

Corporate Plan

2002 - 2004



Knowledge
capital
channels
carriers

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Chairman's Foreword

InterTradelreland, the Trade & Business Development Body, has been in existence since January 2000. In that short space of time we have made significant interventions which have enhanced the capability of businesses to trade in the island economy. For example, the FUSION and FOCUS knowledge transfer projects are bringing together businesses, graduates and third-level industrial research organisations across the island, and the InterTradelreland EquityNetwork is delivering awareness of, and access to, private equity resources to Small and Medium Enterprises across the island.

Furthermore we have identified through our research, roadshow events, networks, forums and meetings that there are not only major barriers to trade and business development on the island but also considerable economic synergies to be gained from mutual collaboration on a cross-border basis.

In this the first InterTradelreland Corporate Plan, we set out our Mission, our Strategic Goals and a programme of activities within a Strategic Framework which puts *Knowledge* at its core.

We believe that Knowledge, its creation and dissemination, is the key to more efficient business and policy decisions.

Of significant importance to InterTradelreland, as we strive to deliver competitive advantage to businesses on this island, is the continuing job of building strategic alliances with business bodies, academic bodies and economic development agencies. It is through such alliances that we will deliver our Corporate Plan over the next three years.

There is clearly much work to be done, and while it is obvious that the challenges to be met are great, it is equally clear that they are surpassed by the potential rewards in terms of trade and business development.

Martin Naughton
Chairman
InterTradelreland

Strategy

//Mission//Strategic Goals

//Strategy Into Action

1.1 Mission

InterTradeIreland's Mission is to lead the development of the island economy through distinctive knowledge-based interventions which will produce significant returns in the areas of cross-border trade and business development.

1.2 Strategic Goals

InterTradeIreland has two Strategic Goals within the life of this Corporate Plan.

1. To develop the capability of businesses to trade within the island economy by increasing the quality and quantity of knowledge and information on the dynamics of cross-border trade and business development.
2. To develop the capability of business to trade within the island economy by improving the flow of, and access to, relevant knowledge and information between stakeholders in the two jurisdictions to facilitate business and economic policy decisions.

1.3 Strategy into Action

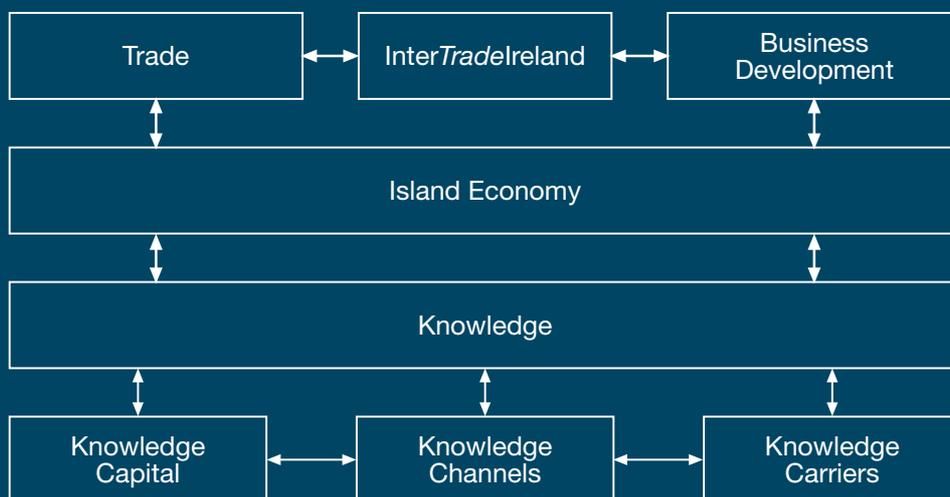
Strategic Framework

InterTradeIreland has developed a Strategic Framework to describe the links between our Strategic Goals and those activities on the ground within which we can deliver our Mission.

The Strategic Framework provides the direction for the organisation within carefully chosen boundaries and spheres of activity. It delineates the operational activity of InterTradeIreland and does so in a manner which complements the work of the other economic development agencies on the island.

Figure 1 provides a synopsis of the Strategic Framework within which InterTradeIreland will discharge its legislative mandate and pursue its Mission.

Figure 1 - Strategic Framework



Strategy

//Strategy Into Action

InterTradelreland is a body established to exchange information and co-ordinate work on trade and business development in specific, agreed areas. Our operating environment is an island economy straddling two jurisdictions.

By co-ordinating activities in these specific, agreed areas InterTradelreland will aim to reduce the barriers to cross-border trade and business development to the mutual benefit of the economies north and south of the border and therein contribute to the development of a larger fully functioning internal island economy. The island-wide context also defines a role for InterTradelreland which is distinct and complementary to the work of other development agencies, including those which are involved in cross-border activity largely confined to the border counties.

Knowledge is the Key. Knowledge, its creation and dissemination, is the key area within which InterTradelreland will work to deliver its remit and exercise its functions.

Ensuring the creation and transfer of relevant knowledge across the island of Ireland, particularly along the north-south axis, is a unique and critical niche within which InterTradelreland will work to

develop the capability of businesses to trade and compete not only on a cross-border basis but also, as a consequence, more effectively in international markets.

The spillovers and synergies of increased co-ordination and co-operation in such areas across the border will be reflected in new networks which involve the exchange of knowledge between firms, industries, universities and other centres of knowledge. They will be ultimately revealed in the emergence of new or strengthened clusters of economic activity. Facilitating the development of such knowledge networks is the key challenge facing InterTradelreland as it seeks to deliver its unique legislative remit.

The term *Knowledge* as used within this Corporate Plan is that sum of economic and business information and the technical and commercial expertise which will accelerate the generation and exploitation of ideas to deliver significant trade and business development benefits to businesses in the two economies.

It is not knowledge for its own sake which is the key, but rather knowledge which is vital to better business and policy decisions.

It therefore covers the spectrum of activity from simply providing the information which can bring two business people together (personal networking) through institutional networking to specific research and technological development activity contained in specialised research institutes. Creating such information or knowledge and providing the networks through which it can be disseminated and exchanged across the two economies which jointly constitute the island economy is the golden thread which links InterTradelreland's legislative remit with its programme of operations.

Strategy

//Making It Happen

The Knowledge Domains.

To bridge the gap between goals and activities we have sub-divided our knowledge theme into three linked knowledge domains - *Knowledge Capital, Knowledge Channels and Knowledge Carriers*.

Knowledge Capital refers to the stock of knowledge, and Knowledge Channels and Knowledge Carriers refer to the transfer and flow of such knowledge.

Knowledge Capital is the stock of knowledge and information which is required to facilitate sound business decisions and evidence-based policy making. The provision of such information and its ready accessibility is a key prerequisite of a fully functioning market economy.

Knowledge Channels are the essential conduits and networks through which knowledge is carried across the border and across the island, linking businesses with each other and with fundamental information resources. They will range in sophistication from digital corridors to industry specific trade directories.

Knowledge Carriers are the individuals, institutions and the direct contact mechanisms which facilitate the transfer of tacit knowledge into the working environments of businesses.

Thus InterTradelreland will both increase the total stock of knowledge relevant to trade and business development on the island of Ireland and will ensure that knowledge flows to those who need it through appropriate channels and carriers.

InterTradelreland's priority for the term of this Corporate Plan is to address the knowledge deficit which exists through focused programmes of work within our Corporate Plan, in ways which will facilitate and accelerate trade and business development activity.

1.4 Making it Happen

Through the definition and execution of strategic-level interventions within the Knowledge Domains InterTradelreland will deliver significant benefits in the areas of trade and business development.

InterTradelreland's Corporate Plan 2002-2004 is based upon the three Knowledge Domains identified in the Strategic Framework - *Knowledge Capital, Knowledge Channels and Knowledge Carriers*.

The InterTradelreland Strategic Framework describes the need for radical improvement in the stock of information and knowledge and in the flow of that knowledge to businesses, government, economic development agencies, social economy agencies and other stakeholders. In each of the three domains there is a single clear unifying requirement to deliver increased capability to businesses.

We will achieve our goals through close strategic and operational co-operation with the other economic development agencies on the island. InterTradelreland will deliver strategic-level programmes that will improve the competitive environment within which all businesses across the island can benefit.

The major programmes of work which we will undertake in each of the three years covered by this Corporate Plan are described below and will be further developed and detailed within InterTradelreland's three discrete Annual Operating Plans for 2002, 2003 and 2004.

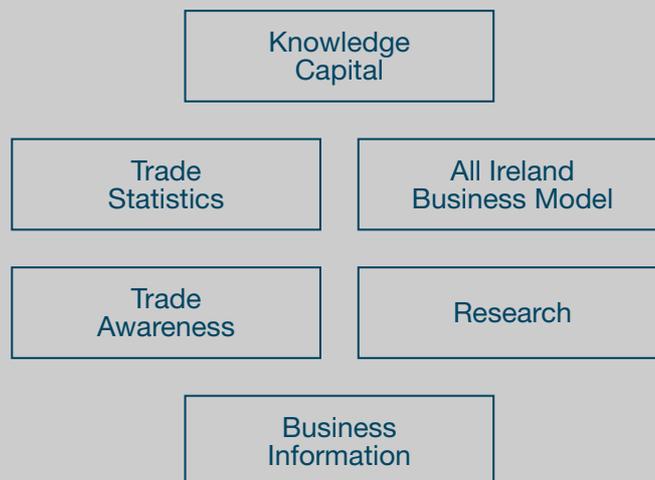
Strategy

//Making It Happen

Knowledge Capital

Within the Knowledge Capital Domain InterTradeIreland will undertake a major programme of trade and business development research and act upon the results of this research to provide more effective policy interventions and business decisions. Outputs will be prioritised and new sources and forms of information will be created. The five areas shown, while not exhaustive, indicate the key focus areas in which we will operate.

Figure 2 - Knowledge Capital



InterTradeIreland will initiate, within these broad programme areas, the following activities as priorities for the initial phase of this Corporate Plan.

- An All Island Business Model which will include improved and reconciled trade statistics, regular publications, economic forecasts and the ability to conduct economic impact assessments.
- An Electronic All Island Business Directory with geographic, sectoral and other specialised search and data applications.
- An All Island Research Forum comprising representatives from business, academia and development agencies to commission, resource and publish original research specifically targeted to increase business capability to improve trade and business development.
- Trade awareness events for businesses in both jurisdictions to provide the impetus for those businesses to trade in new markets.

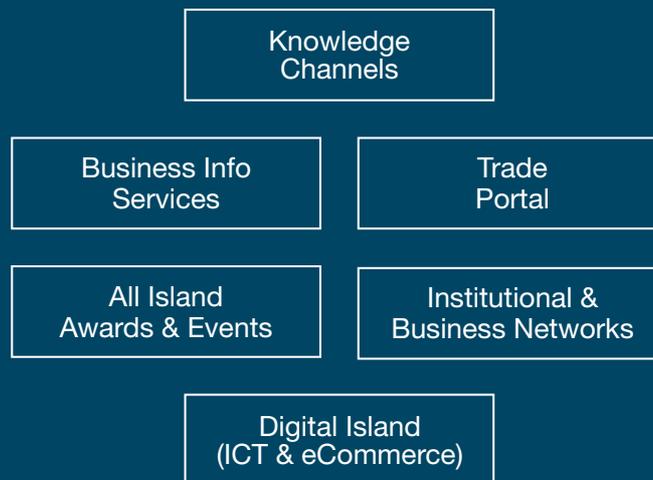
Strategy

//Making It Happen

Knowledge Channels

Within the Knowledge Channels Domain InterTradeIreland will deliver the fullest utilisation of existing channels and where necessary the creation of new channels to ensure that the Knowledge Capital already in existence and the new knowledge now being created is pushed to the businesses and economic policy makers to whom it will be of value. The five areas shown, while not exhaustive, indicate the key focus areas in which we will operate.

Figure 3 - Knowledge Channels



InterTradeIreland will initiate, within these broad programme areas, the following activities as priorities for the initial phase of this Corporate Plan.

- Critical ICT (Information and Communication Technology) infrastructure and exploitation issues and those eCommerce applications which can improve trade and business development activity between businesses in the two economies.
- Maximise the potential of Supply Chain Management on the island.
- A data-rich and applications-rich Trade Portal.
- Influence the Competitiveness capability of businesses throughout the island through the provision of value-add Business Information Services.
- Bringing together industrial and economic development organisations into institutional networks which will build and exploit north-south linkages to the benefit of their corporate and individual memberships.
- All Island Awards in selected business sectors.
- Networks of individuals to facilitate the growth and influence of social capital between the two economies.

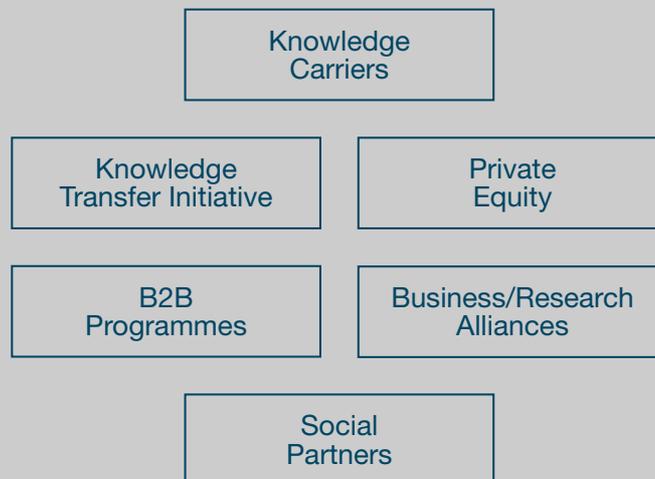
Strategy

//Making It Happen

Knowledge Carriers

Within the Knowledge Carriers Domain InterTradeIreland will deliver the creation of a pro-active programme of knowledge transfer initiatives to actively manage the dispersal and exploitation of knowledge to and between trade and business development stakeholders in the two jurisdictions. The five areas shown, while not exhaustive, indicate the key focus areas in which we will operate.

Figure 4 - Knowledge Carriers



InterTradeIreland will initiate, within these broad programme areas, the following activities as priorities for the initial phase of this Corporate Plan.

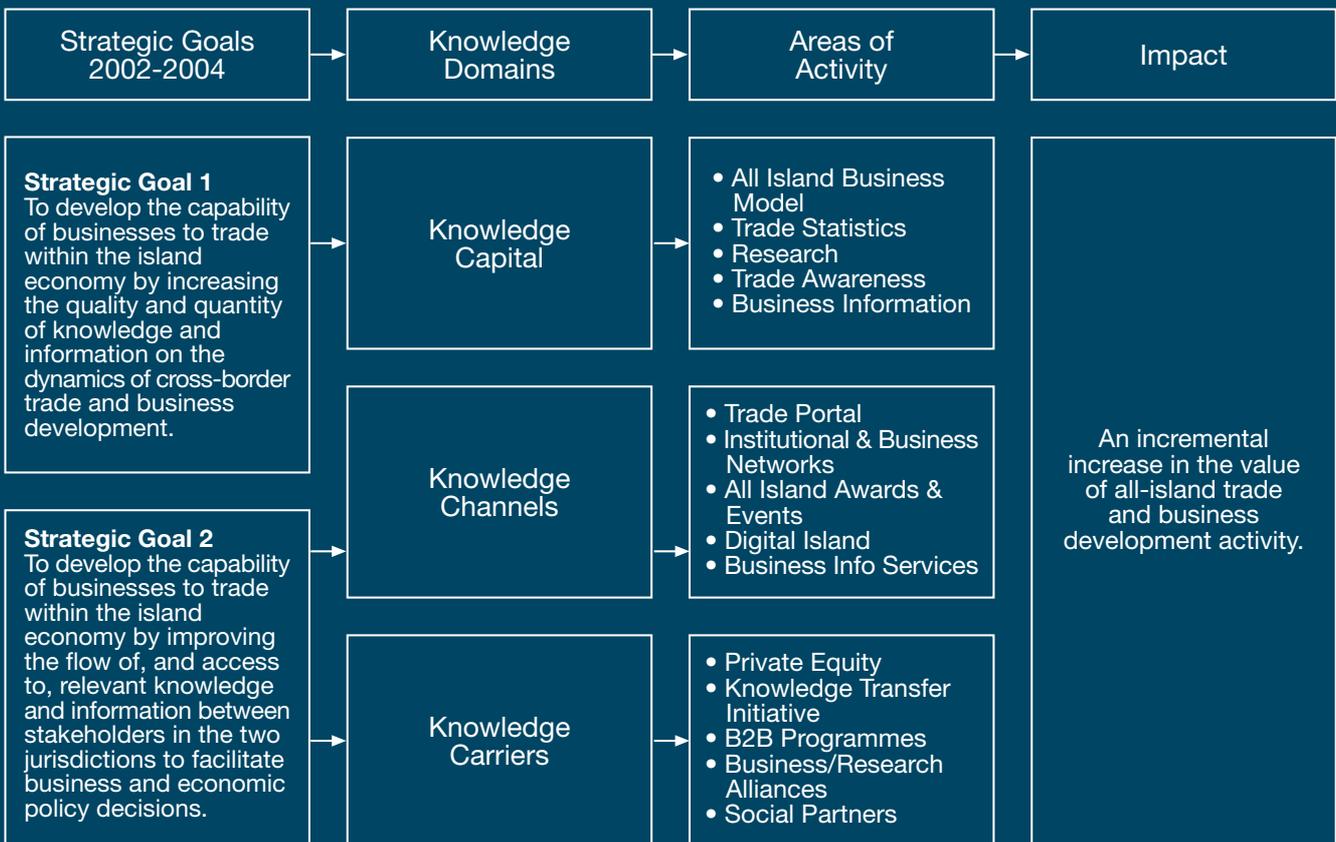
- All Island Knowledge Transfer Initiative running to its full planned capacity.
- Our Private Equity initiative, EquityNetwork, targeted to drive up awareness of, access to and exploitation of Venture Capital, Non-Executive Directors and Business Angels by businesses across the island.
- Competitiveness aspects of Skills Availability, initially through the implementation of a range of cross-border B2B (Business-to-Business) Mentoring Programmes.
- Capability of the nine universities on the island of Ireland and their links to business and industry to improve market research, Intellectual Property Rights, business planning, innovation management and technology transfer.

Strategy //Strategic Impact

Strategic Impact

In summary, InterTradeIreland will translate strategy into action through specific areas of activity defined to have the optimum impact on the capability of businesses to increase the value of trade and business development across the island.

Figure 5 - Strategic Impact



This Corporate Plan will see the production of an Annual Operating Plan for each of the years 2002-2004 covered. The Annual Operating Plans will provide information on detailed spheres of activity within the Knowledge Domains and the resources to be allocated to them, and will further define the specific programmes, projects, initiatives and activities in terms of their individual objectives, targets and outputs.

Implementation

Dependencies/ Critical Success Factors

- The establishment of effective two-way relationships between InterTradelreland and key economic development agencies and industry bodies.
- The preparedness of economic development and industry umbrella organisations to co-operate in the development of the island economy.
- The co-operation and collaboration of the key economic research institutes and data providers, north and south, to realise the All Island Business Model.
- The continued support of our two sponsoring government Departments, the Department of Enterprise, Trade and Employment (DETE) in the Republic of Ireland, and the Department of Enterprise, Trade and Investment (DETI) in Northern Ireland.
- The availability of financial resources as agreed by the two administrations on the recommendation of the North/South Ministerial Council.
- Access to specialist expertise, particularly through secondees for key posts.
- Access to government information resources, specifically statistical data.
- Co-operation between industry regulators, specifically within the telecommunications sector.

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 sponsoring Departments which fund our activities, DETE in the Republic of Ireland and DETI in Northern Ireland.

Methodology

Our Strategic Framework describes what we need to do to discharge our legislative responsibilities and to galvanise the stakeholders in the two jurisdictions towards driving the development of the island economy through co-ordination of planning activity and the exchange of information on trade and business development.

Our Strategic Goals describe the key areas of endeavour under which we must bring about improvements to provide the capability of businesses to generate more trade and business activity between the two markets north and south. Those key areas of endeavour

are the generation, dispersal and exploitation of knowledge resources, some of which already exist and some of which will have to be created anew. Our Knowledge Domains provide the bridge between planning and action and describe the outcomes which we must achieve to deliver our Mission.

The implementation of InterTradelreland's Corporate Plan will rely heavily upon the negotiation of successful and effective relationships with our partners - relevant government policy makers, economic development agencies, business and trade organisations, the science and technology community and organisations engaged on economic, business and social research.

InterTradelreland, in terms of its manpower, fiscal resources and actual responsibilities is a small agency with a heavyweight legislative mandate. Only through a high level of effective networking within our relationships with our partners and through precise selection and focused execution of our strategic interventions will we be able to meet our goals and satisfy that legislative mandate.

Strategy

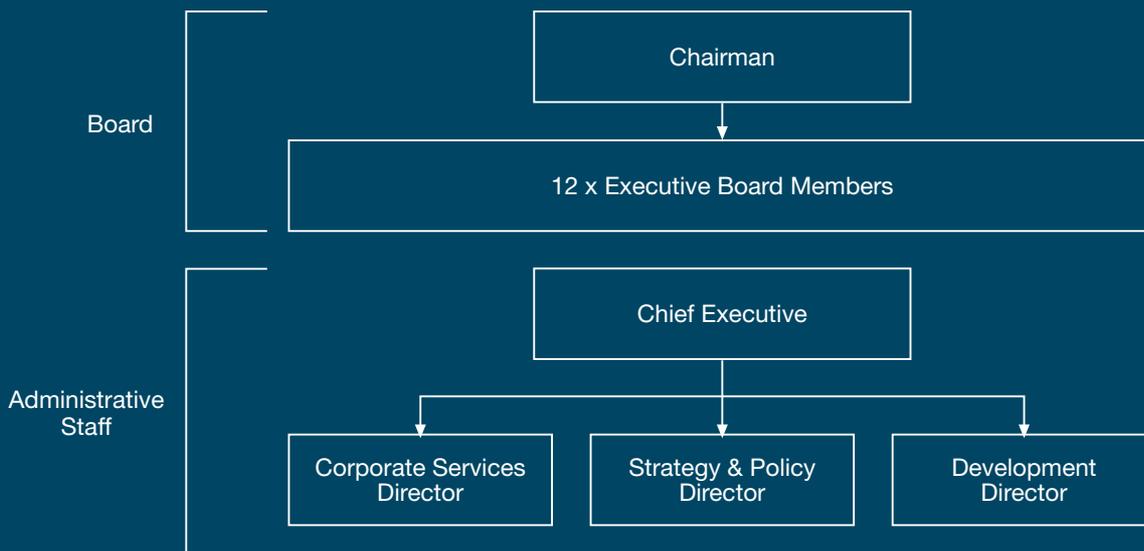
//Strategic Implementation

Resources

InterTradeIreland comprises two organisational components, an Executive Board and a permanent administrative staff led by a Chief Executive. The twelve Executive Board Members, whose appointments are confirmed by the North/South Ministerial Council, bring a vast collective experience in the fields of Business, Finance, Economic Development, Communications, Research and the Social Economy. The Board Members have a three-year term and meet ten times each calendar year.

The administrative staff has provision for a maximum of 42 posts, and it comprises three directorates. To maintain a balance of North/South representation long-term secondments for specialist posts is, and will continue to be, a favoured method of staffing the Body.

Figure 6 - InterTradeIreland Organisation



Financial resources are provided to InterTradeIreland directly from the two administrations' economic development Departments, DETE in the Republic of Ireland and DETI in Northern Ireland, with funding provided in the ratio 2:1 respectively.

The currently approved financial resources to be provided to InterTradeIreland from DETE and DETI in support of the achievement of this Corporate Plan is funding to a maximum of £GBP27M.

This Corporate Plan will be supplemented by the production of Annual Operating Plans for each of the years 2002, 2003 and 2004. The Annual Operating Plans will provide information on spheres of activity within the Knowledge Domains and the resources to be allocated to them, and will further define the specific programmes, projects, initiatives and activities in terms of their individual objectives, targets and outputs.

Operating Environment //Legislative Context

3.1 Legislative Context

InterTradelreland was established as the Trade & Business Development Body. It is one of six cross-border bodies whose legislative genesis is based in the Belfast Agreement, 1998. The Belfast Agreement is provided for in legislation an Act of the Oireachtas (*the British-Irish Agreement Act, 1999*) and a UK Statutory Instrument (*North/South Co-operation, Implementation Bodies Northern Ireland Order, 1999*). Annex I, Part 3 of both pieces of legislation define the role of InterTradelreland as being:

'A body to exchange information and co-ordinate work on trade, business development and related matters, in areas where the two administrations specifically agree it would be in their mutual interest.'

The Belfast Agreement lists nine roles as 'specific areas of implementation' for InterTradelreland.

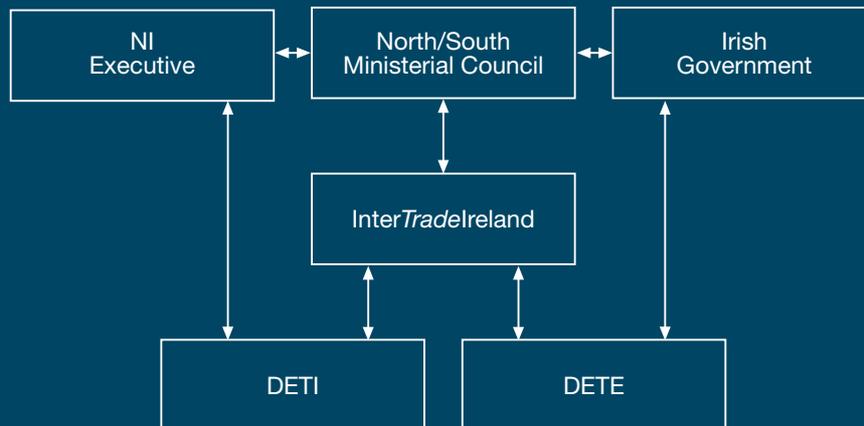
- Co-operation on business development opportunities, North and South.
- Devising new approaches to business development in a cross-border context, in areas such as research, training, marketing and quality improvement.
- Supporting business by making recommendations to increase enterprise competitiveness in a north-south context in areas such as skills availability, telecommunications, IT and electronic commerce.
- Promotion of north-south trade and supply chains, including through business linkages and partnerships.
- Promoting cross-border trade events and marketing initiatives.
- Identifying new areas of trade between North and South.
- Promoting market awareness and trade development in a north-south context.
- Undertaking specific projects and events in relation to trade promotion when tasked jointly on a project by project basis.
- Providing advice on specific aspects of trade promotion, when tasked jointly to do so.

As a cross-border body whose framework is provided for under the instruments of the Belfast Agreement, InterTradelreland's legislative basis is complex, and our requirements are specific.

Operating Environment //Legislative Context

Our operating structure is similarly complex. We are jointly funded by the two economic development departments - the Department of Enterprise, Trade and Employment in the Republic of Ireland and the Department of Enterprise, Trade and Investment in Northern Ireland. We have an Executive Board and report directly to the North/ South Ministerial Council. Figure 7 outlines our reporting structure.

Figure 7 - Reporting Structure



Uniquely, InterTradeIreland has a joint mandate from both administrations to bring north-south trade and business development into the mainstreams of government policies north and south of the border. InterTradeIreland has therefore grown out of a political agreement but it has a clear economic mandate and rationale.

Social Legislation

Within InterTradeIreland's legislative context are explicit and implicit responsibilities in the social dimension, in areas such as Equality, Human Rights and Social Inclusion as enshrined in Irish, UK and EU law. InterTradeIreland is committed to ensuring that obligations under such initiatives form an integral part of its everyday activities. InterTradeIreland will ensure that within the knowledge and information creation and dispersal aspects of this Corporate Plan the Social Inclusion dimension is addressed to the benefit of those groups who depend upon such information to prepare their own forward strategies and plans.

Operating Environment

//Economic Context

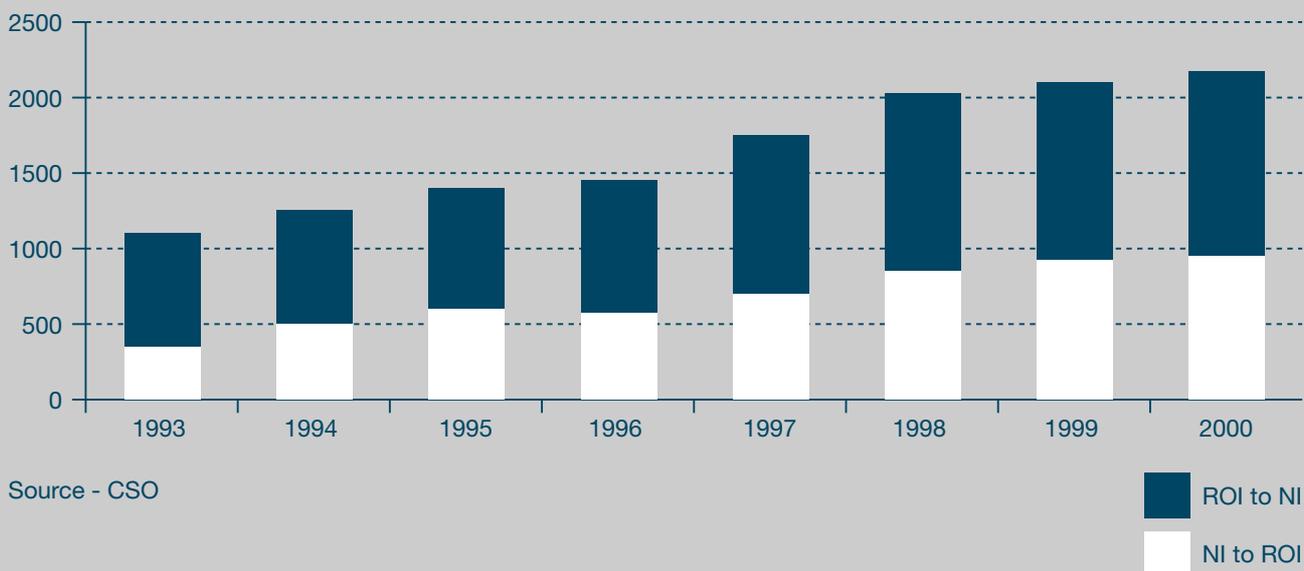
3.2 Economic Context

Trade

There are three main sources of statistical data on cross border trade between Northern Ireland and the Republic of Ireland: the Central Statistics Office (CSO) in the Republic of Ireland, the Northern Ireland Economic Research Centre (NIERC) and United Kingdom Customs and Excise. Research carried out for InterTradeIreland has identified methodological differences between the three data sets and also gaps in data collection (e.g., between SMEs and in the Tradeable Services). This lack of an agreed set of measures of trade in both directions is a barrier to development of improvement plans and one which InterTradeIreland will address.

The CSO data, however, is the most complete of the three sources in that it provides detailed analysis, over time, of trade in both directions. Figure 8 uses the CSO data to chart trade between the two markets since 1993, expressed in Irish Punt (IEP). The chart shows that total trade in real terms¹ between the two economies has grown significantly since 1993. In fact total trade has been growing at an average annual rate of approximately 9.5 per cent, with exports from Northern Ireland to the Republic of Ireland growing at 12.6 per cent per annum and exports from the Republic of Ireland to Northern Ireland growing at 7.4 per cent per annum on average.

Figure 8 - North/South Trade 1993 - 2000



¹Data deflated using OECD Export Deflators

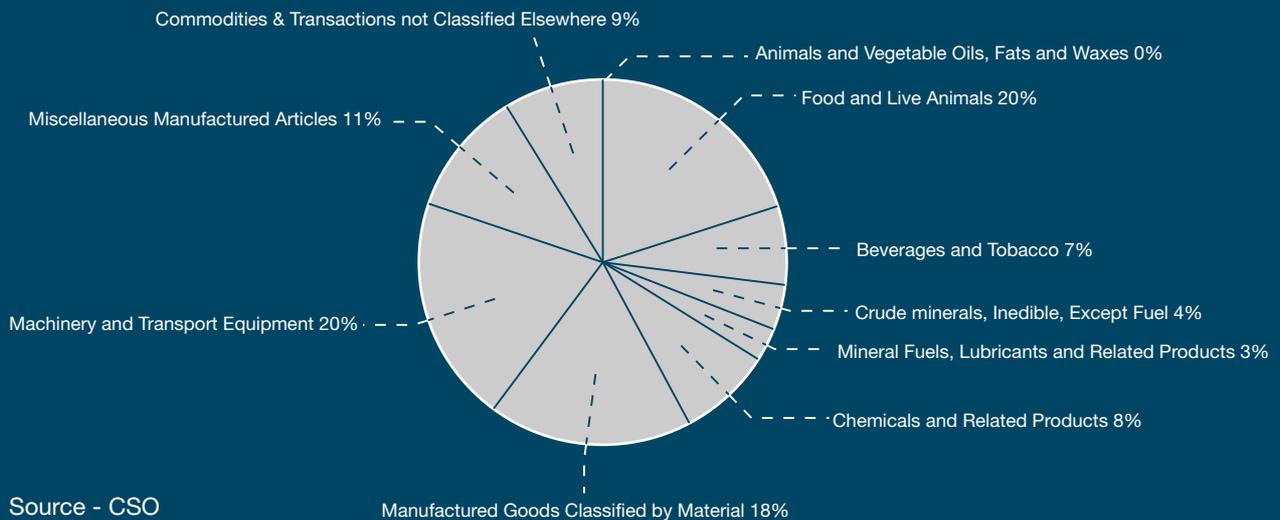
Operating Environment

//Economic Context

Northern Ireland's trade with the Republic of Ireland accounts for approximately 13 per cent of its total external sales², while Northern Ireland accounts for only 2 per cent of the Republic of Ireland's total exports. In 2000 Northern Ireland exported approximately IEP931M worth of goods to the Republic of Ireland while the Republic of Ireland exported IEP1323M into Northern Ireland. Figure 9 shows that the most significant trade categories (in value terms) are:

- Food and live animals.
- Manufactured goods classified chiefly by materials (leather, plastics, textiles, etc).
- Machinery and Transport Equipment.

Figure 9 - Total Cross-Border Trade by Industrial Sector



These figures, even though they are incomplete and highly aggregated, point to an extraordinary growth in trade. We need to understand what is driving this growth, what are the business dynamics behind it and where it is going in the future.

²See NIERC, DETI (2001) Northern Ireland Sales and Exports 1998/99 – 1999/00

Operating Environment

//Economic Context

Barriers

The legacy of essentially separate or 'back to back' development that has characterised policy making in the two jurisdictions north and south of the border over the past 75 years is reflected in many barriers to cross-border trade and business development. Preliminary research undertaken at a series of roadshows hosted by InterTradeIreland identified macro issues such as taxation, currency volatility, transport and telecommunications infrastructure and real day-to-day business issues such as a lack of awareness and knowledge of each other's environment, the impact of political instability and the relatively small scale of the Northern Ireland market as significant barriers. The same research also identified some widely held negative perceptions held by business people from one economy about doing business in the other, which could constrain the willingness of people to exploit business opportunities.

Another potential barrier to facilitating trade and business development is the different industrial structure in the two economies. A vastly different industrial structure may therefore restrict the capacity to develop trade and business links. The Republic of Ireland has a greater share of high-technology or modern industries than Northern Ireland but this largely reflects the contribution of foreign direct investment. Most trade between nations is business to business rather than business to consumer and as the structure of indigenous sectors north and south of the border is broadly similar, the scope for trade and business development is significant and this potential barrier in this particular context may not be as large as one might expect.

Operating Environment //Economic Context

Economic Rationale.

As outlined earlier InterTradeIreland's legislative remit as enshrined in the *British-Irish Agreement Act, 1999 (Annex1, Part 3)* is:

'to exchange information and co-ordinate work on trade, business development and related matters...'

The logic behind the deepening of economic links through this uniquely constructed collaborative agreement between the two jurisdictions has both a political and an economic dimension. The political imperative is clearly the consolidation of the peace process in a manner that will facilitate the development of networks of trust across the island. The implicit economic rationale is that increased co-ordination of trade and business activity can help engineer the realisation of economic spillovers and synergies that will mutually benefit both the north and the south.

In the context of the deepening of economic links on the island of Ireland these benefits will be achieved through co-operation, alliances and trade between firms, the opportunity to address a larger overall market, exposure of products and services to a wider range of demanding customers and improved supply-side characteristics such as skills, training, technology and telecommunications infrastructure and energy.

The political and economic imperatives are of course not mutually exclusive since the development of networks of trust is a prerequisite for the exchange of information and knowledge which will lead to more developed trading and business relationships. The concept of social capital succinctly captures this important relationship – social capital having been defined as 'consisting of all those institutional arrangements, networks and relationships which promote understanding, trust and mutual respect; allow communities to pursue shared goals more effectively; improve information flows'³

The realisation of economic spillovers and synergies may also generate higher volumes of trade between the two jurisdictions but increasing the volume of trade per se should not be regarded as the main performance measurement of the effectiveness of InterTradeIreland. Quite apart from the fact that simply measuring the flow of trade poses methodological difficulties, the total volume of trade is predominated by low-technology products such as food and live animals and crude materials, inedibles, except fuels. While it is economically important that cross-border trade in these products is maximised and synergies exploited, the future competitiveness of the island economy and of both jurisdictions which comprise it, will depend upon co-ordinating and exchanging information and knowledge which will improve the capability of indigenous businesses to trade higher up the value chain.

³ UK Government Performance & Innovation Unit 1999



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