

## MILITARY SITE'S CONVERSION MANAGEMENT PROCESS AND FIRM'S COMPETITIVENESS: ENTREPRENEURIAL EVIDENCES

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### ABSTRACT

*The main goal of this study is to propose a decision-making approach to explore the relationship between military air bases's conversion processes and firm's competitiveness. During the past four decades the conversion of Defense air bases to new civilian uses played a central role in determining social and economic regional competitiveness, demonstrating that the management process have impacts on urban assets, agglomeration economies, urban infrastructures, labor and cost factors, development policies. Also Competitiveness, mainly that of Small and Medium Enterprises (SMEs), has constituted a very interesting research field over the past 20 years. Nevertheless the relevant impact on firm's strategy and performance, few researchers in strategic management and governance have investigated the effectiveness of site's conversion process to increasing firms competitiveness. The paper shows how the conversion processes on an integrated services area can create business opportunity, can facilitate entry in new markets, facilitate new innovation processes, facilitate new management, control and commercial services, increases business linkages and agreements for local firms (Business Networking). The study presents the case of conversion process of ex Nato Base of Comiso (Sicily), important military site in regional area characterized by high entrepreneurial development. Eempirical evidence of the case study consists of a European benchmarking conversion bases and of a survey of 48 local firms. Finally the study presents valuable conversion projects and strategic perspectives for managers, entrepreneurs and policy-makers.*

**Keywords:** *Military bases, conversion management process, firms competitiveness, entrepreneurial development.*

### INTRODUCTION

Since 1988, there have been four successive bipartisan Defense Base Closure and Realignment Commissions (BRAC) that recommended the closure of 352 major and minor military bases and installations and the realignment in operations and functions of 145 others. U.S. government documents from the early 90s (the "Defense Planning Guidance" of 1992, until the "Quadriennial Defense Review" of 2000 and the "National Security Strategy" of 2001) it's clear that a major goal of what has been defined "strategy of empire" was to secure a military presence in the various direct and indirect strategic areas of the planet.

The geographical areas and socio-economic position where they were supposed to be new or renewed infrastructure of the war mainly concerned the Mediterranean, the Middle East, the Persian Gulf and Central Asia, but Europe was not included in this strategic framework. The end of the Cold War and the policy of downsizing of the costs of military garrisons has reduced the content of military sites but did not solve the problem of containers, real reserves infrastructure only partially subject to regeneration processes.

Sometimes these disposals have taken place suddenly, confirming the importance of recovery plans, and are manifested in the form of real waves, as the number of closures of military areas occurred in the years after 1989. In fact, 90 of the European Communities, the Commission instituted the award of a grant from the European Regional Development Fund for a program operating on the Community Konver - for the switch in the defense sector - in favor of the areas covered by Objectives n. 1, 2 and 5b in Italy. The Region of Sicily, an Objective 1, has been affected by the operational Konver Program by measure 12.

The research on effectiveness of military's sites conversion has focused on:

- economic impacts (including labour and property market impacts, development appraisals, new micro-economic system) (e.g. Batey et al. 1993; Lichfield 1996; Darlow 1988, Bicc 1996, 2004)
- social impacts (including changes in community, leisure and health provision and impacts on different social or cultural groups) (Edwards et al. 1988;Harte 1986; Lichfield 1996; Percy-Smith 1992);

- environmental impacts (including effects at local, regional and global levels in terms of habitats and bio-diversity, waste and pollution; energy consumption, the use of natural resources, landscape, and the historic built environment ) (Glasson et. al 1994; Hughes and Wood 1996; MacLaren 1996; and Therivel et al. 1996 and 1997; and Doak et al. 1998)

Nevertheless the relevant impact on firm's economic, financial and competitive performance, few researchers in strategic management and governance have investigated the effectiveness of site's conversion process to increasing firm's competitiveness. The innovative research shows how the conversion processes on an integrated services area can create business opportunity, can facilitate entry in new markets, can facilitate new innovation processes, can facilitate new management, control and commercial services, increases business relations and agreements for local companies (Business networking), have impact on corporate cost saving.

The issue is analyzed from the perspective of the implications and business opportunities for firms of the catchment area which represent a potential demand for an 'integrated offer of services in order to fulfill existing needs and creating new ones. The work presents data of the conversion of the ex NATO base in Comiso (Sicily) through a survey of a sample of 48 companies to define strategic bottom-up perspectives.

The basic attention for this case study born in the 90s by the Konver European Program, is an important European case also for the presence of one airport in the start-up and high concentration of business dynamism and tourist destinations.<sup>1</sup>

The importance of the issue is closely linked to the international debate of governance research to business potential and positive differentials in competitiveness. Over the past 15 years, the old program of conversion of the ex NATO base in Comiso has shown some factors of weakness related to the current needs and contingencies:

- The placement of activity is closely related to the project of the airport of Comiso Magliocco and its infrastructural developments;
- Instances of local government push on the revitalization of local competitiveness through the exploitation of the area;
- The airport project is in start-up and is one under immediate implementation project;
- The conversion is also indicated temporally related to the start of local major infrastructure;
- The development of an integrated range of services for businesses and entrepreneurs could actually become a driver of development for the productive sectors: development of 'local tourist offer, product innovation and process with the objectives of creating new business (strategic areas of 'business), opening new geographic markets, potentially huge business for companies in the catchment area;
- The conversion, if initiated in the short to medium term, may benefit from the funding of the 2007-2013 regional planning initiatives and private investment.

The research aims to fill the gaps in strategic management literature and provides relevant information to decision making process and policy makers.

### **1. Conversion management process as driver of firms competitiveness**

The process of conversion of military to civilian use area includes studies, audits, evaluations, possibly open discussions with local communities and the recovery of the area in practical terms, which necessarily passes through the definition of a conceptual frame work guide.<sup>2</sup> There are many scenarios that depend on the economic actors (public and/or private), by necessity, the characteristics of the territory and the economic, social and environmental factors and especially on the characteristics and needs of the manufacturing site companies. It is not difficult to show that the acquisition of a resource space is added to the productive.<sup>3</sup>

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<sup>1</sup> See the report, "the 9 the Day of the Economy" of the Chambers of Commerce of Ragusa and Catania.

<sup>2</sup> American literature distinguishes between conversion and conversion. With the first term refers to the return to civilian production of an industry not too long after a period of military production: what typically happens after a war. By conversion we mean the transition to civilian production of an industry that, in time of peace and a permanent basis, is devoted to military production.

<sup>3</sup> With regard to the phenomenon, see the EPA publication entitled "Turning Bases Into Great Places" (Transforming military bases in great seats).

Competitiveness, mainly that of Small and Medium Enterprises (SMEs), has constituted a very interesting research field over the past 20 years (Porter 1985, Almus and Nerlinger, 1990; Slevin and Covin, 1995; Man et al., 2002). Competitiveness has been described many by researchers as a multidimensional and relative concept. Significance of different criteria of competitiveness changes with time and context. Theories and frameworks must be flexible enough to integrate the change with key strategic management processes if their utility is sustained in practice.

Firm competitiveness is the basic capability of perceiving changes in both the external and internal environment and the capability of adapting to these changes in a way that the profit flow generated guarantees the long term operation of the firm. This definition - in accordance with the contingency approach and the evolutionary theory of firms - interprets competitiveness as an ongoing struggle for survival. This capability of survival is one of the most complex phenomena of company's operation.

Some authors view competitiveness with competency approach. They emphasize the role of factors internal to the firms such as firm's strategy, structures, competencies, and capabilities to innovate, and other tangible and intangible resources for their competitive success (Bartlett and Ghoshal, 1989; Doz and Prahalad, 1987; Hamel and Prahalad, 1989, 1990). This view is particularly among the resource-based approach towards competitiveness (Prahalad and Hamel, 1990; Grant, 1991; Barney 2001, 1991; Peteraf, 1993; Ulrich, 1993). Ability to develop and deploy capabilities and talents far more effectively than competitors can help in achieving worldclass competitiveness (Smith, 1995). Research shows that thirty six percent of the variance in profitability could be attributed to the firms' characteristics and actions (McGahan, 1999). The firms actually compete in the global arena and face the direct competition. The environmental factors are more or less uniform for all competing firms. Other pro-firm views (Bartlett and Ghoshal 1989; Prahalad and Doz. 1987; Prahalad and Hamel, 1990) focus on individual firm and their strategies for global operations, resource positions, etc., to identify the real sources of their competitiveness.

Competitiveness involves “ a combination of *assets* and *processes*, where assets are *inherited* (e.g. natural resources) or *created* (e.g. infrastructure) and processes transform assets to achieve economic gains from sales to customers” (DC, 2001). Outcomes can be achieved through competitive potentials through the competitiveness process (Berkely et al 1988), similar to the Asset-Process-Performance (APP framework) (Momaya, 2000). APP framework that integrates resources to performance through processes that are understood by professionals may provide the better tool to integrate competitiveness with strategy (Shee, 2002, Momaya, 1998). It can, thus, provide a vehicle to understand the roles of processes and complete competitiveness dynamics at the firm level.

Process-centric perspectives have become popular in recent times. They can help bridge the critical gaps created by silo mentality that emerges in functional-centric organizations. Popularity of business process re-engineering movement in the 1990s and resource - based view also has strong focus on processes. Empirical study in context of software industry has confirmed dominant role of processes for superior performance (Shee, 2002). Select studies have been categorized on Asset - Processes - Performance framework (Table 2). From the summarization table, it follows that there has been less studies on asset, and much more studies on processes and performance. This highlights the importance of processes, as identified in the literature review earlier (McGahan, 1999).

A wide range of scientific approaches support the idea that the competitiveness of the firms depends not only on the development and planning of networks (Malecki and Tootle, 1996) and the existence of an innovative business environment (Camagni, 1991), but also on the existence of firm clusters (Davies 2001; Porter 1990). Two traditional theories of strategic management, the Industrial Organization Theory and the Resource-Based View, try to explain the competitiveness of industrial firms. The first theory focuses on the forces of the external environment that influences the competitiveness of the firms (Porter, 1998), while the second one is concerned with the internal environment of firms - their own capacities and the resources they have in order to become competitive (Barney, 2001; Wernerfelt, 1984, Dagnino 2006). Among the forces of the external environment, the distinctive characteristics of the areas where firms are located are also included (Parkinson et al., 2004; Begg, 1999; Deas and Giordano, 2001).

According to Maskell and Malmberg (1999), the competitiveness of industrial firms depends on a particular combination of local characteristics that influence the distribution of economic activities, combining each time the capacity of each place on local and regional levels. Factors such as, the availability of human resources, the local taxes, the telecommunications, the accessibility to European and international markets and the existence of investment incentives, influence the competitiveness of firms. Maskell and Malmberg also considered criteria for the creation of new plants. In addition, qualitative factors, such as natural environment and the quality of life

have been taken into consideration during firms' decision making establishment process (Van den Berg et al., 2004). All these characteristics create the profile of a competitive region / city.

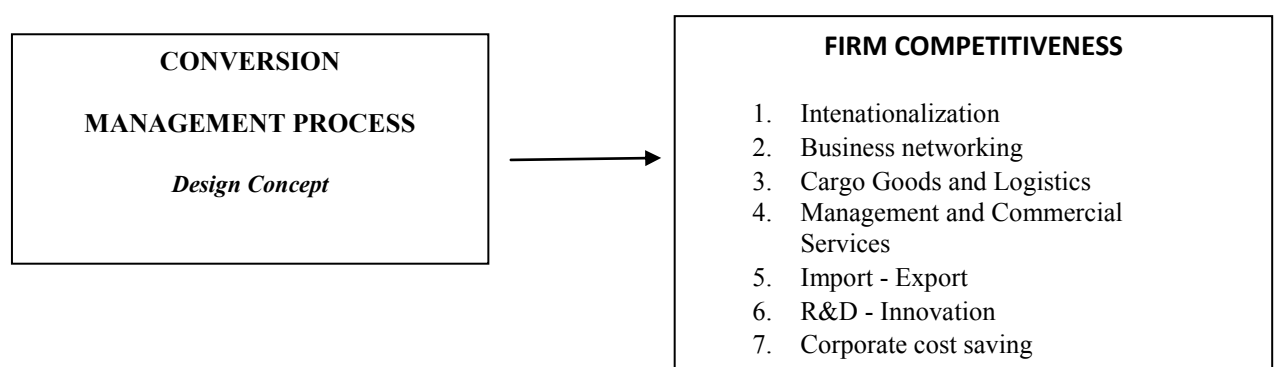
Competitiveness, in turn, depends on smooth, mutually beneficial collaboration between efficient firms (micro-level), competent private sector and government services (meso-level), and supportive economic, legal, and political framework conditions (macro-level), embedded in the meta-level (which includes the socio-cultural and institutional structures and encompasses the ability of social groups to learn and adapt normative structures).

To summarize the level investigated concerns:

- The importance of agglomeration economies;
- The accessibility to international markets;
- The degree of infrastructures accessibility;
- The importance of investments;
- The availability and the quality of human resources and capabilities;
- The quality in R&D;
- Financial and economic value;
- Supply and demand of innovation;
- Business expansion;

The definition of conversion steps of areas with the presence of a military airport, become most important driver: the degree of openness to domestic and foreign markets, propensity for innovation or R&D processes and distribution of sectors, companies in the catchment area, business networking, management and commercial services. Becomes essential to analyze the relationship between the needs of services for firms (innovation, internationalization, information technology, policies, financial support to innovative processes) and the definition of "concept" of the area you want to convert. A careful study of the economic variables, related to the above indicators of competitiveness is connected to project identification and functional conversion. Other conversion process showed partial benefits. Accessibility of areas and services could reduce business costs, counted and facilitate the receipt of new buyers and suppliers, reduce processing time, facilitate the entry into new geographic markets and the strengthening of existing ones, increase the degree opening and the flows of exports, create induced on other related sectors such as logistics, create new jobs, corporate cost saving (Bicc, 2000, 2004). The study aim to evaluate if and how conversion process create business opportunity. The driver of competitiveness analyzed are: internationalization, business networking, management and commercial services, cargo goods and logistics, import and export value, R&D and innovation, corporate cost saving.

**Fig. 1 Theoretical framework of qualitative research**



## 2. Hypothesis and Method

The study presents the case of conversion process of ex NATO Base of Comiso (Sicily), important military site in regional area characterized by high entrepreneurial development.

Case studies are used extensively in social science research – in traditional disciplines such as psychology, sociology, political science and economics – and in more practice-oriented fields such as urban planning, public administration, public policy and management. Case studies are preferred when the research is attempting to address questions such as the ones posed in this study and when the focus of the study is on contemporary events within a real-life context over which the investigator has little or no control. This paper provides a

descriptive case study and uses some of the same techniques as a conventional historical and benchmarking studies. It also includes direct and participant observation of the events under study. The evidence for this case study comes from documents, archival records and observations. The research includes interviews with 48 managers and entrepreneurs who participated in the community's response strategies, with understanding and insight regarding the military to business civilian conversion. Documents in this study have been used mostly to corroborate and augment evidence from other sources. They include memoranda and other communiqués; agendas, announcements and meeting minutes; progress reports and other internal records, all located in the archives of "PROVINCIA REGIONALE DI RAGUSA (SICILY)" administrative offices 13 – "local planning development" Direct and participant observations on field were used as evidence in this study to define strategic governance and management perspectives.

The hypothesis of the paper concern to verifying if there is a positive connection between conversion management process and degree of firms competitiveness. The study aim to evaluate if and how conversion process create business opportunity.

For example other studies (Bicc 1996, 2004) showed the accessibility of areas converted and of management and commercial services reduce business costs, counted and facilitate the receipt of new buyers and suppliers, reduce processing time, facilitate the entry into new geographic markets and the strengthening of existing ones, increase the degree opening and the flows of exports, create induced on other related sectors such as logistics, create new jobs and start-up.

### **3. A study on the conversion of the ex NATO Base in Comiso. Empirical setting and case study**

#### **3.1 Historical background**

The analysis in the study moves from some reflections and historical data on the site, dating back 30 years. The reasons for the construction of airport infrastructure in those years, which could not be war. Moreover, this part of Sicily, which now faces the opportunity of a free trade area, has always been identified by the peoples who have inhabited it as the most appropriate strategy in the military, particularly with respect to conflicts with the North Africa, being in fact the territory to the south of Italy, but immediately north of the African continent.

During the fascist era, the expansionist ambitions of Mussolini's government first imposed a military outpost that would control Malta, then British, and consequently the movements of the British fleet for over a century "patrolled" the Mediterranean over either by the Gibraltar Suez Canal.

The military regime's spotted, as expected, just in the Province of Ragusa, the best choice to turn our gaze to the territories to conquer Africa. By the mid-thirties, it was thought the opportunity to build an airport. The airport was designed during the Fascist period, built between 1937 and 1939 and named after Brigadier General Vincenzo Magliocco, Palermo, died during the war in Ethiopia in 1936. During the Second World War it was bombed and virtually destroyed by the Allies on May 26<sup>th</sup> and June 17<sup>th</sup>, in 1943, shortly before landing in Sicily (Husky's Operation).

Rebuilt and expanded after the war, with a track that came to have a length of 1740m, the airport was opened to civilian traffic with a scheduled flight operated by LAI to Catania (Italian Air Lines) and also had a flight Palermo - Comiso active from 1965 until November 1972. The airport was also military base for the "41 ° Stormo of Catania" until 1973. On 19 August 1981, the Italian Government appointed Spadolini in NATO military base included the airport. Between the years 1983 and 1988, was so affected by a considerable amount of investments for the realization of most of today's existing infrastructure, designed for the storage of nuclear warheads. With 112 cruise missiles, operated since June 30, 1983 will be one of the main NATO base in Southern Europe during the Cold War. Subsequently, with the loss of defense needs after the collapse of the Soviet bloc military base lost its importance and was progressively scaled, (26 March 1991 will remove the last Cruise missile battery) to be finally closed until the late 90s of the twentieth century. Even today, on the south side of the track can still see the bunkers that greeted the American nuclear warheads.

Today, the new airport at Comiso was born from a successful institutional collaboration between the ENAC, the Sicilian Region and the City of Comiso. The financing of the work, for a total amount of 47,407,976.73 euros, was approved by the CIPE resolution n. 36 of 3 May 2002 by the Berlusconi government and subsequently by decree of May 28, 2004 n.368/Serv.2 Department of Transportation of the Sicilian Region. Work began October 23, 2004 and quickly went up to the completion of the air-side in April 2007.



**Box 1 - The organizational structure the ex NATO base***The Italian are*

The area coincides with the area of new airport infrastructure and is equal to an area of about 57 hectares. This area, along with that the Municipality has a concession to the State Property Agency, representing 44% of the extension of the ex NATO base. In particular, overall, this air is divided into a residential area where there are about 15 buildings multi-apartments for a total of 80 lodgings and a logistics operation consists of five large buildings for office activities and services. At present there is full availability of buildings for the setting up of operations both in the civil service and private buildings (houses where they lived a number of officers). The current destinations and uses of some of the buildings are temporary arrangements and waiting for an intended end use of the area.

*The area owned by the NATO*

This is the area where they were kept in underground hangars missiles. There are hours of use conversions. The area covers an area of 30 Ha, used until 1991 for the operational NATO consists of seven high-security shelter for the shelter of the missiles and the means and the special staff accommodation and service facilities.

*The area owned by the U.S. Government*

The area covers 75 Ha, consists of 460 prefabricated bungalows in not perfect conditions and numerous office buildings to more solid structures and long-lasting. The area owned by the United States is divided into two areas: an initial northwest of the runway, a second southwest of the runway, adjacent to NATO. The Italian government through the Air Force is in charge of maintenance of the facilities. There are currently more signs of use.

Table 1 - Quantitative estimates in the area

<i>HOMOGENEOUS SPACE TERRITORIAL AREA</i>		
	<i>mq</i>	<i>Ha</i>
SHELTER AREA	252.965	25,30
SERVICE and EQUIPMENT AREA	459.264	45,93
SOUTH RESIDENCIAL AREA	220.634	22,06
AIRPORT and FUEL DEP.	1.005.681	100,57
NORTH RESIDENCIAL AREA	178.666	17,87
ITALIAN'S MILITARY AREA	140.358	14,04
<b>TOTALE</b>	<b>2.257.568</b>	<b>225,76</b>

Source: Data Processing from the City of Comiso and Civita Services

### 3.2 A framework to understanding the effectiveness of the conversion process on case study.

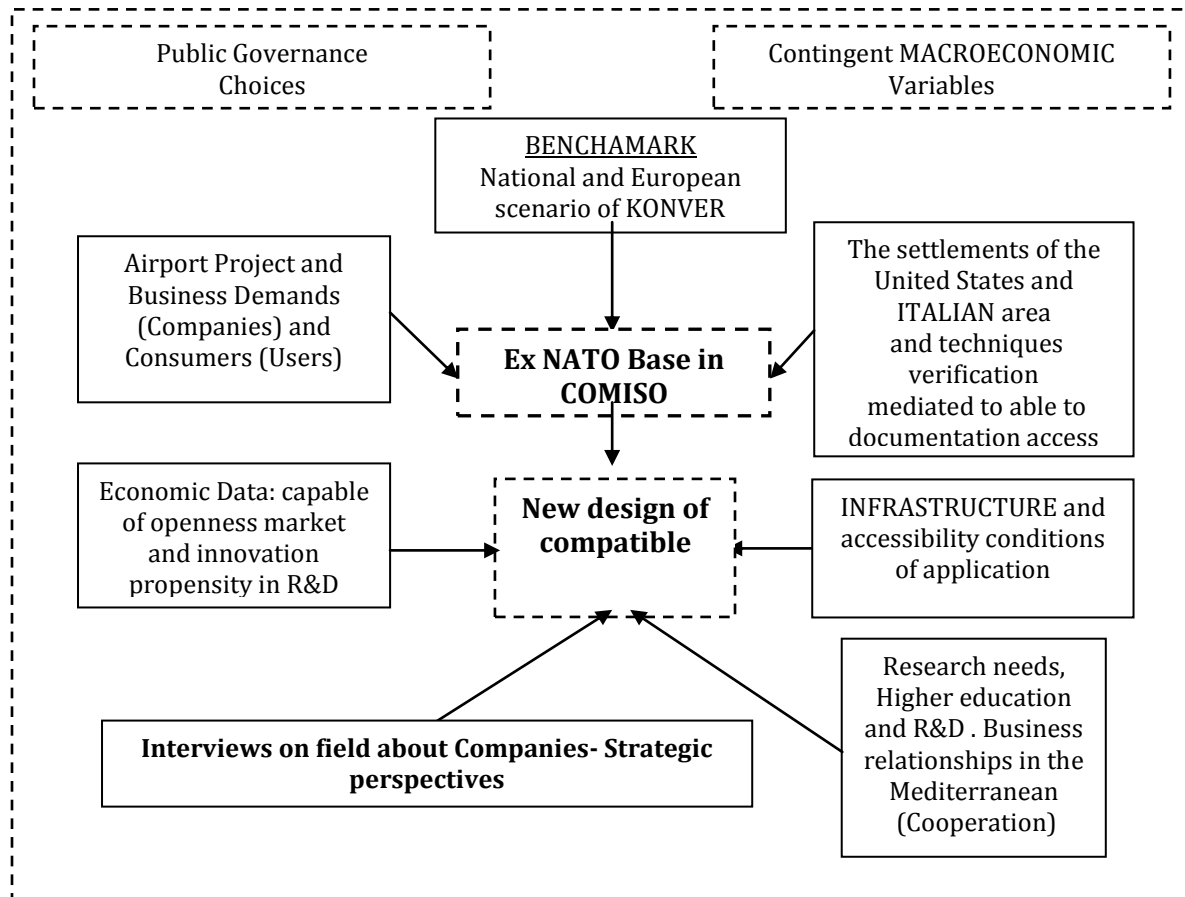
The problems identified during the sourcing and scouting activities on:

- The Memorandum of Understanding for the sale of the ex-Base Areas of NATO;
- The difficult availability of the documentation relating to the American area and also ex NATO-Base;
- The compatibility of the scenarios KONVER compared to current conditions: application, infrastructure, public governance choices implemented;
- Activities of international benchmarking, has led to the development of a "framework" concept, which has directed the setting of the various sections contained in the research work.

As mentioned in the first part of the work, the definition of a competitive model of a ex NATO base is closely linked to its definition "concept" arising from the assumptions and design compatible justified by market demand and a combination of features strategic, organizational and supply of technological services that will define and develop the area.

The conceptual framework is intended to provide an integrated view of the management processes that led to the identification of design assumptions, at the same time aims to “lock down” from the methodological point of view the project analysis and provide guidelines for the transition analysis once the implementation executive design hypotheses.

*Figure 1 – Concept Design of Conversion management process*



According with the relevant literature that analyzes the processes of conversion of military sites, methodology of case study is based on three key levels of analysis:

1. Benchmarking analysis on national and international sites and conversion of military bases; Benchmarking analysis, (complementary field analysis). As detected by the methods of development plans adopted and accepted internationally, the study of cases of similar national and international success comparable (benchmarking) is an essential tool for a complete and exhaustive.
2. Desk study on the conditioning variables conversion scenarios, the needs of business and consumer demand; desk analysis, has been paid to analysis of the main factors of regional competitiveness and the quantitative study of the reference area, by collecting and processing data, research and surveys developed by authoritative sources of local, national and international (ISTAT, Unioncamere Tagliacarne Institute, the Sicilian Region, University of Catania, Bureau Van Djik AIDA database, Chamber of Commerce of Ragusa, the Bank of Italy). This analysis was conducted with a view to identifying relevant variables and develop conversion projects.
3. Field survey, conducted with company visits and interviews aimed to verify the sustainability of the projects on the demand side and to define strategic bottom-up conclusions to define business opportunity. The field survey, involved the interaction with the territory through direct interviews with companies visits to a sample of 48 companies located remotely from up to 60 minutes(isochrones calculated from Ex NATO base).
4. The results of the survey: entrepreneurial perspectives and conversion projects: data analysis and findings

The section shows the result of survey of a sample of 48 firms located between the first and second isochronous area (between 45 and 60 minutes). The projects and strategic implications, as supplementary and complementary to airport of Comiso, have been defined and analyzed through an intensive desk analysis of the development of the conditioning variables:

- Macro-economic variables;
- Industries structure;
- Needs of businesses;
- Situations on providing the context for internationalization and innovation;
- Funds driving the economy of the catchment area;
- Development trends;
- Mobility and accessibility to the application (Business and Consumer);
- Trade and business relations in Euro-Mediterranean area
- Business opportunities for companies not only related to cargo goods, because of the many critical elements identified in management practice (high costs, balancing flows, profitability and coverage of the sections, logistics distribution, etc.).

The data and findings, as well as the arguments about the potential for firms competitiveness, have been faced with a systemic view and interaction of the economic system Catania-Ragusa, where in the last 5 years have arisen many facilities handling of goods and people.

The benchmarking of National and International level have showed that most conversion projects have been focused on development initiatives: business-tourist-commercial, environmental and energy, social and cultural science and technology and real estate. ( see Fig 2)

*Figure 2 - The European Military bases benchmarking analysis*



*Source: Our elaboration*



**BOX 2 - Results of the research on the processes**

Localized “visually” sites of interest, followed by a list indicating for each synthetic operations undertaken in the action for conversion. The order will be the sites listed below will treat the first former Soviet or NATO air bases, and then move to an area of former barracks and military arsenal. The conversions of reference are:

- Bourget de Lac Airbase, France

The French air base has had a major conversion of a scientific-technological, with the birth of the technological “TechnoLac Savoie”. Were deployed in this area, in fact, faculties and schools address science and technology at the University of Savoy, as well as research centers and public companies operating in 'high tech.

- Werl Air Base, Germany

Located close Dortmund area, the air base has been transformed into a center of research and experimentation in management renewable energy use, also dedicated to research activities that have developed an extensive program of training and information for innovative companies working in the field of renewable energy. Another aspect of the use of the former military area is the site for conducting business operations and logistics, as well as residential area. The protection of the environment and commitment to the use of “clean energy” has characterized the new date to mark territory, only system that uses energy from renewable energy sources through the use of systems developed by Research Centre.

- Air Base Achim (Bremen), Germany

Localized close Bremen, the base was converted to a large public green area, as well as in commercial and residential area.

- Hahn Air Base, Germany

Always located near Dortmund, the air base was converted into a civilian airport. In addition, the existing premises were used for the creation of an elementary school, a police academy, a shopping center and other facilities for the provision of services to support trade and local industry. The area has been enhanced with areas for leisure and sport.

- Bracht-Brüggen Air Base, Germany

The air base south of Bremen has been subject to redevelopment, which allowed to enter the area tourist sites and cultural events. The conversion took former civilian employees who have undergone retraining in the fields of gardening, landscape architecture, forestry, woodworking and construction. The area was equipped with infrastructure to support the receptive, catering and tourism area, in particular, was made a campground and several information points for the supply of tourism services, even of a strong nature, parks natural region of North Rhine-Westphalia.

- Fundulea Air Base, Romania

The conversion of the area has been particularly positive impact on the social fabric of the area, leading to the creation of a health facilities (hospital) and a building the recovery of street children

- Ex barracks in Karlovy Vary, Czech Republic

The military barracks located near Prague after the conversion has been used as a seat of the Regional Council and in it were placed in various administrative services. In addition, the area has taken on a commercial vocation.

- Wegberg-Wildenrath Air Base, Germany

The restructuring that has affected this area was not indifferent to the implications of the economic factory of the area through the creation of a commercial district along with a center of e-commerce. Another benefit to the territory was given by absorbing a substantial part of the job application, considering that only the creation of the Advanced Training Centre for Railway Engineering has created a thousand jobs.

- Butzweilerhof Air Base, Germany

The area west of Dortmund has been converted into a civilian with the creation of a film center, communication and entertainment.

- Air Force Base in Detmold, Germany

The conversion achieved in the area has so far mostly to commercial development and real estate. It sort a commercial area, as well as several companies for the production of paving and has created a residential area with several rent apartments. The site was founded also a school and opened a museum of natural history.

- Air Base Neuruppin-Brandenburg, Germany

This area, the easternmost of Germany, has been converted with an intended use strongly oriented to research and training has in fact seen the birth of a Centre for Higher Education and a business incubator.

- Ex Barracks Fürth, Germany

In the area of military barracks located to the south of Germany (compared to all those previously analyzed) redevelopment work was carried out with the birth of many green spaces. It 'was built a residential area, equipped spaces for leisure and for the development of cultural events. The birth, in fact, a school of dance and music has attracted demand from artists of the German territory. Mild impetus was given to local enterprises, with the emergence of some small businesses.

- Ex barracks Vysocany, Czech Republic

The restructuring that has affected the site always located near Prague, like the previous one, has led to a rethinking of "residential" and the same industry. In addition to the creation of housing estates and the creation of green spaces for public use was made of existing facilities for activities related to construction, logistics, storage and delivery. Furthermore, it was a hotel and a restaurant designed to benefit area businesses.

From the discussion of synthetic benchmarks<sup>4</sup> show how the work has followed similar conversion lines of development in different Countries, being able to summarize these in: business, real estate, culture, education, tourism, scientific-technological environment.

With reference to the analysis of the impact on the competitiveness of local SMEs, services and development projects have the potential of the area analyzed:

- Meeting a latent demand for services;
- Create new requirements for businesses and citizens (Italians and foreigners);
- Create new businesses and enhance the operation;

Data of territorial competitiveness and business and consumer demand have been analyzed for isochrones calculated by Ex NATO base. The analysis shows that in the first two isochrones (A and B) are 45 minutes at distance from the trade area, concentrates about 60% of the manufacturing and 40% and that the sectors most affected are relevant and agro-industry, the dairy, aluminum and steel. (Fig.3 and Fig.4). Those figures represents an enormous potential for use of the services offer conversion projects.

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<sup>4</sup> Please note that the information has been compiled from documents by Services of Rome and Civita papers and final projects for the conversion of the regions concerned.

Figure 3 - Sales distribution in merchandise sectors per isochrons

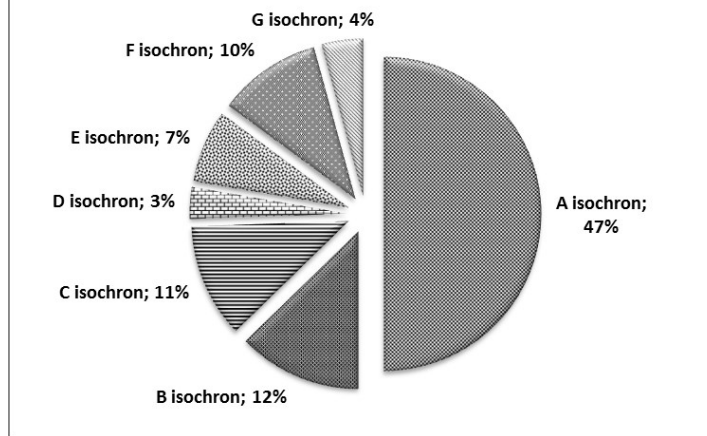
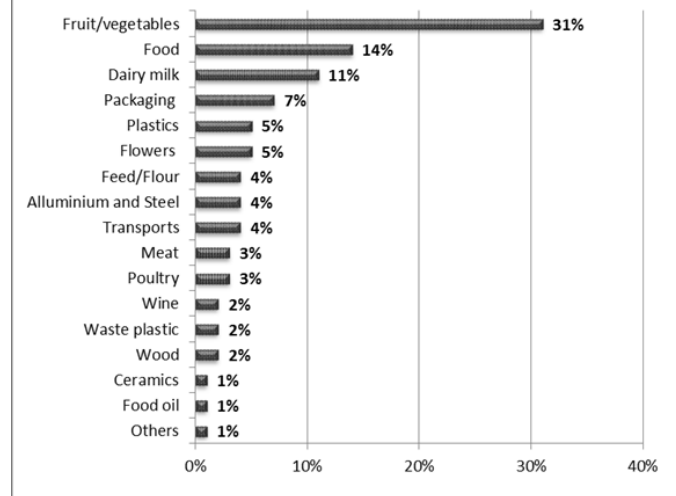


Figure 4 - Aggregate Sales Distribution per sector in specific trade area



Source: our elaboration

From the data recorded on the entrepreneurial (business application) shows that the airport project and service offering designed in the ex NATO base, would also boost other industries, like steel, marble and cement, metallurgy, tourism.

According with recent studies the interviews showed the economic and business opportunities, not necessarily connected goods to the cargo.

The survey showed that companies in the catchment area falling in five provinces of eastern Sicily and South Eastern Europe, the integrated service offer complementary and supplementary to the airport generates the following assessments:

1. facilitate travel for holders or their employees who would be able to reduce travel time;
2. the difficulties of accessibility and opening times today represent a brake on business, influencing participation and fairs and conferences, holding back transactions, increase costs for the reception of guests, customers, suppliers, third parties;
3. the degree of discomfort increases more than proportionally away from the 'area under study';
4. even at equal cost companies see a direct connection in the main model of accessibility;
5. starting from the detection of Travel Weekly, the estimate of the increase in business travel is not very reliable. It should be noted, however, the recognition of the greater propensity to travel and arrivals of visitors due to improved accessibility;
6. The accessibility and improvement of the reception is one of the main drivers of 'business development';
7. access to services (internationalization, innovation, information technologies for business, education, counseling detail) enhances the propensity to take advantage of specialized structures and create new requirements;

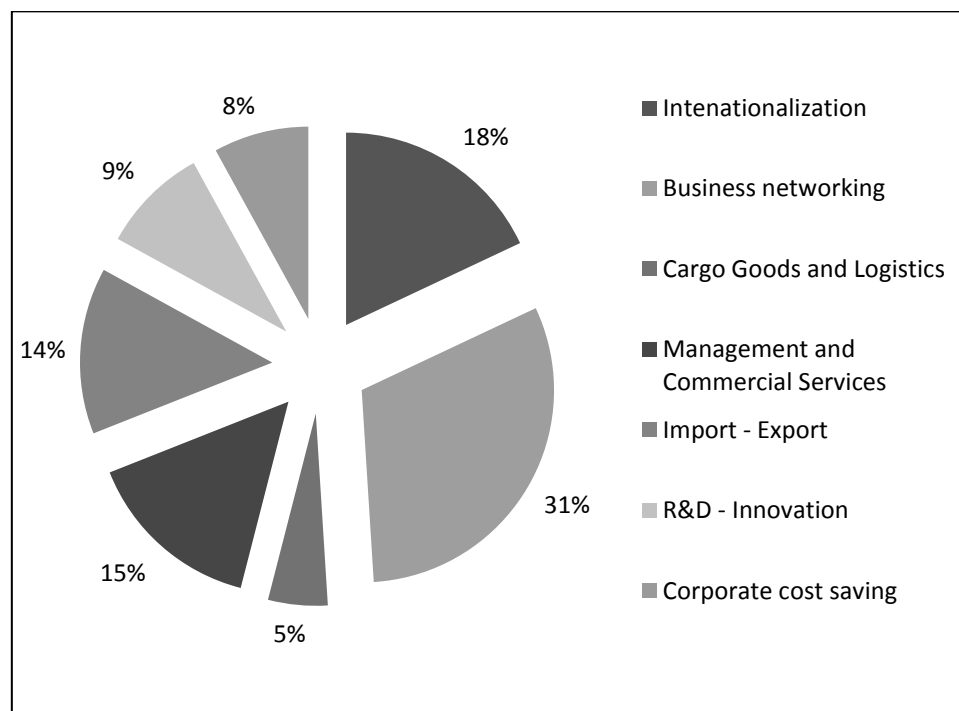
8. Access to service areas organized (and complementary airport) produces economies (cost savings for companies);
9. the conversion will improve the competitiveness of existing businesses and create new businesses;
10. the conversion will improve cooperation with Mediterranean countries and markets across the Straits (Messina);
11. would be significant cultural exchanges and the promotion and marketing of European and African territories.

Following the definition of the conversion projects:

- Monitoring of the General Local Competitiveness;
- Tourist accommodation low cost youth sports center
- Flying Club and Flying School;
- Civil Defense Center;
- Professional Training Schools – sectorial
- Science and Technology Park;
- Multi-purpose Centre services for micro, small and medium enterprises;
- Cooperation in the Mediterranean Center for Higher Education and Research;
- Shopping Center;
- AGENCY and Historical Museum and for the use of tourist sites and cultural heritage;
- Airport Expansion Projects: Services and projects related to the airport system (land and air side-track changes, initiatives of airlines, accommodation personal shopping, catering, business services, meeting center. Construction of photovoltaic systems.
- Logistics Platform linked to the criticality of cargo goods:
- Sector Trade Fair Centre;
- Maintenance and Testing Center of the aircraft;
- Redevelopment of the launch pads for rockets and bunkers

The figure 5 show the finding about competitiveness's driver analyzed on the interviews

**Fig. 5: % Findings Business Opportunities Areas**



Entrepreneurs and manager confirm the effectiveness of conversion process. The greatest benefits concern the increase of business networking (31%), openness to new markets (internationalization) (18%), new management and commercial services to supporting firms activities (15%). The survey show that the local firms need support activities services financial, tax, labour consulting, business planning and strategic analysis.

## CONCLUSION

In literature there are many conversion scenarios depend on the economic actors (public and/or private) and on characteristics of the territory and the economic, social and environmental site. In general, it's not difficult to show that the acquisition of a resource space is added to the civilian population, as is clear from the title of the publication of EPA entitled *"Turning Bases Into Great Places"*. The study has highlighted the prevalent and dominant logic in which the private governance of local area and the various stakeholders (Business and Consumer) are known to converge. This entrepreneurial perspective is based on synergy and harmony of three factors, which in converted areas, have led boosting competitiveness of businesses and local sites: extended and controlled decision-making processes, dimensioning of the supply of services starting from the question of infrastructure interdependent vision of territorial development and degree of accessibility. The design of an integrated offer of services made in the conditions listed above are compatible with existing airport become a driver of firms competitiveness.

The qualitative survey showed that conversion affects a significant pool of businesses located near the ex Base was born. Entrepreneurs and managers agree that the additional services and project designed and the start-up of the airport create new development needs and to strengthen the internal activities such as strengthening existing markets. A critical variable is the observed degree of accessibility to the area for local businesses and partners in-coming (suppliers and buyers firstly). Currently, the relocation and cost barriers to accessibility to the Ragusa area, have a drag to re-launch local competitiveness. The survey shows that improving the degree of access road and air transport would strengthen the business networking and Euro-Mediterranean relations would allow a definite enhancement of the productive sectors, agribusiness and tourism destinations in the first place.

The survey on firms perspectives confirms the findings of the literature. Finds a positive relationship between the process of conversion of the area and firms competitiveness, business opportunities and firms activities support. The results allow to provide important information for entrepreneurs, manager and policy makers:

- The critical elements of the conversion process can be overcome through an inclusive approach to problem solving and decision making;
- Public governance is confronted with the local trade associations saw the disruptive impact on the production system;
- The redevelopment process is to find harmony with the financing decisions on the funding process. In this sense, the first step is the retrieval of public funding for community and regional infrastructure and rehabilitation of areas within the municipalities;
- It seems necessary to establish a control room as a legal body for the control of the conversion process. A society of urban transformation, a consortium or joint venture forms of coordination appear to be more compatible with the type of activity. These organisms are widely used in other national and international experiences;
- The firms are also called a conversion of internal governance mechanisms: greater openness to foreign markets, more openness in the processes of technological and organizational innovation, more openness to the services of organization and management of the internal workings because they allow to activate a path business re-engineering;
- The companies are required to collaborate and benefit from common facilities. cooperation in logistics such as the territorial expansion of common providers and can reduce the costs of supply chain and how to find the balance between logistics, seasonality of production and internal organizational structure.

The role of air logistic actors on start-up as drivers of firms competitiveness, logistic and supply chain management in peripheral area could be analyzed in future research.

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