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N E W S R E L E A S E

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VEDP COMPLETES STRATEGIC PLAN FOR ECONOMIC DEVELOPMENT OF THE COMMONWEALTH

- Plan details strategies to position the Commonwealth and the Middle Peninsula region for faster growth -

RICHMOND - The Virginia Economic Development Partnership (VEDP) announced Friday that it has completed a five-year (FY19-FY23) Strategic Plan for Economic Development of the Commonwealth, as required by the Code of Virginia as part of VEDP reforms enacted by state leaders earlier this year.

Developed with input from hundreds of state, regional, and local partners and stakeholders, as well as guidance from national economic development experts, the Strategic Plan outlines an ambitious economic vision for Virginia and VEDP as well as specifies what is required to bring that vision to life. The Strategic Plan begins by articulating five transformational goals and ends with a comprehensive list of targeted, actionable strategies and initiatives, along with performance metrics, cost and impact estimates, as well as suggested owners and implementation timelines.

“VEDP worked tirelessly with state, regional, and local partners and stakeholders to prepare this comprehensive and robust Strategic Plan that provides a blueprint to move the Commonwealth’s economy forward in the next five years and beyond,” said Vincent J. Mastracco, VEDP Board of Directors Chairman. “I commend everyone involved in this critical effort, and am confident that continued collaboration and full implementation of the Plan will have transformational results and return Virginia to its standing as the best state for business.”

Five Transformational Goals

Through its strategic planning process, VEDP engaged its partners and other stakeholders in a variety of ways to develop and refine a set of five transformational economic development goals for Virginia and VEDP, as well as strategies and initiatives designed to accomplish each of them.

1. **Robust state growth:** Over the next several years, position Virginia to achieve a growth rate (measured by employment and median earned income of workers) among that of the top 5-10 states in the U.S.
2. **Every region wins:** Ensure that every region participates in the growth of the Commonwealth (i.e., all with positive growth in employment and median earned income of workers).
3. **Best state for business:** Restore Virginia to its previous leadership position near the top of the national business climate rankings (i.e., average position among the top 3-5 states).
4. **Top state EDO:** Reestablish VEDP as one of America’s premier state economic development organizations (principally to better enable accomplishment of the top three transformational goals).
5. **Super collaborator:** Exhibit collaboration and coordination as hallmarks of VEDP (i.e., place a central focus on the “P” in VEDP).

Todd Haymore, Virginia Secretary of Commerce and Trade and Vice Chair of the VEDP Board of Directors, said, “This Strategic Plan builds on our efforts to build a new Virginia economy, as well as ensures full implementation of recently adopted, bipartisan VEDP reforms. The Plan also includes a variety of mechanisms to improve alignment and coordination among VEDP and its state, regional, and local partners. I’m enthusiastic about the outcomes that will result from full implementation of the Strategic Plan as we continue to work together to make Virginia the premier destination for business in the nation.”

Virginia’s Economic Position

The Strategic Plan emphasizes that Virginia must redouble its economic development efforts to counteract the Commonwealth’s overreliance on federal spending as well as negative trends facing rural areas. National economic analysts forecast that, in the absence of bold action to change the Commonwealth’s economic trajectory, Virginia will economically underperform its top competitors (e.g., Georgia, North Carolina, South Carolina) over the next decade, and further that several regions in the Commonwealth (e.g., much of southwest and southern Virginia) will lose employment in that timeframe.

While acknowledging Virginia’s many strengths, such as its highly regarded higher education system, the Strategic Plan also points out competitive weaknesses that must be addressed to position the Commonwealth and its regions for faster growth. For example, Virginia is not producing enough graduates in computer science and related fields to keep up with the talent needs of its technology sector. The Commonwealth lacks a customized, turnkey workforce recruitment and training incentive program comparable to those in states with top-ranked state workforce development programs (e.g., Georgia). The Commonwealth often loses manufacturing projects because it lacks a competitive portfolio of development-ready sites. Many rural communities lack access to broadband service, which limits their attractiveness and economic prospects.

Likewise, VEDP has several weaknesses, most notably the lack of an economic development marketing budget, which places Virginia at a disadvantage when competing against its peers, most of which have multimillion-dollar economic development marketing budgets, in addition to their marketing budgets for tourism. Additionally, the Strategic Plan details measures that VEDP can take to improve coordination and alignment with its partners.

Ken McFadyen, Vice President of the Virginia Economic Developers Association (VEDA), said, “The Virginia Economic Development Partnership is clearly committed to getting economic development right for the Commonwealth, its regions and communities. The Strategic Plan is very thorough in its assessment of the Commonwealth’s current economic position and it identifies much-needed objectives to deliver greater economic prosperity throughout Virginia.”

Strategies and Initiatives

The Strategic Plan details three types of strategies Virginia and VEDP can pursue to achieve the five transformational goals.

1. Strategies to cultivate target industry growth clusters

- Push new boundaries as a U.S. leader in information technology
- Assemble a world-class transportation and logistics hub
- Position Virginia’s manufacturing base to be future-ready
- Create business services and operations centers of excellence (e.g., corporate headquarters)
- Capitalize on Virginia’s unique assets to become a leader in promising disruptive technologies (e.g., unmanned systems, genomics, personalized medicine)

2. Strategies to improve Virginia’s economic competitiveness

- Strengthen Virginia’s human capital development engine
- Assemble an ample, strategic portfolio of project-ready sites and buildings across Virginia
- Rigorously assess and steadily improve Virginia’s state, regional, and local economic competitiveness
- Leverage public-private partnerships to strengthen Virginia’s digital infrastructure (i.e., broadband)

- Place a special focus on achieving growth in Virginia’s rural regions and small metros

3. Strategies to enhance VEDP’s capabilities

- Cultivate world-class execution at VEDP
- Implement robust marketing/branding, lead generation, and site consultant cultivation programs
- Strengthen and expand business and international trade development programs
- Become a national leader in incentives administration

Top short-term priorities articulated in the Strategic Plan include: launching a customized workforce recruitment and training incentive program in close partnership with the Virginia Community College System; creating a modern economic development marketing and lead generation program to improve perception and awareness of Virginia among corporate executives, with a special focus on rural Virginia; expanding VEDP’s well-regarded and oversubscribed international trade programs; and investing in site development programs.

For several months, the Virginia Chamber of Commerce and VEDP have been partnering to identify and develop a set of initiatives that will, if implemented, enable Virginia to regain its previous leadership position in the various national business climate rankings, such as those published by *Forbes* and *CNBC*. Included in the Strategic Plan and in the Virginia Chamber’s Blueprint Virginia 2025 being released today, these initiatives include implementation of various economic growth strategies; creation of a world-class, turnkey, customized workforce recruitment and training incentive program; and development of a robust economic development marketing program for Virginia comparable to those in competing states, such as Florida, Georgia, and Ohio.

Barry DuVal, President and CEO of the Virginia Chamber of Commerce, said, “The Virginia Chamber has been engaged in this process every step of the way. This Strategic Plan and the economic growth strategy it contains will position Virginia and VEDP to get back on top. In particular, I’m enthusiastic about the strategies focused on positioning Virginia and its regions for faster growth, as well as those designed to restore Virginia to its previous status as America’s best state for business.”

Opportunities for the Middle Peninsula

The strategic planning process highlighted the importance of the Middle Peninsula to Virginia’s economic future, emphasizing its strengths, including proximity to dynamic metro areas in Richmond, Hampton Roads, and Northern Virginia; natural assets, including coastal and water-based assets, and research capabilities and biodiverse real estate assets that offer associated benefits for target industries; and access to a strong pipeline of technology talent, fostered by a collaborative K-12 focus on promoting student interest in STEM through entities such as the Chesapeake Bay Governor’s School for Marine & Environmental Science, and early success with the Rural Horseshoe Initiative, which places career coaches funded by community colleges in local schools. The region also benefits from its creative arts businesses, which form the foundation of a small-business innovation platform. Challenges facing the Middle Peninsula identified in the process include heavy reliance on government spending, infrastructure challenges posed by a lack of development-ready sites and limited broadband access, linkage gaps in workforce development and training, under-leveraged opportunities in the technology commercialization pipeline, and continued impediments to economic growth and development posed by persistent rural poverty.

The strategic planning process also highlighted promising industry sector growth opportunities for the Middle Peninsula, including coastal resiliency technologies, software/IT, distribution and logistics, selected advanced manufacturing, agriculture and seafood/aquaculture, and shared services, as well as potential emerging growth opportunities in disruptive technologies. To capitalize on the assets and growth opportunities of the Middle Peninsula, the Plan calls for state investments to be made in marketing and lead generation, broadband access, enhancements to the state’s distribution and logistics hubs, support for technology commercialization, site development, and targeted efforts to strengthen Virginia’s human capital development, including collaborative initiatives involving four-year colleges and universities, community colleges, the K-12 system, and industry leaders, in addition to a customized workforce recruitment and training incentive program. The Plan also proposes expanded state and local efforts focused on increasing innovation and entrepreneurship.

“The Middle Peninsula supports the strategies of VEDP, in particular those that focus on branding the successes and unique capabilities of Rural Virginia,” said Travis Moskalski, Chairman, Middle Peninsula

Alliance. “The Middle Peninsula’s rich history of production and innovation from natural resources, combined with its Coastal-centric research environment, diversifies Virginia’s economy and demonstrates the importance of rural Virginia’s leadership in solving global challenges.”

Stakeholder Engagement and Expert Assistance

During development of the Strategic Plan, VEDP’s Board of Directors, as well Stephen Moret, VEDP President and CEO, were advised by a 19-member Strategic Plan Steering Committee, which was comprised of a diverse membership of local, regional, and state economic development partners and stakeholders:

- Peter Blake, Director, State Council of Higher Education for Virginia
- Shannon Blevins, Associate Vice Chancellor for Economic Dev. & Engagement, UVa-Wise
- Beth Doughy, Executive Director, Roanoke Regional Partnership
- Barry DuVal, President & CEO, Virginia Chamber of Commerce
- Evan Feinman, Executive Director, Tobacco Region Revitalization Commission
- Amanda Glover, Director of Economic Development & Tourism, Augusta County
- Victor Hoskins, Director, Arlington Economic Development
- Joshua Lewis, Executive Director, Virginia's Industrial Advancement Alliance
- Chris Lloyd, SVP/Director, Infrastructure and Econ. Dev., McGuireWoods Consulting
- Barry Matherly, President and CEO, Greater Richmond Partnership
- Ken McFadyen, Director of Economic Development, Botetourt County
- Christy Morton, Executive Director, Center for Rural Virginia
- Arthur Moye, Jr., Executive Vice President, Virginia Maritime Association
- Catherine Riley, VP of Marketing, Fairfax County Economic Development Authority
- Curry Roberts, President, Fredericksburg Regional Alliance
- Robin Sullenberger, Board Member, Virginia Community College System
- Telly Tucker, Director, Danville Economic Development
- Cathie Vick, Chief Public Affairs Officer, Port of Virginia
- Rick Weddle, President & CEO, Hampton Roads Economic Development Alliance

VEDP also engaged an eight-person expert panel to offer ideas, suggestions, best practices, and critical feedback at various points in the process. The group included leaders of two national/global economic development organizations focused on policy and practice, Jeff Finkle, President/CEO, International Economic Development Council (IEDC), and Ken Poole, CEO/President, Center for Regional Economic Competitiveness (CREC); two top site-selection consultants, Mark Sweeney, Senior Principal, McCallum Sweeney Consulting, and Dennis Meseroll, Executive Director, Tractus Asia Limited; two national thought leaders on economic development policy and practice, Amy Liu, VP and Director of the Metropolitan Policy Program, The Brookings Institution, and Enrico Moretti, Professor of Economics, UC-Berkeley; and two in-state university faculty members who study various aspects of Virginia’s economy, Chip Filer, Associate Professor of Economics, Old Dominion University, and Steve Fuller, Director, Stephen S. Fuller Institute, George Mason University.

Implementation, Performance Monitoring, and Accountability

Although most of the strategies and initiatives articulated in the Strategic Plan would require new investments, many of them do not. VEDP can substantially improve its performance with its existing resources, but the first four transformational goals are very unlikely to be fully accomplished without implementation of the strong majority of the strategies and initiatives described in the Strategic Plan.

In order to measure success against each transformational goal as well as their precursors, the Strategic Plan includes economic metrics that VEDP will track and report each year. In addition to reporting on these metrics, VEDP will provide detailed company performance data on a public website for all companies that have received incentives administered by VEDP.

An executive summary of the Strategic Plan is available at www.yesvirginia.org/strategicplan.

JLARC Progress Report

Later this month, VEDP will publish a progress report detailing its implementation of the many recommendations made by the Joint Legislative Audit & Review Commission in its critical November 2016 report, “Management and Accountability of the Virginia Economic Development Partnership,” as well as implementation of other VEDP reforms adopted by the Virginia General Assembly earlier this year.

VEDP

The Virginia Economic Development Partnership was created by the Virginia General Assembly in 1995 to encourage, stimulate, and support the development and expansion of the economy of the Commonwealth. To accomplish its objectives of promoting economic expansion within the Commonwealth, the Partnership focuses its efforts on business recruitment, expansion, and international trade.

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