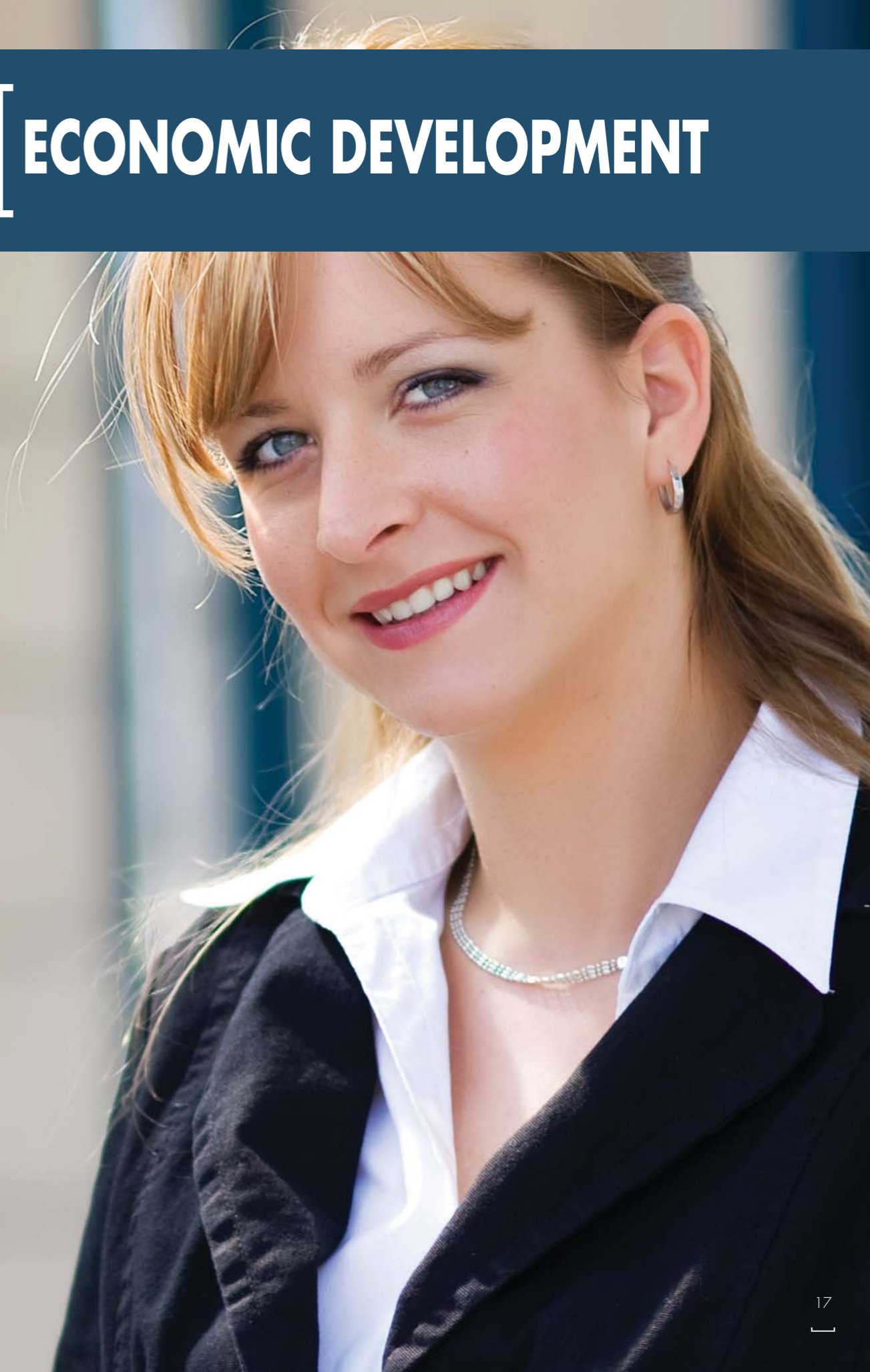




ECONOMIC DEVELOPMENT

Business Happens





Iain McMillan

Business Happens Iain McMillan CBE, Director, CBI Scotland

Iain McMillan CBE, Director of CBI Scotland outlines how Scotland's diverse and innovative businesses are working together with government to build a strong economy.

One of the most inspiring aspects of my role is that as I travel around Scotland and other parts of the world, I visit and meet many dynamic leaders and businesses. Here in Scotland, we are genuinely blessed with many innovative and successful companies, operating both domestically and abroad, many of whom are truly world class leaders in their field. One just has to think of Memex Technology, Devro, and Cairn Energy, let alone household names such as First Group, Standard Life and Weir Group.

Yet, regardless of how successful businesses are and whether they operate domestically or internationally, all are subject to influences over which they have little or no control; the quality of the labour force, the level and complexity of business taxation, the clamour for new standards in employment and environmental practice, the state of our transport infrastructure, and the availability of land for expansion.

The new politics of minority government in the Scottish Parliament, the many powers of importance to business residing at Westminster, and the increasing influence of the European institutions, have led to an often complex policy environment for Scottish companies.

Therefore, it is crucial that business speaks to government authoritatively, coherently, and, where necessary, forcefully. Thanks to the diversity of and contribution made by our members, CBI Scotland is uniquely placed to bring to policy development, and to decision-makers and influencers, an informed, credible and convincing voice of business.

Many of our recommendations have found favour with the current SNP-led Scottish Government, and indeed across all the principal political parties, and have been implemented.

As a result, key investments have been made in important motorway and rail infrastructure projects, the planning regime has been modernised, businesses can now choose their water and sewerage supplier, unlike elsewhere in the UK, and business rates have been reduced and are now as competitive, if not more so, than in England. The payment of supplier invoices by the public sector has been speeded up, firms now have far simpler access to government contract opportunities, and there is a renewed focus on enhancing standards of literacy and numeracy in our schools.

Such measures are most welcome and recognise the vital contribution business makes to wealth creation, employment, and the funding of public services.

More can and ought to be done, and there is no shortage of challenges for the business and political communities in Scotland. Working together we can grow and secure the strong Scottish economy that is needed to promote domestic and inward investment, and to support the wider social and environmental aspirations of the people of Scotland.

However, the new politics of minority rule at Holyrood, coupled with public concern over the testing economic times of late, mean that business must remain vigilant. Continued political and public support for liberal, outward looking economic policies that favour growth cannot be taken for granted.

Scottish business must continue to make its case, and press the political leaderships in both Holyrood and Westminster to champion innovation and entrepreneurial activity, and to make Scotland a favoured location for businesses of all kinds.

CBI Scotland will continue to be at the forefront of this debate, representing its members and arguing robustly for a business-friendly legislative and regulatory climate for Scottish companies, and for a world class economy that generates the jobs and the wealth upon which we all rely.

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Global Ambitions

Expanding outwards and succeeding internationally cannot just be considered part of Scotland's past heritage. If as a nation we are to deliver sustainable economic growth and prosperity in the 21st century, then Scotland must continue to focus on, develop and deliver stretching global ambitions.

Dr Lesley Sawers, Chief Executive, SCDI



Dr Lesley Sawers, Chief Executive, SCDI

Around the globe, the imprint and impact of enterprising, pioneering and successful Scots is clear to see. From the Victorian grandeur that is Carnegie Hall, stretching east along New York's Seventh Avenue, through the protected splendours of American wilderness attributed to John Muir, to the soaring glass tower blocks that are the modern face of Hong Kong, Scotland's impact is marked and felt in place names, street names, historic landmarks, new global businesses, celebrated institutions and trusted brands.

If Scotland is to emerge stronger and more successful from a global economic downturn which has resulted in six quarters of negative growth and to date, modest shoots of recovery – as well as heralding public spending cuts of a depth and scale never experienced before – then bold thinking, tough decisions and clear focus are required.

On a domestic front, achieving the right economic balance of investment and consumption is vital. At the same time, Scotland must invest in the skills and technologies which will deliver business opportunities within the exciting new arenas in which we have global strengths, such as renewable energy, education, life sciences, financial services, and premium food and drink.

Maximising the potential of opportunities in the global marketplace is absolutely vital and Scots businesses of all sizes must be primed to the potential of overseas markets hungry for growth.

Look, for example, at the meteoric rise of new powerhouses such as India where cities such as Mumbai have ambitions of becoming an Asian finance hub to rival London, are being matched by billion-pound investment portfolios.

It is the drive and energy invested in realising this – coupled with positive economic forecasts – that make India and other emerging economies with similar 21st century success stories such compelling landscapes in which Scottish companies can do business.

Compared with our own modest forecasts, the numbers are instantly impressive: this year the world's GDP is predicted to shrink by 2.3% while India's, for example, is predicted to grow by 6.2%. Next year against modest global GDP growth forecasts of 2.2% in 2010, predictions of India's growth rate sit at 8%.

Future-scoping further, analysts predict that by 2025 it will be the world's third largest economy after China and the USA. There are many other equally exciting international prospects. China's

economic recovery is soaring onwards, with a GDP increase of 10.7 in the final quarter of last year and overtaking Germany to become the world's largest exporter. Most analysts predict a further 9-10% of growth in 2010.

New markets such as these are – and should be – compelling across a variety of sectors and to organisations of every size and scale. And it is the aim of SCDI, with the support of Scottish Development International (SDI) and UK Trade and Industry (UKTI) to help businesses develop meaningful engagements in opportunities there that they target.

This unity of purpose, coupled with strong prospects for successful business outcomes, reflects well SCDI'S core philosophy of looking outwards and forwards for sustainable economic prosperity. This year, SCDI marks 50 years of creating and supporting market-focused international connections for Scottish businesses and organisations.

For five decades we have led 360 cross-sector delegations to developing markets – that's over 5000 Scottish businesses of all sizes, directly engaging with 50 markets across the globe.

Every economic cycle and every visit brings its own challenges. But the recent positives of engagement and partnership experienced by SCDI trade visit delegates realising their global ambitions is another appropriate reminder that successful delivery of Scotland's economic ambitions will always require informed leadership, bold vision and an outward focus on the potential opportunities that lie beyond the horizon.

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Mixing Business with Pleasure

Launched last year, Business Club Scotland (BCS) aims to ensure Scotland maximises the significant commercial opportunities from its impressive events calendar in the lead up to the Commonwealth Games and Ryder Cup in 2014 and beyond.

Scotland has an unprecedented programme of high-profile sport and cultural events to look forward to over the next five years, and while this is exciting news for audiences and participants, what does it actually mean for the country's economic development?

Recent figures released by EventScotland reveal that the last tax year saw the organisation generate over £64 million of income for the Scottish economy through its sporting and cultural events programme.

Combined with the figures for the Scottish Government and EventScotland's tourism initiative, Homecoming Scotland 2009, which are reported to be on target at £44 million, the potential economic impact of events starts to become apparent.

Securing hosting duties for major international events also has the capacity to deliver massive economic benefits. For example, the 2006 Commonwealth Games in Melbourne generated over £522 million worth of business for local companies and projected figures for the 2010 Ryder Cup in Wales indicate an excess of £50 million income will be generated from the three day event.

However, simply hosting an event does not guarantee positive economic and social benefits. It is vital that the host nation effectively harnesses the commercial opportunities afforded to it by high profile events and works to ensure such benefits are effectively reinvested back into local communities.

However, capitalising on business opportunities is only a part of the BCS remit; the Club also recognises the need to create a legacy for sustainable social and economic development.

BCS Programme Director, Jane Gotts says: "As demonstrated by cities like Sydney and Melbourne, world class events can play a key role in bringing significant investments in infrastructure and state-run facilities to a host nation. Used effectively, such facility upgrades will lead to employment opportunities, improved transport networks and will even positively impact health and education.

"However, it is essential that we have a clear strategy in place to build on the success of these high-profile events. Hosting a world class event like the Commonwealth Games is only the beginning; in order to establish Scotland as a major player on the world stage it is vital that we strengthen the nation from within.

"The Commonwealth Games, Ryder Cup and other similar major international events will not visit Scotland every year; therefore we must make the most of these opportunities when they arise to secure a lasting legacy that will benefit generations of Scots for many years to come. In 2010 we can also look forward to The Open Championship at the home of golf – St Andrews, and the Rally of Scotland returning for its second year in November 2010.

Another key factor in the importance of events to Scotland's economic development

is the PR generated through national and international media coverage.

In Glasgow alone, tourism accounts for over £700 million annual income for the local economy. In 2009, the city announced an impressive schedule of international conferences, reported to be worth more than £12.5 million, which, combined with high-profile events like the MOBO Awards, showcase the best of what Glasgow has to offer. This has a direct positive impact on the city's tourism draw, which in turn affects an increase in commercial revenue.

Ultimately, sport, leisure and tourism are amongst the few industries that display long-term growth patterns, and by maximising the impact of this sustained growth through an extensive events programme and stakeholder engagement, Scotland can make significant investments into local regeneration projects and boost its long term economic development.

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"The business world doesn't stand still and neither do we at Edinburgh Napier University"

Professor Dame Joan Stringer,
Principal and Vice-Chancellor



[Nine new institutes have been established to streamline business access to the University's services and provide a rapid, responsive, customer-focused service. Their expertise covers leadership and management skills, employment research, energy, sustainable construction, transport, forest products, cultural and creative arts, science and health innovation, product design and manufacture, and informatics research and digital technology.]



Professor Dame Joan Stringer, Principal and Vice-Chancellor.

Edinburgh Napier's degree courses and research are built on the practical needs of business and industry. Staff are working day-in day-out with industry to develop innovative solutions for businesses. A key part of this activity is devoted to developing close and productive relationships with business via contract research, consultancy, workforce training - often accessing financial support to reduce the cost to business".

World leading research

Edinburgh Napier specialises in applied research, much of which is near to market and of direct relevance to the immediate needs of Scottish business. The UK Research Assessment Exercise in 2008 identified six areas of the University's research as 'World Leading' including Architecture and Built Environment, Allied Health (Biomedicine), Civil Engineering, English Language and Literature, Library and Information management and Nursing and Midwifery.

New research and knowledge transfer institutes

Nine new institutes have been established to streamline business access to the University's services and provide a rapid, responsive, customer-focused service. Their expertise covers leadership and management skills, employment research, energy, sustainable construction, transport, forest products, cultural and creative arts, science and health innovation, product design and manufacture, and informatics research and digital technology. Each institute links closely to the Scottish Enterprise priority sectors and has an advisory board with high-level external representation.

Award-winning

In 2009, Edinburgh Napier University was awarded the Queen's Anniversary Prize for its research in 'Innovative housing construction for environmental benefit and quality of life'.

The research, which has benefited over 1 million home owners, involved new innovative wall and floor constructions to dramatically reduce noise transmission within new homes. It was one of the largest and most intensive research projects ever undertaken between a university and the house building industry. It was funded by the Home Builders' Federation and 13 of the country's biggest house builders. Over 40 new products have been developed incorporating the processes and standards developed by the research team.

The 2kT project

A joint Edinburgh Napier and Queen Margaret University venture creating numerous close ties with industry is 2kT. Supported by the Scottish Government SEEKIT funding, this support service is dedicated to enabling business access to expertise in both universities. Its focus is aligning academic expertise with business to help develop new products and services, and ultimately improve competitiveness. Already, 2kT has helped

numerous businesses in many sectors increase profit, sustain existing jobs and create new roles and introduce new innovations by working with Edinburgh Napier. These businesses have collectively secured over £500,000 in assistance. Increasing sales by participating companies exceeds £1.5 million.

Building upon this success, 2kT+ now extends the above benefits to a partnership including six colleges. This EU and Scottish Government initiative now affords businesses in south east Scotland access to expertise over a wide geographical area. The excellent college relationships with business can now be extended to cover product innovation and business process re-engineering.



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