

Where businesses find a warm welcome

Companies investing in new operations overseas face many challenges – not least those that arise from adjusting to a new regulatory regime, tax requirements, recruitment opportunities and cultural differences. With any luck, those businesses will have the kind of support and advice offered by **Solothurn Economic Development Agency** in Switzerland. Karl Brander, head of promotion and investment projects for the Solothurn Economic Development Agency explains more.



Switzerland has a unique geographic and political structure, divided as it is into the 26 cantons that make up the Swiss Federation. Each has its own constitution, legislature, government and courts, and, as a result, can offer its own incentives to businesses setting up there. Often, this includes a favourable tax rate, but some cantons have gone further in offering a full range of services to help businesses overcome the challenges of relocation.

One example is the canton of Solothurn, located in the north-west of Switzerland around the foothills of the Jura massif. Once driven by agriculture, it has become home to many companies in manufacturing and the service industry. It is well known for making watches, jewellery, textiles, paper, cement and auto parts, but has more recently become a centre for medtech, orthopaedics and precision mechanics.

The cluster of these high-tech businesses in a small area of Solothurn means that there is a high density of expertise that benefits any new arrival.

“That high density means lots of people and lots of know-how that has been built up over the last 40 years or more. This particular cluster of precision mechanics is geographically small – perhaps only 50km² – but within that are approximately 1,000 different companies: producers, suppliers and vendors. Whoever joins up can profit from endless know-how in material technology, quality and production. The area has educated people in precision mechanics from watchmaking to medtech, which also spreads into management,” says Karl Brander, head of promotion and investment projects for the Solothurn Economic Development Agency (SEDA).

“Solothurn is a stronghold of medtech due to its history in precision mechanics. Going back 150 years, watchmaking came to this area. Since the 1950s, the industry started to experiment with orthopaedic implants such as new hips or shoulder joints. This led to the development of a broader medtech cluster with renowned companies like Stryker, DePuy Synthes, Ypsomed and Mathys, for example. Precision mechanics involves tiny pieces of machinery, usually metals, which are in demand for watchmaking but also for machinery in general,” he adds.

The strategic location of Solothurn makes it attractive to many overseas investors. Brander, who joined the agency ten years ago and is largely responsible for inward investments into

the province, has made it his goal to understand the needs of companies seeking to set up business in the region. He ensures that to openly discuss taxation and incentives are not the only reason to choose Solothurn.

“We are aware of the issues companies face and we act as an enabler for many projects. We answer questions they may have to prevent any projects being delayed or stopped. It is also about networking; showing people around so that they feel at home as soon as possible. Many companies from lots of different industries come here. We get enquiries from everyone and everywhere. It could be a one-person service company or a global biopharmaceutical company, or anything in between. It also reflects the variety of the economy in Solothurn,” he remarks.

Where, when, how and why

There are many factors that companies must consider when choosing a new location for any part of their business. Some of these are purely financial, but there are many more that relate to long-term sustainability and the ease of transition to a new country. The key is that each company will have its own unique set of questions and Brander’s team must ensure those questions are answered.

“The projects I have helped face very specific needs and challenges. For instance, a company investing abroad is in changing mode, and its expectations might not fit with reality all the time. An important task for me is to show them the reality of running a company in Switzerland, in Solothurn – what the mentality of the people is like; the pricing levels; and the peculiarities in each business; generally speaking, ‘how things work’. This shall ensure it is a sustainable investment that will grow the business. Many companies are looking at their global footprint, but any company of any size that is expanding must look at issues like taxation and how to relocate families. So we must facilitate that for them,” he explains.

“Companies must cope with the reality of wherever they decide to settle. I have to advise on taxation and operational activities. For instance, if a company intends to construct a facility here, I have to explain how to deal with the different departments involved. I need to clarify things to remove as many of the potential obstacles as I can. We try to serve them in a way that helps them make the right investment decisions. I’ve likely been asked everything over the past ten years, but



Construction takes place for the new Biogen facility.

the main topics are real estate, the education of the workforce, recruitment, how to set up a company and, of course, taxation.”

The ongoing appeal of Solothurn

A testament to the canton’s continued success in attracting high-tech businesses is the arrival of biotechnology giant Biogen, which is headquartered in Cambridge, Massachusetts. The company is investing in a new manufacturing plant in Luterbach, Solothurn. The plant will considerably augment the company’s global capacity to produce large protein-based drugs known as biologics.

Biogen develops, markets and manufactures therapies for people living with serious neurological, autoimmune and rare diseases. The new plant – which will help it to meet rising global demand for its medications – represents an investment of CHF1 billion over the next few years. Construction is expected to reach completion in 2018 with operations starting the following year. The development is also expected to create 400 new jobs in the canton.

“Switzerland Global Enterprise took that project to them and spread it out to the cantons that were interested in it. Time and physical requirements in terms of the area of land needed for future expansion plans, for example, were extremely important to the project. Biogen needed to begin construction quickly, which made the project quite exciting,” says Brander.

The ability to create jobs is one thing, but without the right skills that would mean very little. No doubt Biogen and others are attracted by the business friendly regulations in Solothurn, and the good relationship with authorities involved in their projects that Brander’s team can help to forge. The available workforce of educated people is another major factor.

“Biogen wanted to access that workforce and Solothurn is on the crossroads of many transport networks. You can quickly reach us from many urban centres including Zurich, Basel and Bern in Switzerland, as well as many places in Germany that are within easy reach. This means that in terms of recruitment, the location helps Biogen get the people it needs to grow its business,” Brander notes.

Once the company is successfully up and running in Solothurn, Brander’s job is not over; it simply changes. His agency’s focus is not solely on stimulating inbound investment, although this may be its prime focus, but also involves helping companies located in Solothurn to grow their business in the future. This involves not only helping them engage with political processes that affect the economy of the canton but also looking at opportunities for outbound investment or marketing.

One example of the infrastructure that SEDA has set up to achieve this is the relationship it has built with Solothurn’s two sister provinces in China. Brander can help companies find the answers to many questions they have about this potentially huge and rapidly growing market, as well as helping Chinese companies to learn more about Switzerland, the canton of Solothurn and the businesses that call it home.

Brander has to have a keen eye on the local aspects of doing business and the trends governing global investment; first, to ensure that Solothurn remains an attractive destination and, second, to help local businesses identify opportunities abroad. Given that the speed of change in the international business world is always increasing, this is no easy task.

“The world is changing. There will be a surge for many companies wanting to be in the right place at the right time. Previously, change was slower. So, there will be lots of work for us to do. The pace is driven by political changes, such as taxation, which, for instance, impact multinational companies,” he says.

Solothurn is a dynamic and attractive home for businesses of all kinds, and with Brander’s watchful eye on global trends, it will no doubt remain so. ■

This article was adapted from an FDE TV interview; the full video can be viewed at <http://tinyurl.com/zzxorem>.

Further information

Solothurn Economic Development Agency
www.locationsolothurn.ch

