

INCENTIVE NEGOTIATIONS

Incentive Maximization

Investment Consulting Associates has frequently been engaged with corporate incentive and location strategy advisory as well as incentive package negotiation. This experience enables us to evaluate incentive programs on the quantitative (e.g. benefits) as well as on the qualitative (e.g. eligibility) aspects, taking into account a particular focus and requirements of our client. Our dynamic approach explicitly treats business incentives as a cost-effective asset that supports businesses in optimizing location strategies. As such, we ensure incentive benefits to be responsive to your business needs and policy.

ICA uses its global incentives experience, knowledge of corporate site selection and proprietary software tool known as to help corporate clients better understand the beneficial position of incentive programs in the organization of their future location(s) and supply chain. ICA shows how these incentive opportunities can help its clients enhance their business operations by (re)locating to competitive incentive environments, whilst simultaneously maximizing and, if required, negotiating the incentive benefits.

Process of Designing Incentive Strategies

1. Incentives Identification

The first critical step is to understand the corporate strategy and current locational structure. Based on your customized business objectives and our in-house developed methodology to systematically evaluate incentive regimes on its qualitative aspects, a selection of incentive programs can be drafted. The output is a summary of all relevant incentive schemes.

2. Incentives Optimization

Apart from evaluating whether our client is eligible to identified incentive programs, the incentive schemes should be quantitatively analyzed based on their potential fiscal benefits and financial opportunities. Taking into account the characteristics and projected economic impacts of the future investment provides sufficient input to determine the value of the incentive(s) our client can expect.

3. Incentives Implementation

Finally, a cost analysis based on the previous qualitative and quantitative evaluation of relevant incentive programs should support and optimize the location strategy. Financial modeling in the form of a cost benefit analysis to calculate the range of potential incentives and include this in the feasibility study is the main deliverable.

Client Credential

Corbian Purac

Background: Purac requested location advisory services from ICA to support the company in its growth ambitions through international greenfield expansions. Project objective was to reduce a long-list based on an integrated regional assessment of incentives as well as operational costs.

Activities: As part of a wider optimization of the value chain, ICA evaluated the feasibility of ten locations across the globe. To ensure consistent incentive evaluation among the locations, ICA applied its customized incentive assessment template. A bandwidth of potential incentive benefits was calculated per incentive program and verified by local investment promotion agencies.

Deliverable: ICA produced a comprehensive incentive assessment, which - together with a detailed assessment of operational costs - functioned as input to the final location choice of the greenfield investment.

Investment Consulting Associates has the advantage to rely previously data obtained through its in-house developed software tool ICAincentives.com (now: IncentivesMonitor.com). This tool is the only Global Incentive Deal Database tracking information on all major financial incentives awarded to (foreign and domestic) corporate investors in all industries and monitors active associated incentive programs. This allows for transparent incentive benchmarking and helps negotiate and optimize incentive packages more efficiently.

ICA is a global management advisory firm based in Amsterdam and Boston specializing in corporate location advisory, Supply Chain Management, market entry, incentives advisory, free zone development, economic development strategies, investment promotion strategies, FDI advisory and training & seminars. ICA offers customized, effective solutions matching its clients' needs through a combination of analytical industry expertise and stakeholder management. ICA's global team of multi-disciplinary professionals has worked on numerous projects across all continents, either on behalf of its growing portfolio of corporate clients or as strategic advisor to governmental organizations. ICA is also the founder of two successful software products: LocationSelector.com and ICAincentives.com (now known as IncentivesMonitor.com).