relationship to ensure the businesses become fully embedded into the Wellington community.

# Ongoing Analysis and Market Intelligence

Ongoing market intelligence and analysis is vital to the on-going success of Destination Wellington.

Grow Wellington staff will be required to provide analysis and market intelligence as part of their monthly reporting process.

The General Manager Business Growth will provide overall environmental scans and recommendations on a quarterly basis.

# Destination Wellington in action

## **Business:**

Selling Wellington as a business destination requires an ability to convey complex information to aid senior management decision-making. This cannot be achieved through generic or B2C methods alone. Instead, bespoke and direct approaches will be required to identify key benefits that Wellington may provide to individual businesses. Grow Wellington should coordinate this. Existing Wellington businesses (ie current ratepayers) will seek complementary but not necessarily directly competitive businesses to be attracted into our City. As they are not directly incentivised to do so themselves, private businesses can expect that this accretive growth can be better managed by Grow Wellington than private interests. This is where Grow Wellington proposes to direct a majority of its efforts.

## **FDI:**

Brokering investment between Wellington-based opportunities and international capital is an established private sector activity. Grow Wellington's approach in this space, therefore, is not to act as a direct broker, but instead to run events, facilitate deals by referring to private sector brokers and to create conditions in which international investors are exposed to and aware of the general offer Wellington makes to its investors. It will also coordinate aftercare services and encourage cross-selling opportunities, as this provides the path of least resistance to investment. Existing networks, such as Kea, will become key partners in delivering FDI to Wellington.

## **Talent:**

Skilled migrant attraction will benefit considerably from generic marketing campaigns designed to pique the interest of high-value people seeking a change. However, converting from interest to residency will require partnerships with current private sector brokers and national entities whose sole focus is to facilitate this. Additionally, it will require partnership with the current Wellington-based employers seeking talent to ensure that the right people find the right work.

## **Student:**

Grow Wellington, through its business unit Education Wellington, already has a very established partnership model in place with Wellington City's education providers. We propose that our existing approach will benefit considerably from the Destination Wellington marketing, but that our current mechanism for converting will be suitable for ensuring increasing numbers of students. We have established relationships with international agents, and a fully cooperative network in Education Wellington International.

# Destination Wellington in action

- Working with a Chinese company to set up language schools in Wellington, attracting Chinese students to Wellington.
- Working with Wellington educational institutions targeting international students to study in the region. In 2011, 6,009 international students came to the region, up from 5,385 in 2010. This is an increase of 624 students or an 11.6% increase. Wellington now has 6.1% of all international students in New Zealand, up from 5.4% in 2010. This increase accounts for approximately \$16 million additional economic impact per annum to the region.
- Working with the Rockefeller family's Chinese operations to set up filmmaking and investment operations in Wellington.
- Setting up New Zealand and Guangdong (PRC) Cultural Exchange Association. This will act as an anchor entity around business and trade activities, and can be used as a non-profit vehicle allowing Chinese government support of business opportunities here. So far three Chinese business attraction projects have been put forward through this vehicle.
- Encouraging establishment of a Painting creative school for Chinese students, in partnership with China's most well regarded Film Academy.
- Worked with Chinese partners to set up company to draw Chinese students to undertake month-long creative/film sector tours of Wellington, starting in August.
- Attracting Guangdong (PRC) television network to set up in Wellington, to organise a world-wide broadcast of New Zealand documentary, factual and tourism programming to be broadcast to China.
- Working with a Chinese company to encourage high-net-worth self-drive tours of New Zealand, culminating in investment seminars in Wellington, where they will be exposed to pitching opportunities and make investments in relevant companies.