

InterTradelreland Corporate Plan 2008-2010

	Section	Page
1.	Chairman's Statement	2
2.	Review.	3
3.	Vision, Mission and Strategic Framework.	11
4.	Resources & Processes.	17
5.	Organisational Values & Critical Success Factors.	20

1. Chairman's Statement.

As incoming Chairman of InterTradelreland I would like to take this opportunity to thank my predecessor and our founding Chairman, Dr Martin Naughton, and his Board colleagues for their endeavours, successes and considerable contribution to the successful development of the organisation.

The new Board's Vision is of a globally competitive enterprise environment in which Ireland and Northern Ireland co-operate to enhance their respective economic performance and competitiveness through the exploitation of synergies to drive additional internal and external trade and wealth creation.

Over the period of its two previous Corporate Plans, InterTradelreland concentrated first on addressing the knowledge gap which existed between the business communities North and South, and then on building the connections between the two communities through a comprehensive portfolio of initiatives which addressed the areas of both trade and business development. Most recently these initiatives have seen the creation, development and exploitation of co-operative business networks of companies from Ireland and Northern Ireland - these business networks include BioMedIreland, the All Island Software Network, and the All Island Polymer & Plastics Network.

The nature of competition is changing, and this is recognised in the enterprise policies of Ireland and Northern Ireland. Innovation-led enterprise is at the core of these policies, and the benefits of economic co-operation between Ireland and Northern Ireland is noted specifically in major policy documents in both jurisdictions. It is within this critically important area of Science, Technology and Innovation that InterTradelreland will prioritise its efforts over the period of this Corporate Plan, through the development of networks and the delivery of programmes which will result in the very real benefits of improved competitive performance of firms across the island and growth in the value of trade, internal and external, which will be generated by those firms.

It is vital that we optimise the overall outcome from the work of the various economic development agencies, government departments, business and policy organisations who are seeking to develop competitiveness and trade opportunities. InterTradelreland will continue to work closely with all relevant partners and stakeholders in the delivery of our specific remit, seeking to provide best value for money through efficient and effective operation and to minimise unnecessary overlap and duplication with other delivery partners.

Dr David Dobbin CBE
Chairman
InterTradelreland

2. Review.

2.1 Review of Strategic Context.

Political developments culminating in the restoration of devolved government in Northern Ireland provide a positive backdrop to the launch of our Corporate Strategy for 2008 – 2010. This will contribute the necessary stability required to enable Northern Ireland and Ireland optimise the island's economic resources to mutual benefit and to respond more effectively to common global challenges.

These challenges are expressed by the British and Irish Governments in their shared response to the revised Lisbon Agenda :-

- Respond to globalisation and maintain competitiveness;
- Continue to grow employment and employment rates;
- Increase productivity;
- Innovate and develop greater Research & Development capability;
- Enable people to acquire and maintain the skills needed for a modern, dynamic knowledge economy and to adapt to changes over their working lives;
- Promote a positive climate for business, including through more efficient regulation;
- Remove barriers to physical, labour and academic mobility as part of the completion of the European single market;
- Build world-class infrastructure;
- Achieve equality and good relations; and
- Maintain the highest standards of environmental protection.

They will be dealt with in a global economic environment in which rising energy costs, uncertainty in international financial and credit markets, environmental concerns and falling housing prices are contributing to increasing volatility. Strong performance of emerging economies, especially China and India, will intensify the competition for both new and existing markets.

Against such a problematic and intensely competitive economic outlook every source of advantage must be grasped if the opportunities on offer are to be exploited. Carefully selected North/South initiatives grounded in uncompromising economic principles such as market failure and the delivery of public goods and services can be an important source of competitive advantage. They have the potential to:-

- Create gains in trade and investment;
- Generate economies of scale;
- Deliver more efficient and effective public services;

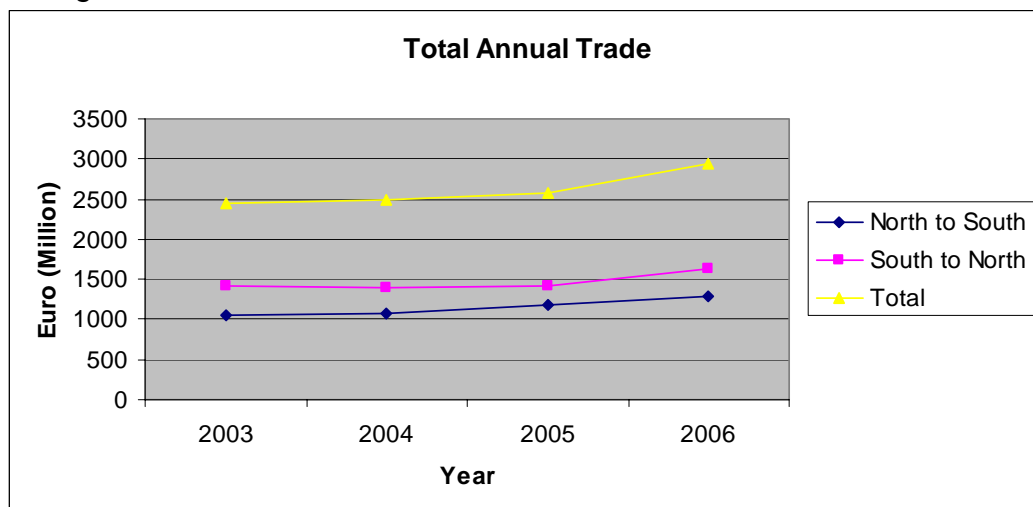
- Promote wider economic benefits of knowledge transfer via networks and clusters (so called agglomeration economies);
- Reduce market failures caused largely by imperfect flows of relative business information;
- Open new or 'missing' markets; and
- Deliver more balanced regional development.

A critical impediment to the achievement of these benefits is the imperfect flow of relevant information and knowledge across the border. Research by InterTradeIreland shows that the major blockage to cross-border trade and business development was a lack of knowledge or awareness of the business environment in the other jurisdiction on this island.

Developing programmes and initiatives to address this critical market failure and exploit the mutual benefits of co-operation became a key principle underpinning the work of InterTradeIreland. Information and knowledge exchanges open new doors, networks of trust develop and new opportunities are exploited. Firms differ considerably in their capabilities. Some are more efficient and more competitive than others. Increased linkages allow firms to learn from each other. Success is copied and productivity, the bedrock of competitiveness and trade, is raised.

The realisation of economic spill-overs and synergies increase competitiveness through a less imperfect flow of information and a more efficient use of resources that will ultimately generate higher volumes of trade. Indeed, North/South trade has increased by more than €1Bn since 1995, and, as Figure 1 below shows, by almost 20% in the last three years.

Figure 1: Total Cross Border Trade.



Source: Central Statistics Office, Ireland

The potential for cross-border economic co-operation to offer mutually beneficial competitive advantage that will increase North/South trading opportunities is increasingly recognised in major government policy documents.

For example, the *Northern Ireland Budget 2008-2011* comments that ‘the benefits of exploiting scientific co-operation within this island have long been acknowledged. Co-operation and collaboration will deliver significant economies of scale benefits for both economies’ (Para 5.9, Page 52).

The Irish Government’s National Development Plan 2007-2013: Transforming Ireland states that ‘the Irish Government will pursue collaborative actions to address the competitive challenges facing both parts of the island’ and that ‘meeting these common challenges means building competitive strengths, particularly in the areas of infrastructure, Science Technology and Innovation and skills formation’. (Chapter 5 All-Island Co-operation, Page 96).

The report from the British-Irish Intergovernmental Conference, A *Comprehensive Study on the All-Island Economy* in November 2006, makes it clear that the starting point for North/South co-operation is cost effectiveness and mutual benefit. From a purely economic perspective co-ordinated Government action in any area should occur only if the border itself is the cause of a market failure and/or the provision of a public good can be more efficiently or effectively delivered on a co-ordinated basis.

The report then identifies a number of areas of potential co-operation, where these conditions are likely to be met. They include:-

- Science, Technology & Innovation;
- Labour Market & Skills;
- Enterprise and Business Development;
- Health & Educational Services;
- Infrastructure;
- Tourism, Trade & Investment Promotion, and
- Regulatory Environment & Fiscal Measures.

As the wider competitiveness benefits of North/South economic co-operation outlined earlier are increasingly recognised and realised, the potential for co-operation will broaden. This will offer new opportunities for InterTradelreland to play a role as an institutional connector¹, facilitating and supporting engagement between economic actors across the border.

InterTradelreland will explore the scope for further trading opportunities with a view to the optimisation of the levels of trade in both directions.

¹ The term ‘institutional connector’ was used in an InterTradelreland Performance Review conducted in 2005 by PA Consulting, to describe InterTradelreland’s success in bringing together business and policy organisations within North/South co-operative initiatives.

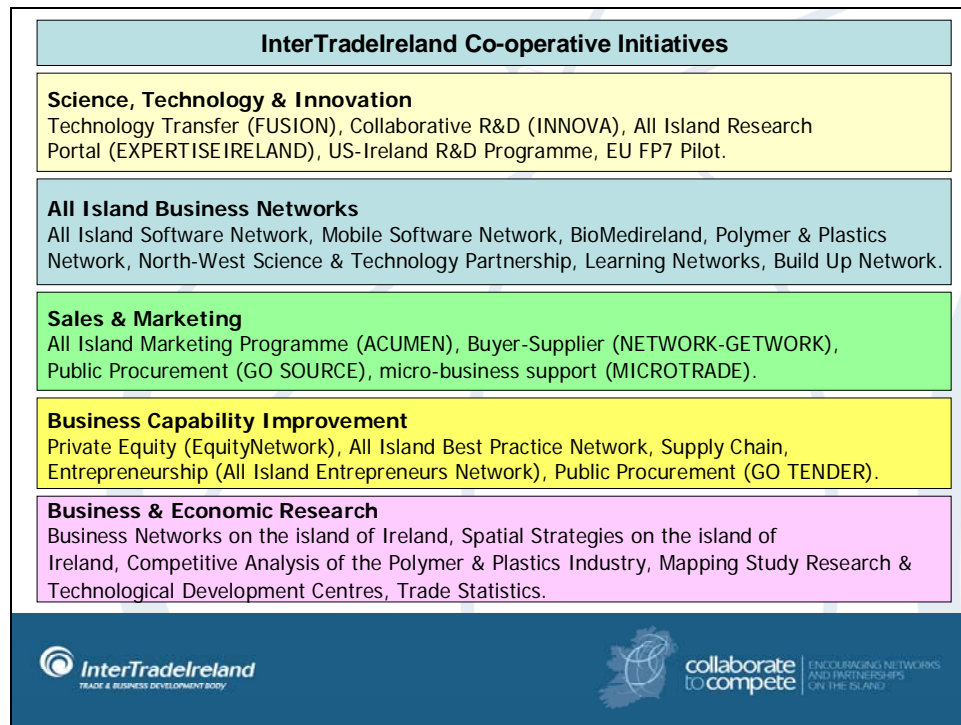
2.2 Review of InterTradelreland Performance.

InterTradelreland's Mission for the 2005-2007 Corporate Plan was *to enhance the global competitiveness of the all-island economy to the mutual benefit of Ireland and Northern Ireland through measures such as the creation of knowledge-intensive all-island trade and business development networks and the implementation of all-island trade and business development programmes*. This reflected the emphasis on delivering mutual competitive advantage through co-operation. Over the period we have delivered projects in five areas:

- Business Networks.
- Science, Technology & Innovation.
- Sales & Marketing.
- Business Capability Improvement.
- Business & Economic Research.

Figure 2 below shows the key projects that we deliver in each of these areas.

Figure 2 InterTradelreland Co-operative Projects.



The organisation set three Key Performance Indicators within the 2005-2007 Corporate Plan.

Key Performance Indicators:

Type 1 - The number of networks and the outputs of those networks.

Type 2 - The increased number of firms engaged in developing cross-border business.

Type 3 - The value of trade and business development activity generated by all-island collaborative networks and by firms engaged in cross-border business.

Specific targets were set within our Business Plans for 2005, 2006 and 2007 and achievement against these targets reported in our Annual Review of Activities.

We developed a Performance Measurement Framework based on the 'Fabric' Methodology² to monitor and evaluate individual project performance against these organisational objectives.

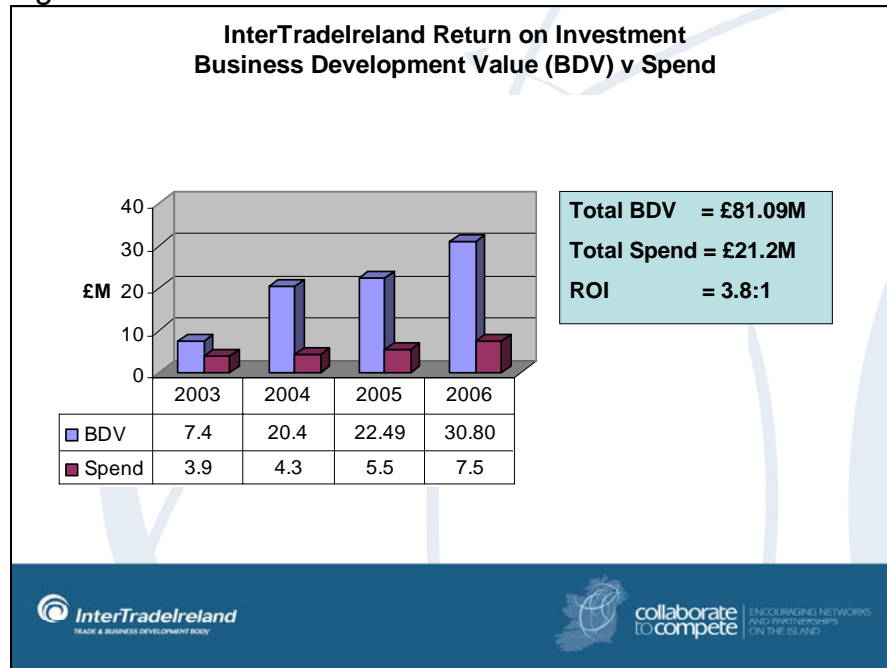
From 2003 to 2006 we have created more than 20 new Business Networks, we have engaged with more than 12,000 companies to whom we have provided information, advice and services, more than 856 companies have participated directly on our programmes, and we have generated more than £81M/€120M worth of business value.

The overall impact of our work equates to a return on investment ratio of more than 3.8:1³ (see Figure 3 below).

² HM Treasury: 'A Framework for Performance Information'.

³ This figure is likely to increase as more benefits are realised and their value captured.

Figure 3. InterTradelreland Return on Investment 2003-2006.



Furthermore, in terms of our geographic outreach, InterTradelreland's trade and business development projects have drawn participants from every city and every county on the island. (See Figure 4 below).

Figure 4. InterTradelreland Geographic Outreach.



Source: InterTradelreland Website www.intertradeireland.com

Conclusions.

InterTradelreland has evolved its strategy to meet its legislative remit through an ongoing process of analysis, project design and implementation, evaluation of results and review. We first identified that a lack of information and knowledge was inhibiting trade and business development links between Ireland and Northern Ireland. Our Corporate Plan 2002-2004 was directed towards addressing this knowledge gap, and in generating the initiatives and programmes that would turn the economies and business communities of Northern Ireland and Ireland towards each other to mutual benefit in terms of increased competitiveness and trade. The organisation developed and implemented a portfolio of new and innovative initiatives that would generate this engagement, based on sound economic research and business logic in the areas of Science, Technology & Innovation, Sales & Marketing, Business Capability Improvement and Business Networks.

In the organisation's Corporate Plan 2005-2007, InterTradelreland identified the importance of co-operation through business networks as a key source of knowledge diffusion, competitive advantage, and increased trade, and stated as its key strategic objective a drive to increase the number, effectiveness and value of North/South trade and business development networks. The concept of business-led networks is an innovative departure in a competitive environment where the value of co-operation was not fully recognised. Considerable time and effort has been devoted to increasing awareness of the benefits of networks, with positive results. InterTradelreland's Business Networks now include BioMedIreland, the All Island Software Network, the Mobile Software Business Network, the All Island Polymer and Plastics Network, the Build Up Construction Network, Learning Networks, and the North West Science & Technology Partnership. It is important that this Corporate Plan builds on the momentum that has been generated.

Our third Corporate Plan 2008-2010 will therefore continue the evolution of our strategy, building on the principle and practice of co-operation through business networks as a potent means of diffusing knowledge, improving competitive performance and trade to mutual benefit.

From a programme point of view, our value proposition is targeting the key areas of competitive advantage – science, technology and innovation, sales and marketing, enterprise capability development, business networks and economic and policy research. The emphasis on innovation as a source of competitive advantage that ultimately drives trade is aligned with the broad economic objectives of the Governments of Ireland and Northern Ireland. Demand from the business community for our initiatives is high, and delivered impacts are significant. In the next Corporate Plan period we will be challenged to balance the growing demand for our large value-enhancing programmes such as Innova, Fusion, Acumen and EquityNetwork with new initiatives in areas such as Design

and the Environment. Our resources are finite and prioritisation of programme expenditure will be a key issue going forward.

Furthermore, the growing recognition of the potential of economic co-operation across the border to deliver significant competitive advantages, mutually shared, will provide new opportunities and challenges for InterTradelreland.

In a rapidly changing environment, policy research will be required to ensure that co-operation continues to be built upon sound economic principles.

The next section sets out our Vision, Mission and Strategic Framework that meet the challenges identified here.

3. Vision, Mission and Strategic Framework.

3.1 Vision.

In straightforward terms, trade depends on being competitive, and competitiveness depends on a productive use of economic resources.

InterTradelreland's Vision is of a globally competitive enterprise environment in which Ireland and Northern Ireland co-operate to ensure the optimal utilisation of economic resources, particularly knowledge resources, to drive additional trade and wealth creation.

3.2 Mission.

As we plan for the period 2008-2010 we do so on a firm foundation of achievement and a positive environmental outlook.

InterTradelreland's Mission is to enhance the global competitiveness of the economy of both jurisdictions for mutual benefit, through co-operative business, policy and research programmes, partnerships and networks.

3.3 Strategic Framework.

A new strategic framework consistent with meeting the challenges outlined in the previous section has been developed to enable us to pursue this Mission vigorously.

InterTradelreland's new strategic framework is built on the basic principle embodied in our Vision, that there are mutual benefits in co-operating to optimise the island's economic resources, and that the critical impediment to the achievement of these benefits remains the imperfect flow of relevant information and knowledge across the border.

The framework identifies priority areas of activity within a broad competitiveness agenda and captures the importance of impact over outputs.

Two key organisational modus operandi are also incorporated into our strategic framework :- connectivity and communications.

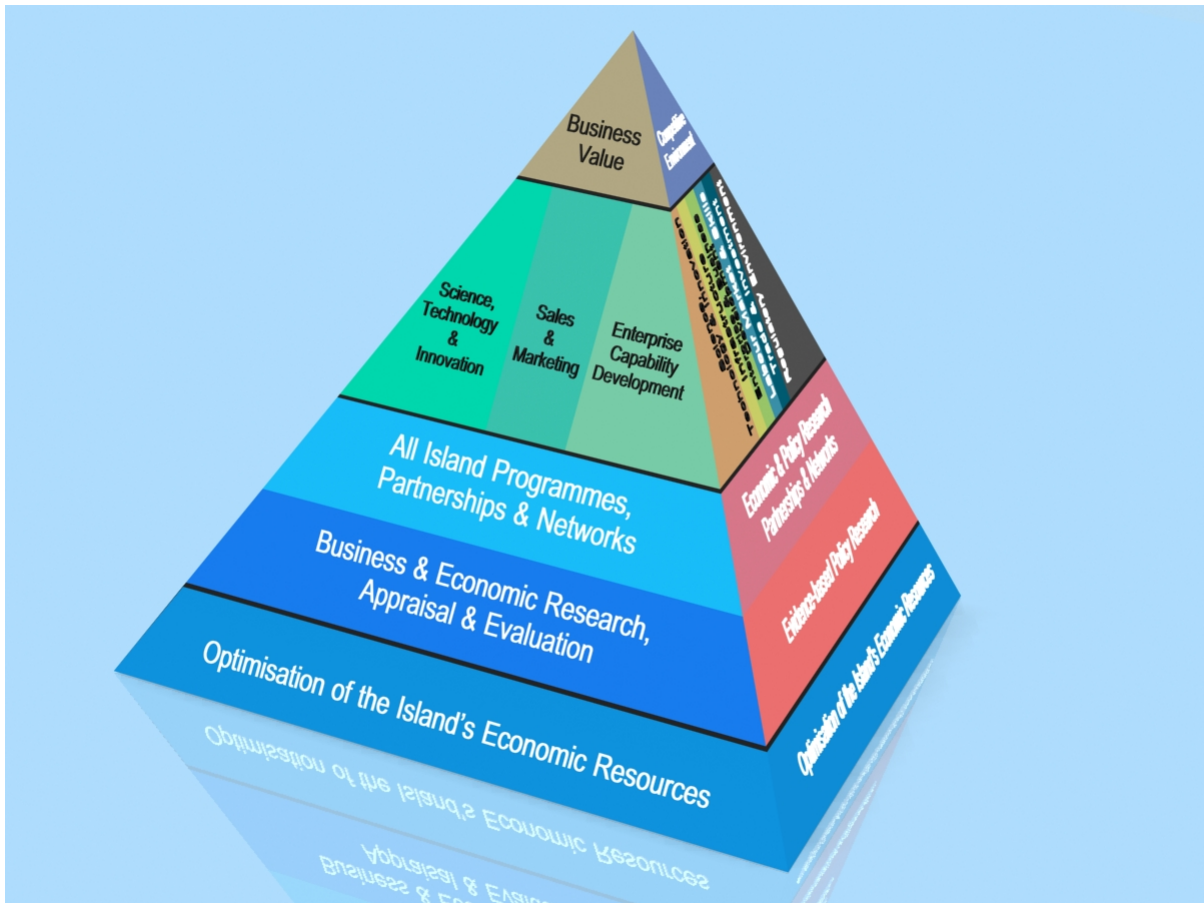
Strategic Framework 2008-2010.

The Strategic Framework has two core goals:

1. To generate Business Value, by enhancing company competitiveness and capability through co-operative North/South initiatives.
2. To improve the Competitive Environment on the island, for mutual benefit, through co-operative policy research, reports and networks.

Business Value will be reported as an aggregation from our portfolio of projects and will, dependant on specific project profiles, incorporate additional revenue, efficiency savings and investments that result from InterTradelreland support.

1. Generating Business Value.



InterTradelreland will assist companies to improve their competitive performance by delivering evidence-based, North/South programmes, partnerships and networks within three areas of activity:

- Science, Technology and Innovation, aimed at improving the innovation capability of firms.
- Sales & Marketing, aimed at supporting firms to increase their levels of North/South trade.
- Enterprise Capability Development, aimed at improving firm capability through the transfer of knowledge.

This work will be underpinned, as previously, by our programme of business and economic research, appraisal and evaluation, and will draw support through our current portfolio of all-island programmes, partnerships and networks. Signature projects such as Fusion (technology transfer), Acumen (SME sales & marketing support), Innova (Research & Development) and EquityNetwork (private equity

exploitation) will continue, and will be supplemented with new programmes identified through our research, and financial assistance programmes.

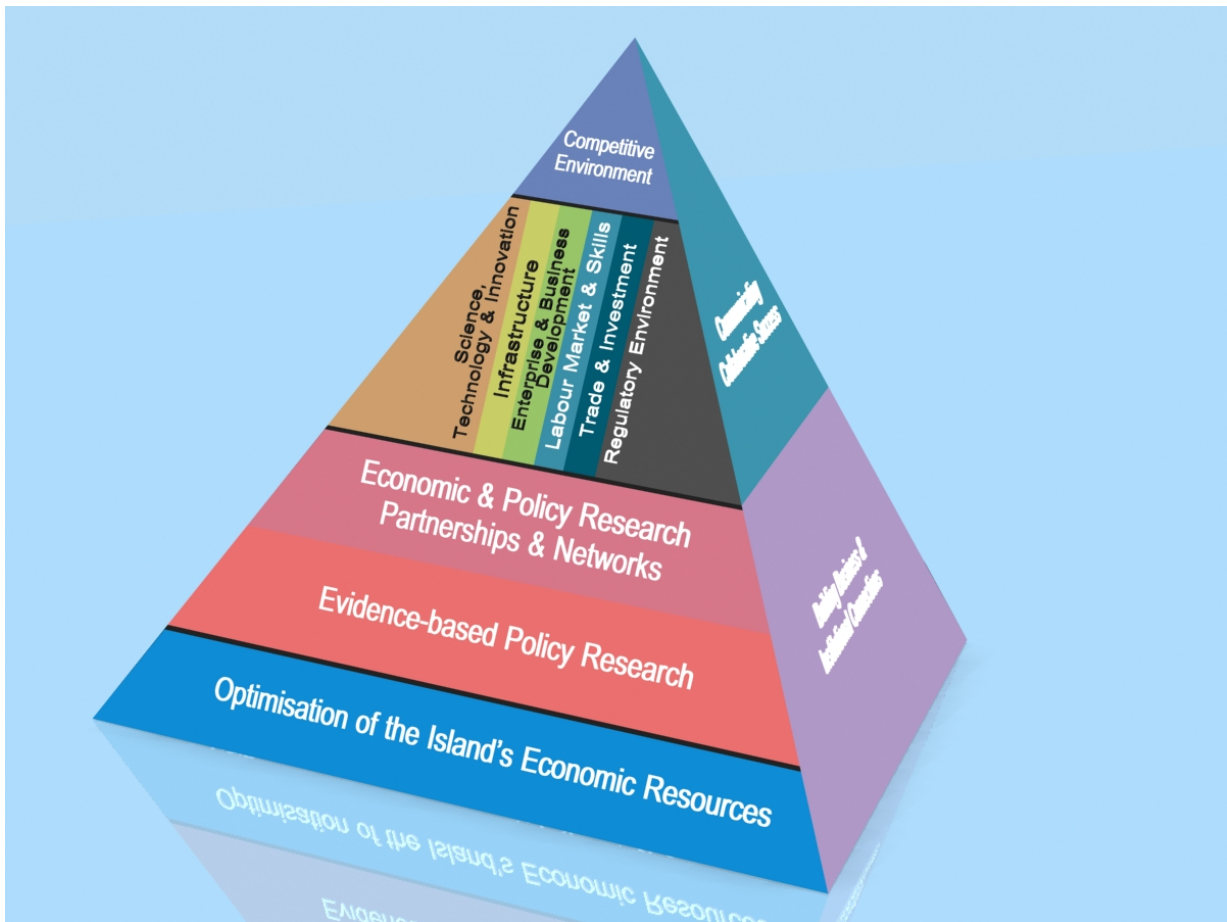
Our priority area of activity will be Science, Technology and Innovation.

Priorities within Science, Technology and Innovation will include BioTechnology, ICT, Polymer & Plastics, Design and Environmental Goods and Services.

The focus on Science, Technology and Innovation (STI) is consistent with policy developments in both Ireland and Northern Ireland, where STI is recognised⁴ as an area of vital importance to economic development and competitiveness. Consequently, STI policy has moved towards the top of the industrial development agenda. This is reflected in the closer integration of policy in each jurisdiction as well as increasing commitments to supporting research & development and growing maturity of both jurisdictions' innovation support systems. This commonality in approach has created the potential for coherence in STI policy development and action. Future competitiveness will be vitally dependent on the capacity to excel in science, technology and innovation. STI activities have been a key component of InterTradelreland's business plans since the organisation's creation, reflected in the percentage of total programme budget dedicated to STI, which has grown from 22% in 2002 to more than 60% in 2007. It is expected that enhanced co-operation in this area will drive improvements in competitiveness and ultimately trade.

⁴ Ireland: Advisory Council for Science Technology & Innovation (Strategy for Science, Technology & Innovation 2006-2013).
Northern Ireland: DETI (Regional Innovation Strategy for Northern Ireland, 2003).

2. Improving the Competitive Environment.



InterTradeIreland will continue to work on economic and policy research to identify appropriate co-operative actions that will lead to mutual benefit, and to develop our understanding of the dynamics and potential impacts of closer North/South economic co-operation. The research will ensure that co-operative actions are cost-effective, i.e., the benefits for citizens outweigh the costs for taxpayers, and grounded in a sound economic rationale for government intervention.

Targets areas of research will include Science, Technology and Innovation, Infrastructure, Enterprise & Business Development, Labour Market and Skills, Trade and Investment, and the Regulatory Environment. Our selection and implementation of specific initiatives will progress in partnership with other public bodies and private sector organisations. A rolling research agenda will be produced.

3. *Modus Operandi.*

(i) Building Business and Institutional Connections.

Our strategic framework offers a structure within which InterTradelreland will contribute to enhanced optimisation of the island's economic resources through cross-border co-operative initiatives that will have mutually positive micro (business value) and macro (environmental) impacts. The key to unlocking the potential to optimise economic resources will be the building of meaningful connections with and between representatives of the business community, academia, public sector departments and agencies. Such connections can lead to more efficient delivery of services and initiatives and open a gateway to new international relationships⁵.

As InterTradelreland has pursued its legislative remit 'to co-ordinate and exchange information on trade and business development', it has developed specialist core competencies as an 'institutional connector' which are likely to be more in demand as the benefits of co-operation are extended. Such skills could also be used to enhance and develop East-West trade and business development opportunities.

(ii) Communicating Co-operative Success.

Co-operation between Northern Ireland and Ireland remains a relatively untapped source of competitive advantage. Communicating such success continues to be a key tool to extend participation in new and existing co-operative initiatives.

3.4 Performance Measurement.

InterTradelreland's Performance Measurement Framework will be updated to provide the methodology to capture the organisation's performance against its strategic goals and priorities.

Key performance Indicators (KPI's) for 2008-2010 will be:-

KPI 1 The business value generated through InterTradelreland's initiatives.

KPI 2 The number of firms engaged in InterTradelreland initiatives

KPI 3 The number of North/South trade and business development networks supported by InterTradelreland.

⁵ Such as the tripartite US Ireland R&D Partnership which has been established between the US, Northern Ireland and Ireland, and for which InterTradeIreland provides a secretariat function.

Contextual Indicators.

InterTradelreland will monitor developments in the competitive environment on the island through a new quarterly all-island business monitor and a new macroeconomic model of the all-island economy, both of which will be consistent with the current methodologies employed within Ireland and Northern Ireland. These will provide new contextual metrics that will be comparable and consistent across the island.

Targets.

Targets against the three Key Performance Indicators above will be set within the organisation's Annual Business Plans, when the organisation's financial resources are agreed for those plans.

By 2010 InterTradelreland will deliver a return on investment of 6:1, as measured through the business value created against its investment.

4. Resources & Processes.

4.1 Resources.

InterTradelreland is a small organisation in the economic development arena, with a broad remit and an obligation to provide services on a North/South basis. It is of critical importance therefore that we optimise the use of our resources and our people.

We will continue to build and develop close working partnerships, with Government departments, with the business community, with academia, and with other economic development agencies. We view the deployment of our resources as an investment towards the strengthening of the competitiveness of the economies of both jurisdictions, and we will measure our performance to show a positive return on that investment.

There are a number of drivers, both strategic and operational, which underpin the importance of maintaining momentum in North/South economic co-operation during the period of this Corporate Plan.

1. The acknowledgement of the scope for increased levels of economic co-operation between Ireland and Northern Ireland.
2. The growing demand for participation from the business community in our Business Networks and our trade and business development projects.
3. Our policy of piloting our initiatives has proven successful. If we are to fully exploit initiatives such as the Innova R&D Programme, then there is a need to invest in those programmes beyond small pilots and modest rollouts.

Financial Resources.

InterTradelreland is funded by the Department of Enterprise, Trade and Employment in Ireland and the Department of Enterprise, Trade and Investment in Northern Ireland. Funding is provided on the basis of approved annual Business Plans. Our expenditure proposals for the period of the 2008-2010 Corporate Plan is shown in Table 2 below.

Table 2. Expenditure Proposals 2008-2010

Year	Total Budget £GBP	Total Budget € (€1= £0.67)
2008	12,000,000	17,900,000
2009	14,100,000	21,000,000
2010	15,200,000	22,700,000

Increased operating and programme expenditure and an allowance for inflation (at 3%) are included in this forecast.

It is recognised that the resource requirements set out above are subject to the agreement of the Sponsor Departments and the respective Finance Departments. The allocations will also be reconsidered in the light of the outcome of the St Andrews Agreement Review, currently being undertaken. InterTradelreland will plan and regulate its financial commitments against this background.

If there is a shortfall in the final approved budget for 2008 the implementation of the work programme will, with the agreement of the Sponsor Departments, be prioritised in accordance with available resources.

InterTradelreland is mindful of its obligation to utilise the public funds at its disposal in an efficient manner. Our key measure of efficiency is the ratio of operating costs to programme costs. In the final year of its Corporate Plan in 2004 this ratio was 1:1.9. In 2005 efficiency of 1:2.3 was delivered, and in 2006 efficiency of 1:2.8 was delivered. We plan to further improve our efficiency to a ratio of 1:3 of operating costs to programme costs over the period 2008-2010.

People, Skills and Outreach.

InterTradelreland has an approved staff complement of forty-two people. The organisation was staffed progressively towards this complement, which was met during 2003, as strategic and operational plans were approved and implemented. Increased levels of activity will have human resource implications across the organisation in the areas of policy, programme delivery and corporate services.

InterTradelreland will strive to address the challenges of knowledge and skills retention and to maintain high levels of staff motivation through continuous training and development appropriate to the achievement of the organisation's objectives and individuals' needs, and through structures that recognise and reward achievement.

4.2 Processes.

Governance.

The nature of InterTradelreland as a cross-border body gives us a very specific governance model within which to work. The implementation of strategies and work programmes requires that we take our overall policy direction from the North/South Ministerial Council, that we put potential strategies and work programmes to our Executive Board for approval and authorisation, and that we consult appropriately with the two government Departments which fund our activities, DETE in Ireland and DETI in Northern Ireland.

InterTradelreland is committed to the highest standards of corporate governance.

We have developed robust and effective governance procedures covering financial affairs, strategic planning and performance measurement, the management and security of information, codes of conduct, the management and development of staff and compliance with statutory legislative requirements.

The organisation conducts an annual Internal Audit, and is the subject of separate annual External Audits by the offices of the Comptroller and Auditor General in Ireland and Northern Ireland. InterTradelreland's audited Annual Accounts are published within the organisation's Annual Review of Activities.

Equality.

InterTradelreland is committed to the development and delivery of successful North/South trade and business development programmes, provided to improve enterprise competitiveness, and in a manner that provides equal opportunities for all citizens in both jurisdictions.

InterTradelreland is committed to the implementation of our approved Equality Scheme and to the fulfillment of the obligations that it contains.

In the delivery of our Corporate Plan we will:-

- Screen all new policies and programmes which are to be adopted, to assess equality impacts.
- Consult widely and develop positive working relationships with interested groups and individuals, in order to learn how our policies affect their needs in terms of equality of opportunity.
- Provide staff with the skills necessary to deliver equality objectives in their roles and areas of responsibility in InterTradelreland.
- Ensure that recruitment practices are fully compliant with equality obligations.
- Conduct a programme of Equality Impact Assessments in line with our Equality Impact Assessment (EQIA) timetable and publish all results.
- Identify targets for operational activities, where possible, for the promotion of equality of opportunity and targeting of social need.
- Develop monitoring systems, review arrangements and measures to collate quantitative and qualitative data to assess equality impacts of the Body's work.

5. Organisational Values and Critical Success Factors.

5.1 Organisational Values.

Creating Value

InterTradelreland make a difference for those individuals and organisations with whom we work through value-enhancing co-operative trade and business development ventures which drive competitiveness and economic growth.

Partnership

InterTradelreland values partnership with relevant agents in the private and public sectors in the formulation and delivery of its policies.

People

InterTradelreland recognise that organisational achievement ultimately resides in motivated, skilled people working in an environment that encourages innovation and creativity, balanced with responsibility.

Flexibility

InterTradelreland appreciates the fast moving environment in which business operates and endeavours to reflect this in the quality, speed and adaptability of our programmes and processes.

Accountability

InterTradelreland are committed to the highest standards of corporate governance to ensure accountability and value-for-money for the public funding which we receive.

Accessibility

InterTradelreland design, promote and deliver our policies and initiatives to ensure that they are accessible across both jurisdictions to those who can contribute to their definition and derive benefit from their implementation.

5.2 Critical Success Factors.

The establishment, maintenance and exploitation of effective relationships with industry, academia, economic development agencies and policy makers across the island of Ireland.

Continued support from the governments of Ireland and Northern Ireland towards increased levels of economic co-operation, particularly in the areas of Science, Technology and Innovation.

The continued readiness of the business community to engage in North/South initiatives, encouraged by our own programmes which deliver real value to those with whom we work.

The engagement of policy makers from Ireland and Northern Ireland in co-operative action to improve the competitive environment.

Access to specialist expertise, internal and external to the organisation.

The availability of financial resources as agreed by the two administrations on the recommendation of the North/South Ministerial Council.

The continued support of our sponsoring government departments, the Department of Enterprise, Trade and Employment in Ireland and the Department of Enterprise, Trade and Investment in Northern Ireland.