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POLAND'S CENTRAL CITY
GEARS UP FOR REINVENTION

Łódź

on the move



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HOW ŁÓDŹ CAME BACK FROM THE BRINK

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How Łódź came back from the brink

THE CENTRAL POLISH CITY OF ŁÓDŹ FACED RUIN WHEN THE TEXTILE INDUSTRY ON WHICH IT WAS BUILT COLLAPSED. ALMOST 30 YEARS LATER, IT IS A THRIVING DESTINATION THAT HAS FOUND A WAY TO TURN ITS ONCE-CRUMBLING INDUSTRIAL LANDSCAPE INTO A CRADLE OF ACADEMIC ACHIEVEMENT AND ADVANCED MANUFACTURING.
NATASHA TURAK REPORTS

Visiting Łódź – pronounced ‘woodj’ – it is impossible not to be struck by the stunning architectural legacy of the city’s industrial past. Enormous former textile factories populate the skyline, and while many are currently abandoned, their red-brick grandeur makes for captivating surroundings. Once a painful reminder of past economic decline, these buildings now serve as both a reminder of the city’s identity and a motivation to revive Łódź’s creative origins.

Poland’s third largest city and home to 700,000 people, Łódź’s growth sprang essentially from nowhere on the back of the textile industry, turning a small village of a few hundred inhabitants in 1800 to a city of half a million people by 1910. It experienced some of the fastest population growth in that time on a global level, comparable to the US city of Chicago. Settled by a mix of Poles, Russians, Germans and Jews with a feel for the industry, the central Polish city became known as Europe’s textile hub.

Following the fall of communism in 1989, textile factories supplying the Soviet bloc shuttered almost overnight and Łódź fell into economic ruin. Unemployment neared 30% and the population plummeted as residents sought work elsewhere. The city had hit a point of desperation, and some residents were even struggling to eat.

Fighting back

Łódź’s turnaround was incremental but striking. In the late 1990s, the Polish government launched a special economic zones initiative, which would establish 14 business sites offering tax and support incentives to private investors creating local jobs. Łódź Special Economic Zone (LSEZ), with its central location at the junction of north-south and east-west highways crossing Poland and its irresist-

ibly low labour and land costs, began attracting the attention of investors as it pursued economic diversification.

The influx of foreign companies into Łódź in the mid-2000s was so remarkable that the *New York Times* ran a feature on the city’s impressive “wave of foreign investment” back in 2009, celebrating the fact that Łódź managed to stay afloat during the financial crisis. The recession had forced companies to locate where they could cut costs.

A stream of multinationals including Infosys, Fujitsu, Proctor & Gamble, Dell and ABB opened facilities in and around LSEZ. Beyond the cost savings and central location, only 130 kilometres from the Polish capital Warsaw, companies cited the healthy supply of human talent in areas such as IT, engineering and language fluency. Unemployment in Łódź is currently about 7.7%, its lowest level in years.

“We bet heavily on sectors such as BPO, R&D and IT, and these three sectors employ about 17,500 workers working in 70 different office centres [in Łódź]. This is certainly a driving force for employment of young graduates,” says the city’s mayor, Hanna Zdanowska. She also highlights Łódź’s household appliances industry, one of the biggest in Europe, which provides more than 10,000 manufacturing jobs. US supplier Whirlpool and Germany’s DHS are among the major players.

“Łódź was always very important for us,” says Zygmunt Lopalewski, Whirlpool’s representative for eastern Europe. “Very good business results, growth potential and strategic geographic position were why we decided to be in Łódź. A huge number of talented and educated people were also among the drivers.”

What can still be improved, according to Mr Lopalewski, is infrastructure. “We believe the already constructed airport could have more connections with key European countries. We are also waiting for further development of the road and railway infrastructure. It’s crucial for the growth of the city and the Łódź region,” he says.



A town reborn: shopping complex Manufaktura is emblematic of Łódź's progress from industrial relic to thriving modern metropolis

Investing in talent

The city has made efforts to expand its logistics capabilities as part of its New Centre of Łódź initiative, which spans 100 hectares of urban regeneration. The new Łódź Fabryczna Central train station and several road and underground transport expansions currently under way are vital components of this.

"Aside from logistics, we have created a sustainable development strategy in co-operation with McKinsey," says Ms Zdanowska. "Our strategy aims to support sectors largely based on the potential of young people, 100,000 of whom are students."

The University of Łódź, Łódź University of Technology (TUL), the Medical University of Łódź, and the National Film School are among Łódź's eight universities, many of which provide programmes combining scientific fields, management and languages.

"Often at the beginning of a company's activity in this region, they come to the university director and see what the human and academic potential is," says Dorota Piotrowska, deputy head of TUL's International Faculty of Engineering. "We have many partnerships with companies, and this benefits both parties."

Mikołaj Ługowski, head of the operations centre at Nordic financial services group Nordea, which employs 1500 people across three offices in Łódź, adds: "Looking at curricula, the one you find in Łódź is a very good fit for back-office and financial services. Łódź has a history of being a 'sleeping room' for Warsaw – people used to live here and commute to Warsaw for work. It's changing now, and a lot of people are even doing the opposite route."

Marcin Siech, Poland managing director for Swedish IT firm Cybercom, which employs 200 people in Łódź, agrees. "Łódź has been a major academic centre for years, providing well-qualified staff. It is also place where people feel a strong need to develop their city," he says. "After the fall of the textile industry, the agglomeration was slightly forgotten."

Nowadays, the city attracts investors from new technology sectors and this will definitely distinguish it in the future."

Making a name

The challenge now, city representatives say, is boosting Łódź's profile. "We need to fight stereotypes, because once an investor or visitor comes to Łódź, they start to believe in the city and see its potential," says Magda Kubicka, development specialist at LSEZ. Her colleague, Jakub Wojtczak, agrees. "We just need sustainable progress, step by step," he says. "We don't need a revolution like we did 30 years ago."

Part of this progress is Łódź's bid to host the Expo 2022 world's fair. Adam Pustelnik, director of the investor assistance bureau at the Łódź municipal office, notes that few cities have made as radical a change as Łódź has. "Because of historical circumstances, we've had to run twice as fast to fill the development gap," he says. "This has given the city a uniqueness in terms of its spirit, ingenuity and development model. And the Expo 2022 project is coherent with the city's revitalisation plans."

Many of Łódź's old factories stand reborn: one houses the LSEZ, others have been converted into high-end hotels and apartments, and yet another is home to Manufaktura, an expansive shopping complex fitted with restaurants, bars and even an outdoor beach volleyball court. The charming Piotrowska Street in Łódź's Old Town hums with visitors and live music. 'Off Piotrowska', an abandoned warehouse-turned-edgy food venue, would make even London hipsters envious – at a fraction of London's prices.

"The future of Łódź is going to be decided by its inhabitants, which translates into the labour force," says Ms Zdanowska. "And development will occur where young people want to live, so quality of life is critical in this respect. All of these activities are aimed at improving the quality of the city and promoting further development. We have all that is necessary for that end along with fantastic young people, so the future is ours." ■

Q&A: HANNA ZDANOWSKA

Bouncing back

THE MAYOR OF ŁÓDŹ, HANNA ZDANOWSKA, TELLS NATASHA TURAK ABOUT THE POLISH CITY'S DECADE-LONG TURNAROUND, WHAT ITS ADVANTAGES ARE OVER WARSAW, AND WHY SHE HOPES THAT POLAND'S FUTURE REMAINS WITHIN THE EU

Q Łódź fell off an economic cliff edge in the 1990s after its mainstay, the textile industry, left the city. The past 10 years have seen a particularly remarkable economic recovery – to which factors do you attribute this turnaround?

A I'm convinced that we are only at the beginning of our journey. In the process of city development, a decade is like one year in our lives because the inertia is much larger and it takes much longer for transformations to take place.

In my opinion, the crucial factor in the recovery is people – social and human capital. The city has now provided significant opportunities for this new generation of young people and then they started to pursue their dreams, so in a way we have made a full-circle comeback to the origins of the city – that is, pursuing your dreams.

We've been working a very long time for this success, but full results were not visible until three or four years ago. One of the most important things is the change in perception of the city – in addition to labour force, investors also look

at how a city develops. They want a city that is great for living, so to that end we've made huge investments to restore the unique nature of Łódź especially in the city centre, and we've paid great attention to the transport system, which is the bloodstream of the city.

Q Poland's capital, Warsaw, is just an hour away. Why should investors choose Łódź over Warsaw?

A It certainly is not an easy question, but I believe the proximity of Warsaw is actually a great advantage for Łódź, as Warsaw clearly cannot hold all businesses for the simple reason that fewer workers are available and wages are skyrocketing. And while we do not intend to compete with low wages, we certainly want to offer a great environment for workers – for instance, with our excellent transport links. The commute to Warsaw is getting terribly long and we should remember our priorities: that we work to have a life, and not live to work.

While I believe the headquarters of major companies will still be in the capital, I think companies are increasingly looking for locations within the proximity of Warsaw for their back offices or plants. Łódź offers much lower costs for opening and maintaining facilities. Another aspect is leisure and culture – I think that Łódź has become a fashionable city offering great opportunities for enjoying free time.

These aspects, if not an advantage, make Łódź a complementary city with respect to Warsaw. This is not only my vision but it is already a reality; this is what investors tell me on an everyday basis. This is what makes them decide to locate their plants here.

Q The national government of Poland has been making headlines for proposing controversial



judicial measures as well as projecting what many deem an increasingly populist narrative. Could this narrative impact the image and business environment of Poland and of Łódź?

A It's difficult for me to speak for the Polish government, as I have no influence over its actions. Personally, I'm an economic liberal. Obviously we can see a tide of protectionism throughout the world, but it is my deep belief that a free-market economy shall prevail.

While businesses certainly follow political changes, what is really important to them is sales volume and potential for growth. I think that as long as that is in place, they will still be attracted and continue their business as usual. National and international politics do affect us to a certain degree, but for me what is most important is to provide the best growth opportunities possible for businesses.

I am deeply convinced that Poland's future is in the EU, because the EU is a major driver of development. However, some changes may be necessary – we need to depart from bureaucracy, and focus on workers and employers, who are the most important stakeholders from this perspective. ■



WHILE WE DO NOT INTEND TO COMPETE WITH LOW WAGES, WE CERTAINLY WANT TO OFFER A GREAT ENVIRONMENT FOR WORKERS – FOR INSTANCE, WITH OUR EXCELLENT TRANSPORT LINKS





New power generation: Łódź's flagship exhibition and cultural centre EC1 was still a working power station as recently as 2001

Lofty ambition

ŁÓDŹ IS IN THE PROCESS OF UNDERGOING A DRAMATIC URBAN RENEWAL, WHICH HAS SEEN A NEW TRAIN STATION BUILT AND ITS CITY CENTRE OVERHAULED. HOWEVER, ITS AMBITIONS GO EVEN FURTHER, WRITES NATASHA TURAK, WITH THE POLISH CITY BIDDING TO HOST EXPO 2022

Łódź's economic turnaround and continued development efforts embody a clear theme: reinvention. This happens to be the theme of the city's bid to host Expo 2022, for which it is a candidate alongside Minneapolis and Buenos Aires.

Evidence of revitalisation work is everywhere: cranes dot the city's skyline and banners of multinational developers such as Skanska drape new construction sites. This is all part of an initiative launched by the city council in 2007: the New Centre of Łódź (NCL), transforming the heart of the city – which over the past two decades had fallen into disrepair – and replacing it with 100 hectares of residential, office, commercial and leisure space. The programme consists of more than 50 different projects worth over €1bn, and some 100,000 square metres of office space is already under construction

thanks to private sector investment.

At a price tag of \$1.3bn and with the help of EU structural funds, the NCL is one of the biggest urban regeneration projects currently under way in Europe.

On track

"In terms of the revitalisation of the city centre, making it more modern, this is absolutely critical in attracting businesses – providing a beautiful space where people want to live and enjoy themselves," says Hanna Zdanowska, the mayor of Łódź. "With that in mind, we've bet heavily on developing large infrastructure, including the new train station. We're now in the process of developing an underground transport system and new office buildings. All of that adds up to a very nice area for people to live and for businesses to come."

The jewel in the crown of the NCL is the new Łódź Fabryczna ►

Central train station, which received its first train in December of 2016. With capacity to receive 150 trains per day, the station – the most modern in Poland – offers an easy passage to capital city Warsaw in just over an hour, and will be extended with a 6-kilometre tunnel connecting it to Łódź Kaliska, the city's second largest train station. Once fully completed in 2022, the station will enable high-speed domestic and international trains to travel through the city. An architectural head-turner, its canopy-like roof is made of 10,000 glass and metal panels designed to refract maximum sunlight into the station's interior.

EC1: a cultural powerhouse

Just steps from Łódź Fabryczna Central are the colossal buildings of EC1, the city's former power station, which served the residents of Łódź from 1907 to 2001. Deteriorating and unused, EC1 has since been transformed into a state-of-the-art exhibition and cultural centre through a collaboration of the City of Łódź, the World Art Foundation, and EC1 Łódź – City of Culture in an investment of nearly €30m, just over €19m of which was provided by the EU's European Regional Development Fund.

Re-opened to the public in 2014, its complexes now house an interactive Centre for Science and Technology and a Centre for Film Arts with a planetarium, 3D cinema, art galleries and seminar rooms, some of which are still being completed. Dedicated to sharing the city's history, the Centre for Film Arts is a nod to Łódź's rich traditions of science and film. Because it is the



Well trained: only an hour from Warsaw, Łódź Fabryczna Central station is the most modern in Poland

birthplace of Poland's film industry and still boasts the most prestigious film school in the country – the Leon Schiller National School of Film, Television and Theatre – Łódź, which is pronounced 'woodj', fondly sports the nickname 'HollyŁódź'.

"The idea behind EC1 was not only to secure these beautiful buildings but to transform it and give it new cultural and educational functions," says Błażej Moder, managing director at EC1 Łódź – City of Culture. "We should have a European-class cultural institution within the city." Meanwhile, the planetarium was named 'the new wonder of Poland' in a nationwide poll in late 2016.

More than a cultural attraction, however, these aspects of the NCL serve to tell a story to investors, says Mr Moder, who ran the NCL programme from 2011 to 2015. "EC1 is a part of this competition for talent. This is the whole story of building quality of life, competitive advantage, and I think Łódź has huge potential in this."

"Investors see the public sector as having a reputation for talking and not delivering – so taking care of our credibility was key. We were able to secure funds nationally and locally, but the crucial part was to meet our timelines and fulfil our commitments. We were investing in our reputation, and after about four years there was a switch in the way of thinking by the investors. They realised we were really doing what we said we would do."

"Another element of promoting our city is our candidacy for Expo 2022 – we want to show the city off to

the world," says Ms Zdanowska. "As residents of Łódź, we know how fast-developing it is. Now we have to make sure that everybody knows this."

Expo 2022 hopes

The host city for Expo 2022 will be chosen in November 2017, and if selected, Łódź would welcome an estimated 8 million visitors over the three-month exhibition period. "There are two main reasons to organise such events," says Maciej Adamczyk, a spokesman for the Expo 2022 team in the City of Łódź Office. "The first is to improve the infrastructure of a place, and the second is to improve publicity."

The train station and city centre renewal are central to this endeavour. The space for Expo 2022 in central Łódź – 25 hectares, which most cities cannot offer, forcing such mega-events to be hosted in the outskirts – is a unique selling point, enabling much "room for growth", adds Mr Adamczyk.

"We know the potential we have, because we initiated these changes," says Ms Zdanowska. "Now we need to undertake the effort to promote a city with a very difficult name to pronounce, and Expo 2022 provides a great opportunity for that."

"We are positioning ourselves as the most business-friendly city, but we need to have hard indicators confirming it – such as the quality of schools, transportation, IT and cultural amenities," adds Mr Moder. "It's quite a challenge, but you need to see it from the perspective that we are competing on the global market, and not only fulfilling the needs of our local citizens." ■

WE SHOULD HAVE
A EUROPEAN-
CLASS CULTURAL
INSTITUTION
WITHIN THE CITY

Industrial thinking

ŁÓDŹ UNIVERSITY OF TECHNOLOGY'S INTERNATIONAL FACULTY OF ENGINEERING IS BOOSTING GRADUATE EMPLOYABILITY BY TEACHING IN ENGLISH AND FRENCH AND BRINGING CORPORATE SPONSORS ON BOARD, AMONG A NUMBER OF INNOVATIONS AIMED AT GIVING ITS STUDENTS AN EDGE IN THE WORKPLACE. **NATASHA TURAK** REPORTS

The World Bank wrote in 2016 that, in contrast with its position in the world 20 years earlier, "Poland now serves as an example in Europe and globally on how to modernise education to equip the next generation with good fundamental cognitive skills needed for 21st century jobs." The Polish government knows that the country must compete for quality job-creating investments with the rest of Europe, and Łódź knows it must compete with the rest of Poland.

Łódź, as is the case with many other Polish cities, invests heavily in science, technology, engineering and maths education, building a talent base across these fields that will help raise its profile as a destination for advanced industries. And thanks to its central location, it can easily attract people. "We want to bet on the potential afforded by the young generation, which includes almost 100,000 students," says Łódź mayor Hanna Zdanowska.

The city's main engine in this regard is Łódź University of Technology (TUL), which with 20,000 students is the biggest technical university in Poland and ranked among the country's top five technical schools. Established in 1945 just weeks after the end of the Second World War, TUL offers numerous bachelor's and master's degree courses across nine different faculties.

Second language

Unique among its peers, TUL's International Faculty of Engineering (IFE) offers courses taught entirely in English or French, allowing its students to achieve additional language fluency along with their degree in anything from architectural engineering and textile design to IT, biotechnology and more. Founded in 1993 and hosting 1400 students – more than 25% of whom are from overseas – the IFE's aim is to equip its graduates with both hard and soft skills.

"The main mission of the faculty is



Good results: the International Faculty of Engineering has found that partnering with industry pays off

to educate our students as both engineers and managers, able to communicate fluently in foreign languages and perform well in a business environment," says Dorota Piotrowska, deputy head of the IFE. "Our approach to education is different because we're implementing an interdisciplinary problem-based learning approach, and we involve many companies in the education process to expose students to real-life problems."

This approach ties academia to industry, and major companies – both foreign and domestic – contribute to university programmes. French automotive parts manufacturer Faurecia, the eighth largest in the world, sponsored the building of a production line room in the IFE for students to use. Global engineering and manufacturing companies such as Bosch, Amcor and Hutchinson are following suit now that this employer branding has proved to be highly effective in attracting the brightest graduates.

Scaling up

"We will have a bigger production line space for next year," says Ms Piotrowska, noting the ever-growing private sector interest in the faculty. Large numbers of graduates have

gone on to work for local branches of global industry leaders such as ABB Polska, Accenture Poland, Huawei Polska, Dell Polska, Siemens Polska and more.

"We really want companies to be a part of the educational process," the deputy head continues. "Apart from apprenticeships or scholarships, we want them to be part of the academic staff." The faculty is developing co-teaching programmes involving industry professionals who lend their expertise a few times per semester. "This is very good not only for students but also for teachers, as it updates their knowhow in the discipline," says Ms Piotrowska.

The IFE's international outlook is paying off: its students can take 'mobility semesters' abroad which enhance their global exposure and employability, and next year the IFE will offer a summer school for IT students organised by California-based Stanford University. This year the IFE hosted a visiting Stanford computer science professor.

"If you want to be an innovative university, you need to be very close with what's going on in industry and business," says Ms Piotrowska. "If you're not, your university is old-fashioned. And that's not very good." ■

A zone of interest

THE AWARD-WINNING STATUS OF ŁÓDŹ'S SPECIAL ECONOMIC ZONE IS THE RESULT OF CLOSE COLLABORATION WITH ACADEMIA AND A PROGRAMME OF PROACTIVE SELF-PROMOTION, AS NATASHA TURAK FINDS OUT

On the site of a 19th-century textile factory is the Łódź Special Economic Zone (LSEZ), a manifestation of the city's drive to build and maintain a diversified economy following generations of dependence on a single industry. Established in 1998 as an initiative of the Polish government, its 13 square kilometres are divided into 44 sub-zones, which are now home to more than 200 companies and nearly 37,000 employees.

Similar to many entities of its kind, LSEZ attracts companies with preferential incentives and tax exemptions. Its tenants encompass a range of sectors with a particular focus on manufacturing, IT services and business process outsourcing alongside pharmaceuticals, packaging and food processing. Big-name tenants include Ericsson, Hutchinson, Fujitsu and Infosys, the last two of which are LSEZ's biggest employers, with multiple projects in the zone.

Twin action

Uniquely, LSEZ acts as an investment promotion agency as well as an industrial zone. "Formally we are not a regional development agency, but we act like one," says director of business development Agnieszka Sobieszek. "In the initial phase of a company's location analysis, support from local authorities and the stock of businesses around the zone are very important. If the zone says we are here to support you, either through financial benefits or other non-fiscal actions, then we are there for you."

This approach won LSEZ a place as one of the top 20 zones in fDi's Global Free Zones of the Future 2012/2013 ranking. In the magazine's 2016 Global Free Zone of the Year awards, LSEZ was commended for its education and training support, cross-border collaboration and logistics.

The zone's greatest assets are its property offers and its people, says Ms Sobieszek. "The real estate and rent offered and the availability of educated staff from local universities, combined with financial incentives,



Fresh perspective: a repurposed 19th-century textile factory is now home to the Łódź Special Economic Zone

provide a comprehensive package for investors," she explains. "The co-operation between the companies and the universities is crucial for such projects." Specialised faculties at the University of Łódź and Łódź University of Technology have designed lectures and projects involving staff from zone residents Fujitsu, Infosys and others, providing a direct pipeline of talent to businesses.

Additionally, Łódź capitalises on its central location, with access to two major motorways and a newly built railway station meaning Warsaw is just over one hour away. In 2015, LSEZ co-founded the LODZistics Business Logistic Network of Central Poland, aiming to develop the region's logistics potential. The organisation brings together logistics companies, institutions, local government, universities and R&D centres.

Great and small

But the zone is not solely about the big players: smaller entrepreneurs are also being brought into the businesses ecosystem. "We have to think outside the box and offer something more to attract inves-

tors, so we focus a lot on employee training and qualification," says Magda Kubicka, LSEZ development and strategy specialist. "We started the Startup Spark project to combine the potential of young business with the infrastructure and experience of large companies."

LSEZ currently works with 25 start-ups, commercialising their innovations in collaboration with large business partners such as Procter & Gamble and French packaging company Albea. "We help investors find the best start-ups for their technological needs, and we accelerate them to develop the best solutions to implement into the corporation," says Ms Kubicka.

The zone's vast employment potential and outreach to different segments of the community have played a major role in restoring confidence in Łódź, and the investment numbers speak for themselves. "I would say that programmes dedicated to the location and the people, and the improving condition of the city itself, are bringing back life into this previously industrial city," says Ms Kubicka. ■

Photo: Łódź SEZ Archive