



Case Study

Foreign Direct Investment in the US Wind Industry

Inrica Group

March 30th, 2016

Inrica Group – Company Overview

Founded in 2013 as a Management Consulting firm

- Service offerings include Strategy, Global Advisory, New Market Development and associated Project Execution and Program Management services
- Principals have multi-sector experience - Manufacturing, Renewable Energy, Oil and Gas, Construction, Building Materials, Chemicals, Information Technology.
- Executed projects in USA, Mexico, Africa, Asia

Strategic Planning

- Executive-level advisory services to formulate, implement and monitor strategy.
- Implementation of a company-wide structured strategic planning process to ensure a sustainable process that delivers value-creating outcomes

New Market Development

- Development of growth strategy either in adjacent sectors, by acquiring firms or via International expansion
- Business development to attain greater commercial success for existing products.

M&A Advisory

- Advisory services for companies wishing to acquire existing firms.

Global manufacturing firm establishing operations in the US

Client Profile

- Large global multinational that manufactures renewable energy components in several countries
 - This line of business was entering the US market for the first time
 - Inrica Group was engaged to manage the entire process from concept to final completion
-

Client Needs

- Develop market entry strategy – Brownfield, Greenfield or Acquisition of competitor
 - Analyze the market – Customer requirements, raw material supply, competitor footprint, regulatory issues
 - Manage the execution of the entire project, while balancing risk
-

Inrica's Approach

- Understand client requirements, concerns, constraints, assumptions, risks, resources
- Develop a decision-making framework that helps the client to understand diverse perspectives and context that impacts decision-making.
- Develop, implement and manage the entire execution process - site selection, incentives negotiation, property closing, legal agreements, development of the business plan, identification of construction firms, new and used equipment sourcing, financial analysis, logistics analysis, import analysis, workforce planning, training etc
- Identify and manage third-party vendor ecosystem

Phase 1 - The development process – Initial Steps

Site Selection

- Identified 13 states in the wind corridor where the majority of wind farms were being built
 - Analyzed the footprint of existing competitors with respect to competitive delivery radius
 - Dialog with end customers to ensure that their requirements would be met.
 - Shortlisted 4 states – Key evaluation factors included logistics (road, rail), workforce availability/cost/quality and economic incentives - Main determinants of cost structure.
 - Utilized a realtor with a nationwide footprint to find suitable properties
-

Economic Incentives

- Competitive process, but didn't pick the highest offer – other selection factors outweighed the incentives. Engaged CPA firm to conduct net tax burden analysis.
 - Worked closely with the Office of the Governor and AEDC to ensure that they had a thorough understanding of the client, their proposed business and their selection criteria
 - It is important to have a mutual fit between the community and the company's needs/philosophy
-

Why Amarillo

- Excellent rail-served business park with a 45 acre plot
- Good location with respect to Interstate transportation
- Workforce with a good work ethic and competitive cost structure.
- Proximity to wind farm developments.

Critical Success Factor - Highly responsive and capable team at AEDC that was very solution-oriented worked closely with the client every step of the way and went above-and-beyond to assist.

Phase 2 - Execution stage started at the conclusion of real estate closing

Real Estate & Incentives Closing

- Good legal counsel on both sides is imperative – otherwise the process can drag out unnecessarily.
 - AEDC provided information about local firms that could perform surveys, geotech, Phase 1 ESA etc.
 - Fine tuning of claw-back conditions - both parties were reasonable.
 - Advance briefings of local stakeholders for approval of incentives was critical
-

Construction & Permitting

- Client wanted to award a turnkey design-build contract.
 - Many local and state firms had a robust backlog and/or didn't have adequate bonding capacity, so some out of state firms were invited to bid.
 - Worked closely with city and state officials to ensure that the permitting process didn't become a bottleneck.
-

Equipment Identification

- Identified new and used equipment vendors in the USA. Client identified overseas vendors as they have a global footprint.
- Worked with local certification firms to ensure that any imported equipment would receive the necessary UL and OSHA-related certifications.

Phase 2 - Continued

Workforce Hiring & Training Plan

- Several challenges needed to be overcome - Low unemployment levels in the area combined with growing workforce needs of other existing companies and client's workforce training requirements
 - Worked closely with Amarillo College (AEDC and Texas Workforce Solutions) to design a training plan to be delivered by college personnel
 - Increased recruitment radius to a 3-hour driving distance. Downturn in oil and gas partially alleviated the issue.
-

Other Factors

- IT systems implementation; Transition to local management; Temporary Housing etc
 - Renewal of PTCs led to increased demand for products and consequently a significant acceleration of the hiring plan
 - Visa/Immigration requirements for staff from other global locations who would be needed in the US short-term for training of US staff
-

Successful Completion

- Investment of ~ \$35-40MM with creation of 350+ jobs
- On-target for a mid-summer opening in 2016

Inrica Group successfully managed and implemented the project for the client – Key Success Factors are listed below:

Understanding Client Requirements

- Gained thorough understanding of the client's needs, assumptions, constraints, philosophy and risk factors
 - Developed and executed project plan that addressed needs and mitigated risk
 - Frequent communication with client personnel that were situated outside the USA
 - Leveraged strong network of industrial contacts to developed an appropriate fact-base of information and processes to guide the client through decision-making
-

Collaboration

- Identified capable third-party providers and vetted them through multiple sources.
 - Selected vendors who could work well within the project's needs and that fit the client's philosophy.
 - Worked closely with EDOs at the state and local levels to develop a win-win situation that met the needs of multiple stakeholders
-

Flexibility

- Maintained a solution mindset to adapt to changing project conditions.
- Early identification of potential pain points.
- Identify and remove barriers to success

Inrica Group assists clients to be successful by leveraging industry experience, consulting expertise and deep network in multiple countries

Contact Info

- Email: info@Inrica.com
- Phone: +1-614-439-8674
- Website: www.inrica.com

Services

- Strategic Planning, New Market Development, Global Business Development, M&A
- Project and Program Management

Geographies

- North America (USA, Canada, Mexico)
- Africa (Sub-Saharan)
- Asia (India, China)
- South America (Brazil)

CONTACT US TO DISCUSS YOUR REQUIREMENTS