

# Location Location Location

**Where should we develop our technologies for the future? How should we structure our R&D organisation to access the right global technology ‘hotspots’? Can we use our R&D location to leverage local market entry? These are just some of the sensitive questions that today’s R&D directors ask themselves when planning for optimal future performance.**

Of course, many other parts of an organisation will have an opinion about where to locate the R&D function. The strategists may push for globalisation or rationalisation, whilst the marketers may wish to use the R&D location to gain better access to local markets. Wherever an organisation’s priorities lie, it is critical to approach the subject with sensitivity and objectivity.

The sensitivity can be addressed through a careful assessment of the ‘selfish needs’ of the main stakeholders, and by keeping those stakeholders engaged throughout the process. For example, the company will only be able to attract and retain the best scientists and engineers if it sites itself in locations that are attractive in terms of both quality of life and career opportunities. On the other hand, the Chief Financial Officer may be keen to keep costs down and move R&D offshore to a developing world location. Similarly, the ‘globalisers’ may push for R&D to be split between different continents, while the project managers look to enable close cooperation with easy travel and time zone overlaps to ease communication. All of these conflicting requirements need to be carefully weighed up on a finely calibrated scale. Only then can different locations be assessed objectively, according to the organisation’s best interests.

Objectivity is critical because any relocation of R&D involves a number of significant investment decisions, each of which has a long-term impact on performance. For example, it is important that the organisation fully understands the availability of local skills and the extent to which local companies collaborate to innovate. On the face of it, this should be easy. After all, in the current climate, regional and national governments are falling over themselves to attract new investment and present all manner of data to support their viability. But which of it is just ‘promotional’ and which is real? The reality is that comparative evidence of regional technical and innovation capability is scarce and is often not comparable on a global scale anyway.

Ultimately, the practicalities of a change in R&D location also need to be clearly communicated to an organisation’s staff. There needs to be a strategy for the winding down of existing sites as well as the setting up of new ones, including a clear plan for how technology expertise is to be built up in different locations and how product development is to be split across different sites. The first of these may be self-evidently based on the expertise available in the targeted region, but the latter may be more complex, with some companies opting for globally integrated development teams and others focusing each site on specific product segments. Getting these implementation ground rules in place and getting the right teams - both culturally and technically - in place to run each different site will help to ensure your company continues to make the most of its R&D investments in the short, and long term.

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