

## **VEDP 2016**

### **Regional Visits and Listening Tour**

#### **Final Report**

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## I. OVERVIEW

### A. BACKGROUND

In 1995, the Virginia General Assembly created the Virginia Economic Development Partnership (VEDP) to better serve those seeking a prime business location and increased trade opportunities and, therefore, to foster increased expansion of the Commonwealth's economy. As a state authority, the Partnership is governed by a 24 member Board of Directors comprised of business persons from around Virginia, each of whom is appointed either by the Governor or the General Assembly. Our President and Chief Executive Officer is employed by the Board to oversee the fulfillment of our mission:

*"To enhance the quality of life and raise the standard of living for all Virginians, in collaboration with Virginia communities, through aggressive business recruitment, expansion assistance, and trade development, thereby expanding the tax base and creating higher-income employment opportunities."*

VEDP has an FY16 operating budget of \$18.6 million. Of that, 44 percent supports inside Virginia market activity, with approximately \$4.1 million allocated for Business Expansion ("BX") and \$4.0 million for Trade programs that service existing businesses. This is exclusive of an additional \$2.3 million in federal grants for Trade, for a total of \$6.3 million for Trade-related activities, or 30% of the VEDP combined state and federal budget. Thirty-three (33) percent of the total VEDP state budget supports business attraction ("BA") activities targeted to markets in the United States at \$4.1 million and in international markets at \$2.0 million. The remaining \$4.3 million, or 23 percent, supports general operations, such as administration, fiscal, human resources, information technology, rent and other expenses for both VEDP and the Virginia Tourism Corporation.

The total staff working for VEDP totals 104 (28% support BX, 18% Trade, 29% BA, and 25% general operations.) The VEDP, together with the Virginia Tourism Corporation, is headquartered at a downtown Richmond office. BX, Trade and VJIP (workforce) representatives work together to represent six different regions of the state. Thirteen VEDP staff work off-site. Of these, three are Trade Representatives working out of an office in Northern Virginia, along with one BX and one BA person. Five additional Trade Representatives work in facilities in five regions, and one BX representative is in the Southwest, one in the Valley, and another in Hampton Roads.

### B. RESET OF VEDP

In 2012, the Board of Directors and senior management engaged Greyhill Advisors to help the organization embark on a detailed assessment of its internal operations and to ensure that it was continuing to drive its mission of increased jobs and investment to the Commonwealth. The assessment aimed to answer key questions regarding whether VEDP was optimally structured to deliver superior results, if it had the right mix of resources (human resources, technical), was performing the correct activities, and if it was leveraging all of the resources

available throughout the Commonwealth and maximizing relationships with its stakeholders and partners.

As a result of that work, the organization reorganized in 2013 around three market-facing divisions. A **Business Expansion** team works with VEDP partners and stakeholders to assist existing companies to increase capital investment, quantity and quality jobs, and tax revenue. A **Business Attraction** team was formed to position Virginia in both domestic and international markets, focusing on companies and site selection consultants in major geographic markets that represent opportunities for investment and job creation for new business facilities in Virginia. An **International Trade** team was charged with obtaining international sales for companies across Virginia through a variety of programs and services.

Beginning in 2014, the Board of Directors initiated a more robust effort to execute board governance best practices. These included formalized annual evaluation process for the CEO, an annual Board self-assessment, a more robust process for new Board member orientation, reformatted Board meetings, the addition of a fifth meeting each year, restructured standing committees and assignments, and creation of a Legislative and Policy Committee Board standing committee. The Board also established new top-line metrics and produced a communications and outreach plan with a focus on securing needed financial resources to become more competitive in the marketplace.

Reporting relationships were streamlined in June 2014 with the hire of a Chief Operating Officer. In January 2015, the Board approved a Strategic Review that outlined five areas of focus, namely, that VEDP outperform competitors, work as one with its partners, advance business competitiveness for Virginia's growing businesses, meet market demand for business-friendly programs, and expand access to world markets.

In addition to the above changes, the VEDP Board of Directors felt it important to visit each of the regions to meet with economic development practitioners and local officials, listen to their concerns and solicit suggestions for further improvements.

As the Board Chair and Vice Chair, we led and facilitated these meetings as described below.

## II. 2016 REGIONAL VISITS AND LISTENING TOUR

### A. Purpose and Structure

The purpose of the tour was for the two of us as VEDP's Chairman and Vice-Chairman of the Board of Directors to listen to opinions, concerns, and suggestions regarding all aspects of economic development in Virginia, specifically relating to VEDP, and to better understand challenges facing local and regional economic development organizations. As volunteer leaders of VEDP and business leaders representing rural and urban areas we have a unique position to discuss mutual legislative priorities and larger economic policy-related issues facing the Commonwealth of Virginia.

A total of seven regional meetings of the Listening Tour were held in January and March of 2016. Representatives from all 15 state regional economic development (ED) organizations participated, as did many counties unaffiliated with a regional economic development organization. Due to inclement weather, the first meeting in the Shenandoah Valley and Central Virginia regions scheduled for Monday, January 25, had to be postponed. The kickoff began later that afternoon in Roanoke. From Roanoke, we traveled to Abingdon, Danville, Norfolk, and ended Wednesday evening in Richmond.

On Friday, March 4, 2016, a rescheduled meeting of the Shenandoah Valley and Central Virginia Partnership groups was held in the morning in Charlottesville. This was followed later in the day with a meeting at the Center for Innovative Technology in Northern Virginia, attended by economic development leaders from five counties and three cities.

In all, we facilitated regional meetings attended by approximately 110 economic development and public officials representing over 80 counties, towns, and cities from across the Commonwealth. In addition to these large group meetings, we hosted an additional 7 meetings with business leaders from each region. All told, 135 people gave us their input. VEDP's Chief Operating Officer, together with respective regional VEDP staff, attended each of the 7 regional meetings but excused themselves toward the end of each meeting to assure open, candid discussion by all participants.

We committed to each participant that we would provide a written report summarizing key points and observations after first presenting the report to the Board and senior leadership team. The regional meetings were well received and appreciated by participants, generated many suggestions and good ideas, and served largely as a meaningful learning experience for all. We were told that it was the first time in the history of VEDP that members of the Board of Directors devoted their time, effort, and energies to travel the state as VEDP representatives to hear first-hand from some of VEDP's key allies. We want to thank Dan Gundersen and the VEDP staff for their outstanding support with logistics for these visits and working alongside regional directors to organize meetings that were well attended and productive.

## **B. Itinerary and Participants**

Each meeting was planned to include about 12 to 20 participants to ensure meaningful, robust dialogue. Regional economic development directors determined who would represent their groups and extended invitations. The meetings were well attended and, with just a few exceptions largely due to scheduling conflicts, included many of the key stakeholders.

- **First Listening Tour Meeting**  
**Monday, January 25, 2016: 3:00 p.m.—5:00 p.m.**  
**Location: Roanoke Regional Partnership, Roanoke, Virginia**

### **Attendees**

**Roanoke Regional Partnership:**

Beth Doughty, Executive Director, Roanoke Regional Partnership  
Ann Blair Miller, Director of Project Management, Roanoke Regional Partnership  
Michael Burnette, Director of Economic Development, Franklin County  
Rob Ledger, Economic Development Manager, City of Roanoke  
Jill Loope, Director of Economic Development, Roanoke County

**New River Valley Alliance:**

Charlie Jewell, Executive Director of the New River Valley Alliance  
Brian Hamilton, Economic Development Director for Montgomery County  
John White, Economic Development Director for the Town of Pulaski

**Lynchburg Regional Business Alliance:**

Megan Lucas, CEO & Chief Econ Development Officer, Lynchburg Reg'l Business Alliance  
Marjette Upshur, Economic Development Director, City of Lynchburg  
Victoria Hanson, Economic Development Director, Amherst County  
Dennis Jarvis, Economic Development Director, Town of Altavista  
Traci Blido, Economic Development Director, Bedford County

**VEDP:**

Chris Lumsden, Chair  
Dan Clemente, Vice-Chair  
Dan Gundersen, Chief Operating Officer  
Matt McLaren, Project Manager, Business Expansion  
Roger Porter, Trade Representative  
Diane Thomas, Trade Representative

- **Second Listening Tour Meeting**

**Tuesday, January 26, 2016: 10:00 a.m.—12:00 p.m.**

**Location: Washington County Administration Building, Abingdon, Virginia**

**Attendees**

**VCEDA:**

Jonathan Belcher, Executive Director, VCEDA  
Susan Copeland, Marketing Coordinator, VCEDA  
Tony Dodi, Chairman, Russell County IDA and Mayor, Town of Lebanon  
John Kilgore, Executive Director, Scott County EDA  
Mike Thompson, Economic Development & Tourism Coordinator, Tazewell County  
Mitzi Sykes, Economic Development Director, Dickenson County  
Shannon Blevins, Associate Vice Chancellor, Economic Development & Engagement at UVA-Wise

**aCorridor:**

Josh Lewis, Executive Director aCorridor  
Jonathan Sweet, Grayson County Administrator  
Keith Barker, Galax City Manager

Michael Carter, Smyth County Administrator  
Lori Hester Deel, Economic Development Director, Smyth County  
Bart Poe, Assistant Director of Economic Development, City of Bristol  
Whitney Bonham, Deputy County Administrator/Economic Development and  
Community Relations Director, Washington County  
Sal Hernandez, Washington County Board of Supervisors, IDA  
David Matlock, Executive Director, Southwest Virginia Higher Education Center

**VEDP:**

Chris Lumsden, Chair  
Dan Clemente, Vice-Chair  
Dan Gundersen, Chief Operating Officer  
Joe Gillespie, Project Manager, Business Expansion  
Lea Lofty, VJIP, Business Expansion  
Diane Thomas, Trade Representative

- **Third Listening Tour Meeting**  
**Tuesday, January 26, 2016: 3:30 p.m.—5:30 p.m.**  
**Location: Advanced Institute for Learning, Danville, Virginia**

**Attendees**

**Southern Virginia Regional Alliance:**

Tom Rose, Administrator, Patrick County; SVRA Board Chair (Host)  
Matt Leonard, Economic Development Director, Halifax County  
Matt Rowe, Economic Development Director (transitioning in) Pittsylvania County  
Greg Sides, Economic Development Director (transitioning out) Pittsylvania County  
Lisa Lyle, Martinsville Henry County  
Linwood Wright, Consultant, City of Danville, Economic Development

**Virginia's Growth Alliance:**

Jeff Reed, Executive Director, VGA  
David Meinhard, Cumberland County  
Natalie Slate, Deputy County Administrator and Economic Development Director,  
Greensville County  
Angie Kellett, Economic Development Director, Mecklenburg County  
Donnie Bryant, Buckingham County  
Vivian Giles, Cumberland County  
Beverly Hawthorne, Economic Development Director, Lunenburg County  
Sharon Carney, Economic Development Director, Prince Edward County

**VEDP:**

Chris Lumsden, Chair  
Dan Clemente, Vice-Chair  
Dan Gundersen, Chief Operating Officer  
Frank Strickler, VJIP, Business Expansion  
Roger Porter, Trade Representative

- **Fourth Listening Tour Meeting**  
**Wednesday, January 27, 2016: 10:00 a.m.—12:00 p.m.**  
**Location: Hampton Roads Chamber of Commerce, Norfolk, Virginia**

**Attendees**

**Hampton Roads Economic Development Alliance:**

Kevin Sweeney, Rear Admiral, USN (Ret), Interim President & CEO, HREDA

Laura Hayes, HREDA

Steve Cook, Vice President for Workforce Innovation, Opportunity Inc.

Amanda Jarratt, President & CEO, Franklin Southampton Economic Dev Inc.

Steven Wright, Director, City of Chesapeake Economic Development Department

Sam Workman, Assistant Director, City of Newport News Department of Development

Charity Gavaza, Economic Development Coordinator, City of Poquoson, Department of Development

Kristi Sutphin, Economic Development Coordinator, Isle of Wight County Economic Development

Jim Spore, President & DEO, Reinvent Hampton Roads

Deana Holt, Suffolk County

**Greater Williamsburg Partnership:**

Michelle DeWitt, Economic Development Director, City of Williamsburg

James (Jim) Noel, Director of Economic Development, York County

Russ Seymour, Director of Economic Development, James City County

**Eastern Shore:**

Steve Miner, Administrator, Accomack County

Rich Morrison, Economic Development Director, Accomack County

Julie Wheatley, Executive Director, Wallops Research Park

Katherine Nunez, Administrator, Northampton County

Kris Tucker, Director of Economic Development, Northampton County

**VEDP:**

Chris Lumsden, Chair

Dan Clemente, Vice-Chair

Dan Gundersen, Chief Operating Officer

Liz Povar, Vice-President, Business Expansion

Jordan Watkins, Trade Representative

Toi Wilson, Regional Action Team-VJIP, Business Expansion

- **Fifth Listening Tour Meeting**  
**Wednesday, January 27, 2016: 3:30 p.m.—5:30 p.m.**  
**The Gateway Center, Richmond, Virginia**

**Attendees**

**Greater Richmond Partnership:**

Barry Matherly, CEO, Greater Richmond Partnership  
Gary McLaren, Economic Development Director, Henrico County  
Edwin Gaskin, Director of Economic Development, Hanover County

**Virginia's Gateway Region:**

Renee Wyatt-Chapline, Executive Director Virginia's Gateway  
Nick Walker, Roslyn Farm  
William Robertson, Jr., Prince George County  
Samuel Proctor, Froehling & Robertson, Inc.  
W. Kevin Massengill, Dinwiddie County

**Fredericksburg Region:**

Rick Hurley, President of the University of Mary Washington  
Todd Gillingham, FredRegion Business Development Manager

**Northern Neck/Chesapeake Bay Partnership:**

Jerry Davis, AICP, Executive Director, Northern Neck Planning District Commission  
Lisa Hull, ED and Tourism Coordinator, Northern Neck Planning District Commission

**Middle Peninsula:**

Neal Barber, Consultant

**VEDP:**

Chris Lumsden, Chair  
Dan Clemente, Vice-Chair  
Dan Gundersen, Chief Operating Officer  
Liz Povar, Vice-President, Business Expansion  
Paul Grossman, Vice-President, Trade  
Tim Stuller, Manager, Regional Action Team  
Kelly Evko, Project Manager, Business Expansion  
Jackie Hudson, Project Manager, Business Expansion  
Tre Akins, Regional Action Team-VJIP

• **Sixth Listening Tour Meeting**

**Friday, March 4, 2016: 9:30 A.M.—11:30 A.M.**

**LexisNexis, 701 East Water Street, Charlottesville, Virginia**

**Attendees**

**Shenandoah Valley Partnership:**

Carrie Chenery, SVP Executive Director  
George Anas, Rockingham County  
Rebekah Castle, Augusta County  
Betty Mitchell, Highland County

Greg Hitchin, City of Waynesboro  
Sam Crickenberger, Rockbridge County  
Brian Brown, Buena Vista

**Central Virginia Partnership:**

Helen Cauthen, CVP President  
Steve Nichols, Fluvanna County Administrator, CVP Chair  
Dave Dallas, Williams Mullen, CVP Vice-Chair  
Brian Cole, Past Chair & Secretary, CVP & Executive Site Manager, LexisNexis  
Faith McClintic, Albemarle County  
Andy Wade, Louisa County  
Alan Yost, Greene County  
Bobby Popowicz, Fluvanna County  
Chris Engel, City of Charlottesville  
Tracy Gardner, Madison County  
Phil Greer, CVP Manager

**VEDP:**

Chris Lumsden, Chairman  
Dan Clemente, Vice-Chair  
Dan Gundersen, Chief Operating Officer  
Matt McLaren, Business Expansion  
Tre Akins, Virginia Jobs Investment Program  
Joel Stopha, International Trade Manager

- **Seventh Listening Tour Meeting**  
**Friday, March 4, 2016: 3:30 P.M.—5:30 P.M.**  
**Center for Innovative Technology, 2214 Rock Hill Road, Herndon, Virginia**

**Loudoun County:**

Buddy Rizer, Executive Director,  
Rick Morris, Business Development Officer  
Steve Hargan, Senior Business Recruiter

**Fairfax County:**

Gerald Gordon, President & CEO, Fairfax County EDA  
Cathy Riley, Vice-President, Marketing, Fairfax County EDA

**Arlington County:**

Alex Taylor, Senior Business Development Manager  
Natalie Monkou, Business Development Manager

**Prince William County:**

Jeff Kaczmarek, Executive Director, Prince William County Department of Economic Development  
 Tom Flynn, Director of Business and Investment  
 George N. Harben, Director, Existing Business Services

**City of Manassas:**

Patrick Small, Economic Development Director  
 Nicole Smith, Economic Development Coordinator

**City of Manassas Park:**

Ryan Gandy, Economic Development Manager

**City of Alexandria:**

Stephanie Landrum, President & CEO, Alexandria Economic Development Partnership

**Fauquier County:**

Heather Stinson, Economic Development Director, Town of Warrenton

**VEDP:**

Chris Lumsden, Chair  
 Dan Clemente, Vice-Chair  
 Dan Gundersen, Chief Operating Officer  
 Tracy Tynan, Business Expansion  
 Doug Parsons, Virginia Jobs Investment Program  
 John Elink-Schuurman, International Trade

### III. COMMENTS

We heard several hundred points for discussion in the seven regional meetings. This report is a reflection of what we heard. To be clear, none of these comments in the section below (III. A-D) were spoken by either of us (Chris Lumsden or Dan Clemente). We present here a representative sampling of comments as delivered nearly verbatim (in quotations) or interpreted or summarized to the best of our abilities. We think it is important to note that the comments in this section of our report (pages 10-13) largely represent individual opinions rather than common themes. (For common themes see the next section, Findings, that begins on page 14.)

#### A. Observations and Insights

- **Regionalism** was often mentioned but each community within an Alliance/Partnership felt under pressure to deliver jobs and investments to their respective communities. All want jobs to come to their regions but as importantly to their own communities.

- VEDP needs resources to improve **branding and marketing** Virginia as the place to do business. Many acknowledged that other states seem to have more resources at their disposal. New York was used as one example.
- Many suggestions were made about **advanced manufacturing** and its connection to the future of economic development. The availability of and need for a properly trained work force was also highlighted many times.
- Overall, VEDP was seen as an important vehicle for economic development, especially in rural Virginia, but that it seems to be operating under a more **traditional model** of economic development. The competition is faster and smarter than ever before and we need to adapt accordingly.
- The view at the local level is that Virginia needs a better way to link resources with small businesses. There appears to be a fundamental disconnect that occurred when small business was moved out of the department of business when VEDP was formed. This individual did not think it made sense that VEDP does not focus on existing **small businesses**, where it was stated, most the jobs are.
- At the local level, economic development groups need to focus on business **retention and expansion** because they are the business attraction targets for 49 other states. One proponent says, “We value state participation in this but it needs more coordinated in outreach.”
- “VEDP does not always have to be **in charge**.” Some locals are willing to be the lead.
- VEDP’s client focus seems inward and upward to the State, not outward; they don’t always seem to see us or our **businesses as clients**. Would like to see VEDP’s focus turn more toward the localities.
- With regard to the **Lindenburg** deal . . . “in this business we understand that you can’t be successful 100% of the time” . . . . And, “Yes, things could have been done differently . . . .”
- **Frustration** is everywhere, you see it in national politics and discourse and at the local level. “Don’t take comments made during your listening tour personally, people are just mad. They are focusing on the economy and right now VEDP just happens to be in the center of the angst.”
- Although economic development is a very numbers-driven process, “a lot of what we do cannot be quantified”; it is about establishing and maintaining **relationships**, and there is no ROI that captures this.
- In some communities, what is important is building the **tax base**, which can more important than the creation of jobs for jobs sake.
- Several people expressed that Virginia is no longer as competitive as it thinks it is when it comes to **incentives**. They believe other states are more aggressive and innovative not only with their incentive programs but also with tax structures.

## B. Suggestions

- VEDP should focus on **BA rather than BX**; communities largely think that they handle BX fairly well.
- VEDP should consider a formal periodic “**stakeholders**” **survey** to determine how communities feel about VEDP services.

- Some said that **VEDP board members** should visit the communities that they represent, or live and work in, to solicit input and give VEDP updates.
- There are opportunities for VEDP to help local and regional groups **target industries**.
- Virginia uses more of a “**one-size-fits all approach**” and “that’s just too traditional and does not work at the local level. We would encourage VEDP to adopt a different approach to meeting our needs.”
- Consider providing a formal **debriefing process** for projects that don’t work out. Communities need that kind of information to convince our public officials of what they need to do to improve.
- Work with local economic developers to agree on common performance and success **metrics**.
- No one member of BA team is assigned to my area, so I have had three different **project managers** at different times coming to understand my community and product. The levels of interest and service vary among these people. Align BA by sectors.
- “I can get buildings, that’s not my issue. What I can’t get is **good intelligence** and strategy on who we should be targeting for those buildings.” This is a critical piece that is missing from economic development—the “bigger strategy that ties everyone else together so we don’t eat each other up and lose out in the process.”
- One participant said **publicly elected officials** do not have a good appreciation for the work that we do as economic developers. This is true at all levels, local, state, and national. VEDP can help with communications and transparency to help change this.
- Put BA and BX together so that you can then focus resources on new business formation so that we encourage **innovative enterprises** and focus on barriers to growth.
- VEDP is most valued when it has project managers who understand the very specialized vernacular of **specific industries** and can supplement the local and regional outreach with this expertise. Please consider organizing around industry sectors.

### C. Concerns

- Some challenge VEDP to be more **innovative**.
- Debriefings are needed. “What we want to know is, what is the **common denominator** of projects that opted out of locating in this region?”
- One participant mentioned that **trust** was lost between the VEDP and some of its regional stakeholders.
- The result of organizing around **geographic focus** is that we now rely less on VEDP and more on our regional organization.
- VEDP needs to be **faster and more fluid** if it wants to keep up with the competition.
- VEDP is focused on numbers but oftentimes it loses sight of its power to affect overall impact and **targeted strategies**. We need to build on our strengths and admit that some regions are better suited than others for projects. That’s okay if we all feed off each other and have our niche. But only the state can provide that kind of leadership

and it just isn't getting done, it seems that too much deference is given to the local interests.

- There is not enough staff or funding for **business retention** at the state level.
- We need a partner and not sure **VEDP's restructuring** (of several years ago) helped the cause as most BA managers are not close to us and our needs.
- VEDP seems to be just focused on deals. This is out of sync with the times. Deals are not the primary source of economic prosperity."
- There are times when VEDP is viewed as "trampling on our backyard." This same person noted that it is "okay if they want to bring us a business attraction lead for us to work."
- The current BX/BA structure of VEDP has caused a lot of **consternation** for us.
- Rather than have staff assigned to **trade shows** by geographic territory, consider having staff attend trade shows because they have industry expertise relevant to specific trade shows.

#### D. Compliments

- "We have received **great response** from the VJIP program."
- Question to Group: Would it help for VEDP to bring teams to the community to help VEDP better understand the needs and be better prepared? Answer: "When that has occurred in the past (like 'fam tours') it has been appreciated." And, "We have **good communication** with VEDP, it works fairly well."
- A community noted that they recently experienced the **highest quantity and quality** of projects and jobs in recent memory. "We **appreciate VEDP** assistance with all of this activity."
- "At the county level, we appreciate VEDP. We have had five job announcements that **would not have happened** if it were not for VEDP."
- "Research is the **best part** of VEDP because they respond and provide us what we need that we can't get elsewhere."
- Most regions really like their local VEDP **representative(s)** but think that they have too much to do with too few resources (i.e., spread too thin).
- Most rural communities felt that the VEDP was **critical** to their economic development success and that there are no other better options to help them, which is good and bad.
- **VJIP** was seen as a big advantage and steps should be taken to ensure its viability and the speed to which funding can be secured.
- "**Thank you** for everything the organization does for our communities."

## IV. FINDINGS

### A. General Take-Away

All groups were candid and constructive with their comments. We asked for direct input and advice on how to improve VEDP's support to the communities and to better advance economic development, and we got it. Because the charge was for those present to give critical input, the participants focused mostly on areas for improvement. Taken as a whole, the key themes that emerged from the seven meetings appeared to us to accurately describe the difficulties and complexities currently facing the economic development community in the Commonwealth of Virginia.

This Listening Tour reinforced the concept that there is no one-size fits all approach to economic development. Urban and rural communities within the same regional footprint can have vastly different needs and expectations.

As a general statement, the more rural a community is with fewer resources, the greater its need will be for integrated help from its own county, regional development organization, and state agencies to address adverse economic conditions. In fact, in some communities, VEDP is a very important partner for bringing jobs and economic prosperity.

The more urban a community is, the greater the likelihood is that it will have its own economic development professionals, tools and resources to leverage and expand its economic base on its own.

These dynamics greatly influence the opinions and expectations that local economic developers have with regard to VEDP. Sentiments seem to vary depending on where a community is on a continuum of economic growth, its history with VEDP, local political and community partner considerations, internal resources, capabilities, and more. The Listening Tour accentuated these differences between communities. For example, in very broad strokes:

- In the Roanoke/Blacksburg/Lynchburg regions, a primary concern centered on strengthening the partnership with VEDP through improved transparency, communications, and clear protocols;
- Leaders in the Southwest portion of the state discussed the impacts of the downturn in the coal industry while expressing pleasure with the recent volume of deals and spoke of a desire for assistance from VEDP with forming targeted prospect development plans that respect the unique value proposition of the area;
- In the Southern areas, the overriding concerns centered on a) the importance of having VEDP business attraction staff that possessed deep appreciation of local assets and who bring industry sector expertise, b) help from VEDP to develop industry strategies, and c) greater transparency throughout the process;

- In the Hampton Roads region, a more coordinated approach to helping small and existing businesses grow and nurturing partnerships with diverse stakeholders resonated as key themes;
- Officials in the Richmond metropolitan area commented that they were less likely to rely on VEDP for core business expansion, attraction, and trade efforts, and they encouraged VEDP to develop a different kind of partnership with local groups that is impactful and meaningful;
- The Shenandoah Valley and Central Virginia representatives expressed respect for the challenges facing VEDP but thought that improvements could be made within the organization to redeploy and better target resources while building morale and bringing about greater synergies with local partners;
- Northern Virginia county and city leaders accentuated tax base as high priority, and expressed desire for bold vision, programs, and new tools on the state level that differentiate needs of communities while focusing on education assets and breaking down barriers for business formation and growth.

## **B. Themes and Assessment**

From dozens of subjects discussed during the Listening Tour, there appear to be five overarching themes as follows:

### **1. Be Adaptable and Flexible**

Participants would agree that because economic development needs vary from one community to the next, VEDP must be more flexible and fluid with its services and programs. There was considerable conversation about who VEDP considers its clients. It is understood that the core focus of VEDP is on developing leads and closing business deals that save or create jobs and helping businesses grow with exports. These efforts are appreciated.

Participants are well aware that VEDP shifted its emphasis several years ago to be more metric-focused in developing leads and closing deals. These changes redirected some energies away from being responsive to communities as the client and becoming more proactive in its pursuit of businesses. Not all areas of the state think this is working for them. The situation was described by one participant as favoring an “inward-and-upward” affect versus fostering an outward (community-based) orientation. It is believed by some that this dynamic needs to be reviewed.

While increased leads and more business growth is the ultimate objective, some advocates of a different model see themselves as outliers in the process. They do not believe that VEDP has positioned itself as the go-to place for helping position communities to compete. Others do not regard VEDP as a natural advocate and champion for

developing local product and for other kinds of projects that generate economic growth, or with programs to benefit smaller scale businesses, or for development of effective, collaborative partnerships that produce immediate and lasting results. These kinds of programs and services are needed by many communities across the state.

In fairness, it did not go unnoticed that VEDP has very limited resources and a limited number of staff. This appears to raise a fundamental question of whose priorities VEDP is advancing and whether its value proposition (mission) is appropriate for all regions.

## 2. Provide Clear and Timely Communication

Local and regional economic developers appreciate, and benefit, from VEDP's expertise and they want more timely and substantive feedback. To help learn and improve, they request more after-the-fact information on prospective leads that consider their communities but end up elsewhere. They would like to see standardized debriefings on deals as well as providing consistent follow-up with lead-generating promotional activities and events.

Economic development partners truly appreciate and come to rely upon the VEDP project manager who is very responsive to them, seeks their input, and is inclined to see them as strong partners. In all regions, the business expansion manager is regarded as more likely to meet these expectations than is the business attraction manager.

We heard that VEDP's focus on results has led nearly all of the state's project managers to interact and communicate most frequently with businesses and consultants and far less with them which has weakened relationships with partner organizations. They expressed to us that it is critical to have more effective means of keeping the economic development community informed and engaging them early and often. This is not universal. In the metro Richmond market, for instance, some economic development professionals expressed the view that they saw a limited role for VEDP in helping them do their jobs and achieve their goals.

## 3. Improve Business Attraction Efforts

Most communities expressed the position that the reorganization that VEDP did several years ago has fallen short of producing expectations for better service for their communities, especially when it comes to business attraction activities. (The focus of these comments appears to be on quality of service versus quantity of outputs and outcomes which have increased across the board.) This theme relates to the shift from being an organization that was centered on responding to concerns to being directed to aggressively and proactively working business leads.

Stakeholders want more leads directed to them. What they question is the way VEDP has deployed its resources to produce that end. Partners appear to be unanimous in their belief that organizing the business attraction staff by targeted geographic markets (outside VA) created a situation where staff in that division appear to lack needed industry sector expertise.

In the pre-reorganized VEDP, designated project managers could be called upon to provide industry knowledge and work deals in their industries, and if permitted, travel to any market to pursue deals. In the new model, the resources are concentrated on deploying project managers in specific U.S. and international markets where assigned staff work leads regardless of sector. Not all partners question the reasoning behind this. But most appear to believe that an unintended consequence has been that they no longer have assigned people with whom they can get industry information and help for working deals that they identified or want VEDP to pursue.

Economic development professionals in both rural and urban communities further express frustration in not having single points of contact for their community for all business attraction projects. They acknowledge that VEDP often works with site consultants and other third parties and may not be given information on why some prospects go cold or choose another location, yet they challenge VEDP to find a way to communicate in a timely manner what it knows.

#### 4. Reduce Business Expansion Friction

Both rural and urban communities expressed some friction with having VEDP call on and interact with existing businesses. This is tempered for some who like working with their VEDP project manager assigned to their area. Several urban participants view business expansion as a local responsibility. The point here is that partners want clarity if possible with how VEDP can best partner with regard to business expansion assistance.

This subject is clearly one where each community has its own need—from near zero involvement (save incentive packaging) by VEDP to full scale support. VEDP's current business expansion approach is the same regardless of region, as are its tools. Most groups suggested that the Commonwealth of Virginia could have more robust tools to retain existing business or help smaller, fast growing companies that do not meet qualifications for receiving incentives.

#### 5. Provide Leadership That Unifies

Most groups suggested there could be a more coordinated approach by all state economic development agencies. Many would like to see VEDP take that on. But all understand that VEDP's current focus is on deals and that it works hard to be responsive to businesses.

For those who think VEDP could be helpful, their request is for us to develop unifying approaches that bring regions together (or, in some cases, bring together communities within regions) to avoid internal competition.

Some practitioners think VEDP ought to proactively identify and target attraction projects best suited for certain regions. With regard to marketing events, it seems that regions at some level think Virginia would be better served in the national and international markets with a proactive approach that pulls everyone together.

**C. Policy Positions**

There was limited conversation regarding specific legislation and policies under consideration by the General Assembly. Where it did occur it seemed that most participants were unknowledgeable or did not wish to take a position on subjects affecting VEDP.

For example, with regard to a proposal to establish a separate Trade Authority, a couple people expressed confusion as why it would be done. With regard to GO Virginia, participants said they lacked information or were confused with how the proposed program would operate and help their respective communities. Participants recognized the budgetary constraints facing VEDP. They appeared less aware of details regarding a proposed JLARC study of VEDP.

However, nearly everyone seemed to be aware of changes made in 2015 by the Assembly that impact the Commonwealth Opportunity Fund. There appeared to be unanimous opinion that the 2015 COF reporting requirements regarding political contributions to the Governor has already or would result in lost deals, businesses, and jobs for the Commonwealth of Virginia. They also appear to strongly support VEDP's proposed solutions to address the problem.

**V. ACTION PLAN AND NEXT STEPS**

1. Evaluate impact of new legislation on VEDP mission, governance, budget, and future operations and redirect VEDP leadership, personnel, and resources accordingly.
2. Implement immediate change to VEDP executive leadership and develop and implement process and time line for hiring a new VEDP President and CEO.
3. Reevaluate and refine VEDP CEO and COO job descriptions, performance expectations, and performance evaluation process and timeline.
4. Reevaluate 2012 Greyhill Advisors organization and operations study, evaluate economic development industry best practices, and work with leadership to organize VEDP to best meet its mission and the key needs of VEDP partners and stakeholders.
5. Review and revise Board bylaws related to changes to VEDP mission and future role and responsibilities of executive leadership and Board.
6. Develop and implement policy for formally evaluating opinions and engagement levels of VEDP employees and respond to findings with an action plan.
7. Develop and implement policy for formally evaluating opinions and engagement levels of regional economic development partners and stakeholders and respond to findings with an action plan.
8. Overhaul VEDP constituency and client services to ensure that VEDP provides knowledgeable and timely assistance and feedback to VEDP partners and stakeholders.
9. Develop or refine VEDP policy for review and approval of project incentive payments.
10. Develop and implement an effective and sustained communications plan to VEDP employees, legislature, and regional partners and stakeholders about VEDP changes and future direction.

End of Report