



Photo Courtesy of Michael White

Governor McDonnell's **FIRST ANNOUNCEMENT** Bolsters Rural Virginia Economy

Governor McDonnell's first economic development announcement since taking office celebrated a homegrown, family-owned Virginia company in Charlotte County. The Governor joined state, local and company officials February 26 to announce Morgan Lumber Company's plans to invest \$4.2 million to install a new dry kiln technology known as the "Continuous Dry Kiln," enabling 100 percent increased production and 30 percent increased energy efficiency. Not only will the project create 25 new jobs, it will also bolster the Commonwealth's forest products industry.

(Story continued on page 3)



Virginia's economic development efforts continue to make progress. VEDP remains on track to reach its jobs and investment goals for FY2010. While we have not seen the return in international client activity, the domestic projects in our pipeline are holding their own. The rural regions of Virginia saw significant activity during the last quarter. Front and center in this issue of *Commerce Quarterly* is Morgan Lumber's \$4.2 million expansion in Charlotte County. The project will enable the Virginia company to realize 100 percent increased production and increased energy efficiency.

Charlotte County will benefit from the creation of 25 new jobs, and the project bolsters the Commonwealth's forest products industry. Morgan Lumber's expansion was Governor McDonnell's first economic development announcement, holding true to the Governor's promise to focus efforts in Virginia's regions hardest hit by the great recession.

Other rural activity included Universal Fibers' \$13 million expansion in Washington County that will create 84 new jobs, and Wood Fuel Developers' investment of \$18.7 million and creation of 39 jobs to begin wood pellet manufacturing operations in Greensville County. Grayson County also celebrated good news with Med-Fit Systems' acquisition of Nautilus, which will keep the region's largest employer in operation and retain jobs.

Governor McDonnell's Jobs and Opportunities Agenda will go a long way toward our future efforts. VEDP will continue to aggressively recruit businesses to Virginia from across the industry spectrum. In addition to our present efforts, we plan to focus marketing resources on three business sectors: advanced manufacturing, information technology, and energy. We also want to continue to work with public and private research and life sciences companies and universities to create the assets and programs necessary for the Commonwealth to expand in these markets.

Virginia's more distressed communities will also be a primary focus. Many rural areas of the Commonwealth are experiencing unemployment rates that well exceed the state average. We will continue working with regional and local leaders and their economic development teams to ensure we are marketing them appropriately, both domestically and internationally.

International Trade's AIM and VALET programs graduated 16 Virginia companies during the last quarter, arming them with the necessary tools to successfully export products and services overseas. The VALET program also welcomed four new program partners to its team of experienced international service providers that assist VALET companies with their export goals. We thank them for contributing their time and talents to our international trade efforts.

VEDP would also like to welcome two new board members—Donald Seale, Executive Vice President and Chief Marketing Officer at Norfolk Southern, and Dan Pleasant, President of Dewberry Companies, whom you will read about in this issue.

Equipped with a fresh perspective on economic development and the support of a new Administration and new board members, VEDP looks forward to joining forces with Virginia's economic development leaders toward a prosperous 2010.

Sincerely,

Jeffrey M. Anderson

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Governor Pays VEDP a Visit

Governor Bob McDonnell reiterated his support for economic development during VEDP's board of directors meeting March 11. McDonnell's visit was the first time a Governor has addressed the VEDP board.

(Continued from Cover)

It all started in 1939 in Charlotte County when Ken Morgan's grandfather, J.C. Morgan, had a vision to produce a quality lumber product and began a small sawmill. His two sons soon joined him in the family business and the business grew to two small sawmills, a planer mill and a building supply store. Morgan Lumber Company, Inc. was born.

Today the third generation stands at the helm of the company. Ken Morgan, President of Morgan Lumber, remembers being around the sawmill growing up and watching it change and grow. What began as a small primitive sawmill is now a leader in the manufacturing of southern yellow pine lumber. It has grown to a modern, state-of-the-art operation with a computerized sawmill, dry kiln, planer mill and a wood shavings production and bagging plant.

February 26 was a true testament to Morgan Lumber's success in Charlotte County, Virginia. "Governor McDonnell's announcement here at our facility was gratifying acknowledgement of Morgan Lumber's success to date," said Ken Morgan. "Our vision and strategic plan is for growth even beyond this announced phase, hopefully right here in Charlotte County."

(Continued on page 15)

Kraft to Increase Production in Frederick County

An internationally known household brand is expanding its presence in Virginia. Kraft Foods Global, Inc. will invest \$40 million to increase production of its Capri Sun beverage product at its facility in Frederick County. The project will create 100 new jobs.

Kraft has experienced longstanding success at this operation due to Frederick County's excellent workforce and business advantages.

Dillon "Dee" Gibbs, Kraft Foods Winchester plant manager, commented, "Kraft Foods has enjoyed a long and productive relationship over the years in Virginia. This award is a good indication of our belief that Virginia remains a great place to do business."

Kraft Foods is a global powerhouse in snacks, confectionery and quick meals. With annual revenues of approximately \$50 billion, the



combined company is the world's second largest food company, making delicious products for billions of consumers in more than 160 countries. The combined company's portfolio includes 11 iconic brands with revenues exceeding \$1 billion – Oreo, Nabisco and LU biscuits; Milka and Cadbury chocolates; Trident gums; Jacobs and Maxwell House coffees; Philadelphia cream cheeses; Kraft cheeses, dinners and dressings; and Oscar Mayer meats. Another 70+ brands generate annual revenues of more than \$100 million. ■

Greenville County Gains New Corporate Partner

Wood Fuel Developers, LLC, a startup company and affiliate of Chester, Virginia-based Industrial TurnAround Corporation (ITAC), will invest \$18.7 million to begin wood pellet manufacturing operations in Greenville County. The project will create 39 jobs.

Wood Fuel Developers, LLC is a renewable fuels company that specializes in developing and operating wood fuel and pellet production plants to serve the residential, industrial and power generation markets. Its parent company, ITAC, has been in business for more than 22 years providing engineering, design and construction management services in the industrial and manufacturing-related markets. ■



Med-Fit Systems to Purchase Nautilus Operations in Grayson County

Med-Fit Systems, Inc., a 23-year-old physical therapy and senior care products provider, has agreed to purchase the commercial division of Nautilus, a fitness equipment company that has operated in Independence, Virginia, for more than 30 years.

"Nautilus has experienced international manufacturing success in Grayson County for more than three decades," said Virginia Governor Bob McDonnell. "We are pleased to know that success will continue under the Med-Fit Systems name. This acquisition represents a huge victory for the community. Jobs will be retained and the potential for new job growth is promising for a region hard hit with a 12 percent unemployment rate. This was a challenging deal to secure. I commend and congratulate Grayson County for their hard work, and I thank Med-Fit Systems for this tremendous opportunity." ■

Polymer Group, Inc. Expands in Waynesboro

Polymer Group, Inc., one of the world's leading producers of nonwoven fabrics, plans to invest at least \$65 million to expand its existing facility in the City of Waynesboro. The investment will include purchase of high-technology equipment to establish a new manufacturing line and increase production, and expansion of the current building in order to accommodate the new line. The project will also create 41 new jobs.

PGI is a global, technology-driven developer, producer and marketer of engineered materials. With the broadest range of process technologies in the nonwoven fabrics industry, PGI is a global supplier to leading consumer and industrial product manufacturers. The company operates 15 manufacturing and converting facilities in nine countries throughout the world. ■



A photograph showing two men in dark suits and ties shaking hands. The man on the left is older, with glasses, and the man on the right is younger. They are standing in front of a blue Virginia state flag and a red, white, and blue American flag. The background is a well-lit indoor space, possibly a conference room or office.

MeadWestvaco Celebrates Headquarters Grand Opening

Four years after announcing its headquarters relocation from Stamford, Connecticut, to Richmond, MeadWestvaco in March officially opened the doors to its nine-story, state-of-the-art facility overlooking the James River in downtown Richmond. Designed to represent the company's packaging products, the headquarters building incorporates recycled materials in the floors, furniture and other elements. About 650 employees currently work in the new building.

Governor McDonnell attended the company's grand opening to personally congratulate Chairman and CEO John Luke. ■

Mercury Paper Expands and Relocates North American Headquarters to Shenandoah County

Mercury Paper is growing in Shenandoah County. The company plans to invest \$21.2 million to expand its current facility and relocate its North American headquarters to the site, creating 150 new jobs in the process. Mercury Paper's parent company, Sinar Mas Group, one of the world's leading pulp and paper companies, is headquartered in Shanghai, China.

Mercury Paper, Inc. is a rapidly growing paper towel and tissue products company located in Strasburg, Virginia. The company's goal is to become one of the leading producers of paper products in North America. Mercury Paper promotes environmental awareness and is conscientious when it comes to sourcing raw materials, process efficiency, minimizing waste and managing the supply chain. Its raw materials come from sustainable pulpwood plantations in the Pacific Rim. At present, the companies used by Mercury Paper plant over 1.5 million trees every day to maintain a supply of renewable, eco-friendly virgin fibers. These trees, which mature in six to seven years, are continuously planted and replanted in anticipation of future paper consumption needs. ■



Warren Hammer, VEDP Project Manager, tests out an adult-size Kettcar® at KETTLER's retail location in Virginia Beach.

Kettler Distributes Global Brand, Renowned Quality from Virginia Beach

The Kettcar® has become so popular among families that the German published dictionary officially recognizes the term as “a vehicle for children.” The pedal-powered go-cart’s maker, KETTLER®, is equally well-known as the leading global manufacturer of outdoor casual furniture, children’s wheeled toys, fitness equipment, table tennis tables and adult bicycles.

Located in Virginia Beach, KETTLER® distributes and wholesales its high-quality leisure products with retailers throughout North America.

“Virginia was the perfect location for our North American distribution facility,” said Ludger Busche, Senior Vice President, KETTLER® USA.

“Sixty percent of the U.S. population lives east of the Mississippi, and our transit times were crucial. We are centrally located on the East Coast near the port in a right-to-work state, and we have a great partnership with the City of Virginia Beach.”

In 1987, KETTLER® purchased property at 1355 London Bridge Road and built a 60,000-square-foot distribution center which the company expanded in 2006 to 140,000 square feet. In 1996, the company added to its Virginia real estate by opening a retail store at 4117 Virginia Beach Boulevard. KETTLER® employs 41 Virginians and approximately 1,400 employees worldwide.

Busche refers to KETTLER® as a “lifestyle company,” explaining the company’s merchandise has evolved with the growth of a family. The 61-year-old company offered children’s products to establish brand loyalty and then developed outdoor furniture and “family fun” equipment. The company has done little advertising; instead, it relies on a “cul-de-sac” marketing approach—word of mouth on driveways, playgrounds and in play groups to build brand awareness.

“We’ve always been considered the best of the best in the global marketplace,” according to Busche, who also pointed out the national and international awards KETTLER® products have won. Among them is a Lillian Winchester Award for “Best of Show” the company recently received during the 2009 International Casual Furniture design show in Chicago.

Quality is imperative to the success of KETTLER®, a privately-held company founded in 1949 by the late Mr. Heinz Kettler, in the attic of a German wood-processing company.

“Mr. Kettler was a very plain and motivated individual,” Busche said. “His drive and philosophies were instilled in his key employees, which has led to KETTLER’s success.”

One of those key employees was Busche’s father—KETTLER’s first employee. The farmer and metal former worked part-time for his friend, Mr. Kettler, spinning and shaping the metal that went into Kettler’s products.

When Ludger Busche pedaled his Kettcar® as a youngster, he never dreamed he would one day be senior vice president of the Kettcar® maker’s North American operations.

“Mr. Kettler truly was my mentor,” he said. “He was tough, but he was fair. I try to live up to that and we show the same philosophy here at KETTLER® USA.” ■



Company, local, regional and state officials pose at the Universal Fibers announcement event in Washington County

Universal Fibers Expands in Washington County

A long-time Southwest Virginia company is growing in Washington County. Universal Fiber Systems, a leading producer of fibers and yarns for carpet, upholstery, automotive, industrial and other textile applications, will invest \$13 million to expand its production facility. The project will create 84 jobs.

Universal Fibers has had a presence in Virginia for nearly 40 years. This project marks the company's second expansion in less than five years and will meet growing demand domestically and internationally. The company produces solution-dyed fibers for the flooring, transportation, and industrial fiber and textile markets and was the first to introduce solution-dyed nylon to the world. Most recently, Universal Fibers has won several environmental awards for its branded Earthsmart™ products and practices, some of which includes the process of taking used commercial carpet fluff and converting it back into high-quality recycled nylon. ■

Bolling Visits Southern Virginia

Lt. Governor Bill Bolling traveled to Danville in March to meet with economic development leaders from Danville, Halifax, Martinsville/Henry County, and Patrick and Pittsylvania counties to discuss ways in which the state can partner with them to promote the region for economic development. The visit followed up on Governor McDonnell's pre-inaugural visit to the region.

"We want to promote the region of southern Virginia as a whole," Bolling told the *Danville Register & Bee*. "We want to do some things to help incentivize that type of regional work. I am absolutely convinced you all have done the right things to put the resources in place to bring a turnaround about."

Bolling experienced one of those resources first-hand during a tour of the Dan River Business Development Center (DRBDC). In addition to a behind-the-scenes look at the facility, Bolling heard from businesses housed in the DRBDC. ■



Photo Courtesy of Catherine Amos, *Danville Register & Bee*

Lt. Gov. Bolling and François Chenard (left), president and CTO of IRflex Corporation.



Six Virginia Schools Deemed Best Value

Six Virginia schools made *Kiplinger's Personal Finance* list of the 100 best values in public colleges. The rankings are based on academic excellence and affordability.

The list ranked the University of Virginia (U.Va.) and the College of William and Mary (W&M) third and fourth, respectively, based on in-state tuition, behind the University of North Carolina and the University of Florida. Other state schools on the list were Virginia Tech (16), James Madison University (21), the University of Mary Washington (38), and George Mason University (64).

Based on out-of-state tuition, U.Va. ranked 13th; W&M was fourth; Virginia Tech, 23rd; James Madison University, 28th; Mary Washington, 42nd; and George Mason University, 95th.

The magazine's private-school rankings listed the University of Richmond 14th on the Top 50 list of private universities. Washington and Lee University ranked seventh on a list of liberal arts colleges. ■

Virginia Maintains Top-10 Ranking

Virginia ranked among the overall top 10 states in *Site Selection's* 2009 Governor's Cup ranking. The Governor's Cup is the magazine's compilation of new and expansion projects in the preceding year. While Virginia has ranked as high as fourth in 2001 and 2006, the Commonwealth typically places between 7th and 10th. ■

Virginia Undergraduate Business Programs Get Top Billing

The McIntire School of Commerce at the University of Virginia has been ranked second among the nation's best undergraduate business programs, according to *BusinessWeek's* annual rankings. It is the top-rated program among public institutions. ■

Other Virginia schools ranked in the top 50 were the University of Richmond at No. 15, the College of William & Mary at No. 25 and James Madison University at No. 41.

Virginia Takes the Bronze for AREVA Newport News Project

AREVA and Northrop Grumman Shipbuilding's partnership to manufacture equipment and pressure vessels in Newport News caught the attention of a panel of judges that recognized it recently with a bronze award for 2009 Economic Development Deal of the Year.

According to *Business Facilities* magazine, which awarded the bronze medal, Virginia competed against 14 other states and 18 other project nominations for the honor. The nominations were judged on economic impact statistics, job-creation estimates and project narratives submitted.

The gold award was presented to South Carolina for the Boeing Dreamliner 787 assembly plant project. The silver award was given to Tennessee for the Hemlock Semiconductor plant project. ■



Allegheny Now Broadband Initiative Receives Federal Funding

Allegheny County, thanks to an application submitted by nTelos Telephone Inc., received \$16.1 million from The American Recovery and Reinvestment Act of 2009 for broadband infrastructure. nTelos will supplement the federal funding to provide fiber broadband to every home and business within the company's Allegheny Highlands service area, including Covington, Clifton Forge, and Iron Gate (about 75 percent of the County).

The Allegheny Now Broadband Initiative will enable work-from-home jobs and improve health, education and public safety services for county residents. In addition, the County's industrial buildings and sites, including Commerce Center and Innovation Park, will be served with fiber broadband, enhancing the region's marketability.

The American Recovery and Reinvestment Act of 2009 was designed to jumpstart the nation's economy, create or save millions of jobs and put a down-payment on addressing long-neglected challenges so the United States can thrive in the 21st century. The Act includes measures to modernize our nation's infrastructure, enhance energy independence, expand educational opportunities, preserve and improve affordable health care, provide tax relief, and protect those in greatest need. ■

Shenandoah Valley Receives Federal Funding for Workforce Training

The Shenandoah Valley Workforce Investment Board (SVWIB) has received \$5 million in federal economic stimulus funds for a new program to train workers for jobs in the region's emerging green technology manufacturing and renewable energy industries. The funding, awarded through the U.S. Department of Labor, will provide workforce training opportunities for an estimated 1,000 Virginians across 10 counties and six cities in the Shenandoah Valley.

The program's partners will include SVWIB's five one-stop training centers and the region's three vocational technical centers: Dabney S. Lancaster Community College, Lord Fairfax Community College, Blue Ridge Community College, James Madison University and the Virginia Manufacturers Association, among others.

The grant was one of 55 awarded for projects that will enhance job training programs and employment services in health care and other high-growth and emerging industries across the United States. ■

Allen Finch—the Tie that Binds Virginia and Rolls-Royce Crosspointe

In 2007 when Rolls-Royce announced plans to build state-of-the-art aeroengine facilities in Prince George County, it was transformational for Virginia. With direct investments by Rolls-Royce of \$500 million plus the creation of more than 600 new jobs, being selected for this megaproject was an affirmation of Virginia's global competitiveness. One incentive for the deal was the commitment to provide Rolls-Royce with a manager to support the company's needs in implementing the significant project.

Meet Allen Finch, a VEDP employee who serves as Project Executive for Rolls-Royce's Crosspointe initiative in Prince George.

Finch is responsible for working with Rolls-Royce to offer direct support as they make progress to complete the project. In this role he wears many hats. From helping with technical assistance, site development and workforce development and training, to working with Virginia universities on research and development programs, Finch keeps the state connected with Rolls-Royce, and vice versa.

The higher education piece of the project is an important tier of Finch's work. The Commonwealth Center for Aerospace Propulsion Systems (CCAPS), formally launched in May 2009, conducts R&D for and in partnership with Rolls-Royce. Finch recently traveled to the UK to determine how to best position CCAPS, and also toured Rolls-Royce's "best in class" manufacturing facilities in both England and Scotland to have a good idea of what the company expects for its facilities in Virginia.

Another tie Rolls-Royce and Finch have with Virginia's state universities is the creation of the Commonwealth Center for Advanced Manufacturing (CCAM), which will be located at Crosspointe and break ground this fall. CCAM's launch is being spearheaded by the state, Rolls-Royce, the University of Virginia and Virginia Tech. Distinct from CCAPS, CCAM will be an applied R&D venture open to membership by a variety of leading industrial companies from multiple industries. Between CCAPS and CCAM, critical research for aerospace manufacturing will be provided to Rolls-Royce, and Virginia will be positioned as a global center for advanced manufacturing.

Rolls-Royce has a clean canvas to paint a fresh new approach to advanced manufacturing at the Crosspointe campus, and Finch will help



them do just that. He has a history of start-ups—most recently he worked in new business development for Latin America at Brinks International. He also was part of a joint venture between Sprint, France Telecom and Deutsche Telekom in Reston, working on global strategy and new business development. The start-up of PepsiCo Frito-Lay in Argentina and Bolivia is another experience Finch has under his belt.

"I was attracted to the Rolls-Royce Crosspointe Project Executive job due to the start-up nature of it and the excitement and pulse behind a new venture," said Finch. "No day is the same and it's exciting to work with a diverse team to get the job done."

Finch is a Virginia native and is fluent in Spanish and Portuguese. He went to The College of William and Mary for his undergraduate degree and received a master's in business administration from Arizona State University and a master's in international management from the Thunderbird School of Global Management, both in Phoenix.

Traveling is obviously engrained in Finch, as he even met his Mexican wife at an airport baggage claim. The couple has two daughters and a son. ■

Meet Dan Pleasant

Dan Pleasant is one of the newest members of VEDP's board of directors. Pleasant, President and Chief Operating Officer of Dewberry Companies, was appointed to VEDP's board in January by former Governor Kaine. VEDP contacted the Danville native to learn more about him.

How much do you know about VEDP as a new board member?

Dewberry works closely with many local government clients in Virginia in support of their economic development programs. This includes not only the planning and design of business parks and associated public infrastructure, but assistance in hosting prospects and development of collateral material to assist the locality with the presentation to prospects. Of course many of these prospects come through VEDP, which has afforded Dewberry and me the opportunity to work closely with our clients and VEDP to make the projects happen.

How will VEDP—and, ultimately, the Commonwealth—benefit from your business experience?

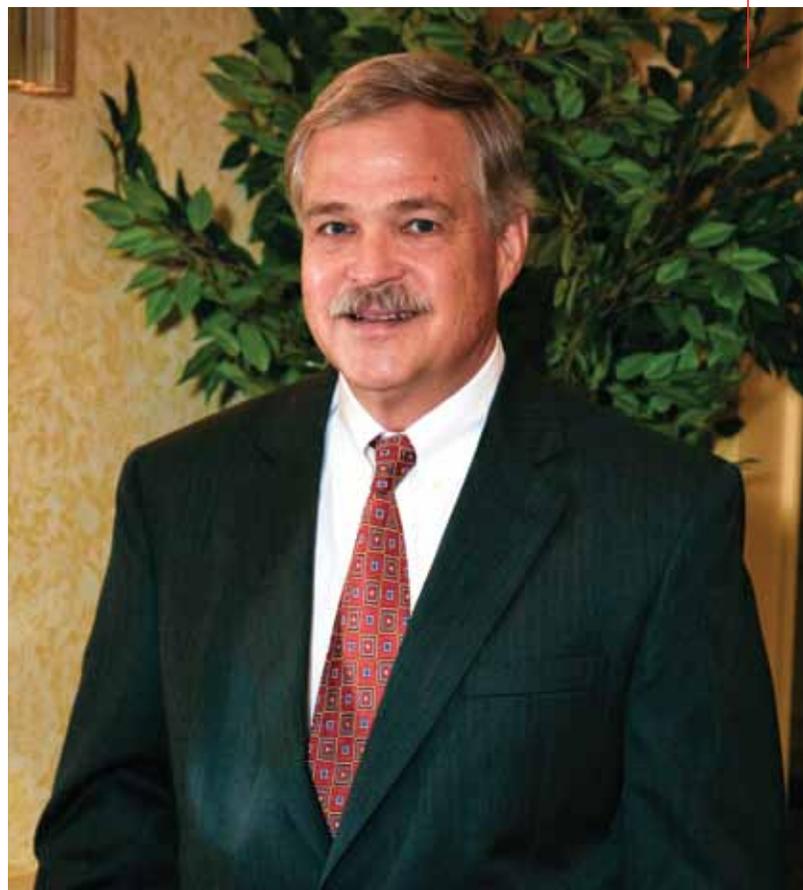
I have been on the “customer” side of VEDP, supporting local governments in the Commonwealth with economic development. This, together with my professional background in engineering and infrastructure development, should certainly be of value to VEDP. Also, I have worked closely with local governments in an advocacy role to promote regional cooperation in economic development.

What do you think are the Commonwealth's greatest strengths and weaknesses in terms of economic development?

This is a tough question. I would point to Virginia consistently ranking very high as one of the best places in the United States to do business as evidence that the Commonwealth's underlying policies and programs are sound and attractive to new and expanding businesses. Weaknesses—maybe not a weakness but a challenge will be the ability for VEDP to be able to rapidly change in a highly competitive environment to stay competitive. Just like the private sector, this will take forward and strategic thinking and the ability to quickly respond to change, and hopefully, anticipate and manage it.

What do you hope to gain from your board participation?

Most important is the opportunity to develop new relationships and the opportunity to network and learn from my fellow board members. Also, I



look forward to gaining a stronger understanding of VEDP programs and what it takes to make a deal happen.

Is there anything else you would like for VEDP staff and the economic development community to know about you?

I have been with Dewberry for more than 30 years—all in Virginia. I have seen our company grow and make a difference in the communities in which we live and work. Come April 3, I will become the Chief Operating Officer of Dewberry. My goal is to continue to stay connected to our clients and help keep the needs of the Commonwealth's localities and regions, and especially the rural communities, at the top of the economic development agenda for VEDP. ■

More Virginia Companies Armed with Tools from VEDP Export Programs

Thanks to VEDP's Accessing International Markets (AIM) program and Virginia Leaders in Export Trade (VALET) program, 16 companies from across the Commonwealth are prepared to successfully export products and services overseas. To date, AIM has 59 graduates and 20 active participants, and the VALET program has graduated 86 companies.

The 10 companies that successfully completed the AIM program include, The 24 Hour Company of Falls Church; Damascus Corporation of Washington County; LEROS Technologies of Fairfax; Monarch Supply Co. of Chesapeake; Peace Frogs, Inc. of White Marsh; QMT Windchimes of Manassas Park; Shibuya Hoppmann of Elkwood; Tele-Works, Inc. of Blacksburg; TORC Technologies of Blacksburg; and Valkyrie Enterprises of Virginia Beach.

During their year in AIM, the 10 graduates used AIM Program resources for projects to support their export strategy, including U.S. export compliance, updating international legal agreements, Web SEO

and marketing updates, participating in trade shows, global advertising campaigns and various translation projects. At graduation these 10 companies reported a 229 percent increase in target market export sales and a 76 percent increase in their total export sales.

Launched in December 2005, the year-long AIM program helps Virginia companies pursue leads in one new target country overseas. AIM accepts 20 Virginia companies per year.

VALET program graduates include Advanced Technology Systems Company of Arlington; Bauer Compressors, Inc. of Norfolk; Hoover Color Corporation of Hiwassee; Skyline Software Systems, Inc. of Fairfax; Spec Ops, Inc. of Ashland; and Turman Sawmill of Hillsville. Collectively, these companies have increased their international sales by more than 25 percent during their two years in the program.

Launched in January 2002, the two-year VALET program assists exporters in the Commonwealth that have firmly established domestic operations and are committed to international exporting as an expansion strategy. Participating firms are chosen based on their dedication to growth through export. ■



VALET Program Partners Provide Invaluable Services

Since the inception of the VALET Program in 2002, private-sector companies that have partnered with VEDP have been an integral part of the Program's success. The VALET Program Partners represent an impressive team of experienced international service providers who have committed to help VALET companies with their international goals. Each of the Program Partners agrees to provide an initial consultation to any VALET participant and, if engaged, a minimum amount of pro-bono services. Qualified providers such as attorneys, Web designers, bankers, translators and freight-forwarders contribute essential skills for expansion into international markets.

In 2007, a formal application process was instituted to review and select companies to join as Program Partners for a two-year term. Last fall, the second round of applications was received and 17 companies have returned for another two-year term. These companies include: ABC Translation Services, LLC; Active Media; Allegheny Brokerage Co., Inc.; Any Translation Ltd.; BB&T, International Services Division; BSG Consulting; CAPSTONE Strategic; China Channel Limited; CV International; Siddall, Inc.; Marsh and McLennan Companies; Piascik & Associates, PC.; SunTrust Bank; TNB Language Service; Troutman Sanders LLP; UTi Worldwide, Inc.; and Williams Mullen.

In January four new companies were introduced as Program Partners. These companies include: Access, Compleo Apps, M&T Bank, and UPS. ■

Export 3.0 Proves Successful for Syntronics

Steve Moore, President of Guidance Systems at Syntronics, LLC, a research and development engineering firm located in Fredericksburg, recently returned from Australia after participating in Export 3.0, VEDP – International Trade’s newest export service.

Looking to increase sales in new global markets, Moore turned to VEDP for help to connect Syntronics with potential partners and customers.

Export 3.0 focuses on the early stages of the international business development process—the face-to-face meetings with potential agents, distributors and customers in a target market. VEDP provides funds and assistance to organize these meetings via a network of in-country consultants around the world.

“Given the current economic climate, it is essential that the Commonwealth help its existing businesses find new sales opportunities,” said Paul Grossman, VEDP Director of International Trade and Investment. “We are excited that we have found a way to make our services available to a broader range of Virginia companies in need of growing sales. Export 3.0 is a fantastic opportunity for Virginia companies to explore international markets with minimal cost to the company.”

VEDP’s Australian consultant provided Syntronics with three full days of business meetings with qualified decision-makers who were interested in the Virginia company’s products and design services for the defense and homeland security industries. Moore noted that the consultant was easy to work with and she dealt with several last-minute changes while staying in close contact with Moore throughout the duration of his meetings.

He also was impressed with the caliber of the meetings. Thanks to Export 3.0, Moore received introductory information on each company, pre-qualification to determine each company’s interest in doing business with Syntronics, and secured meetings with key decision-makers who had the capability to enter into agreements with Syntronics. Moore fully expects that new contracts will result from the contacts he made.

When asked what advice Moore would give to other companies considering VEDP’s Export 3.0 or group market visits, Moore says, “I recommend that they strongly consider the program. All VEDP personnel and the in-country consultants are highly professional, and make every effort to provide all the assistance to enable you to succeed.”

For more information about Syntronics, visit www.syntronics.net. For more information about VEDP’s Export 3.0 services, visit www.exportvirginia.org/export3.0html. ■

AIM Company Product Offers Award-Winning Flavor

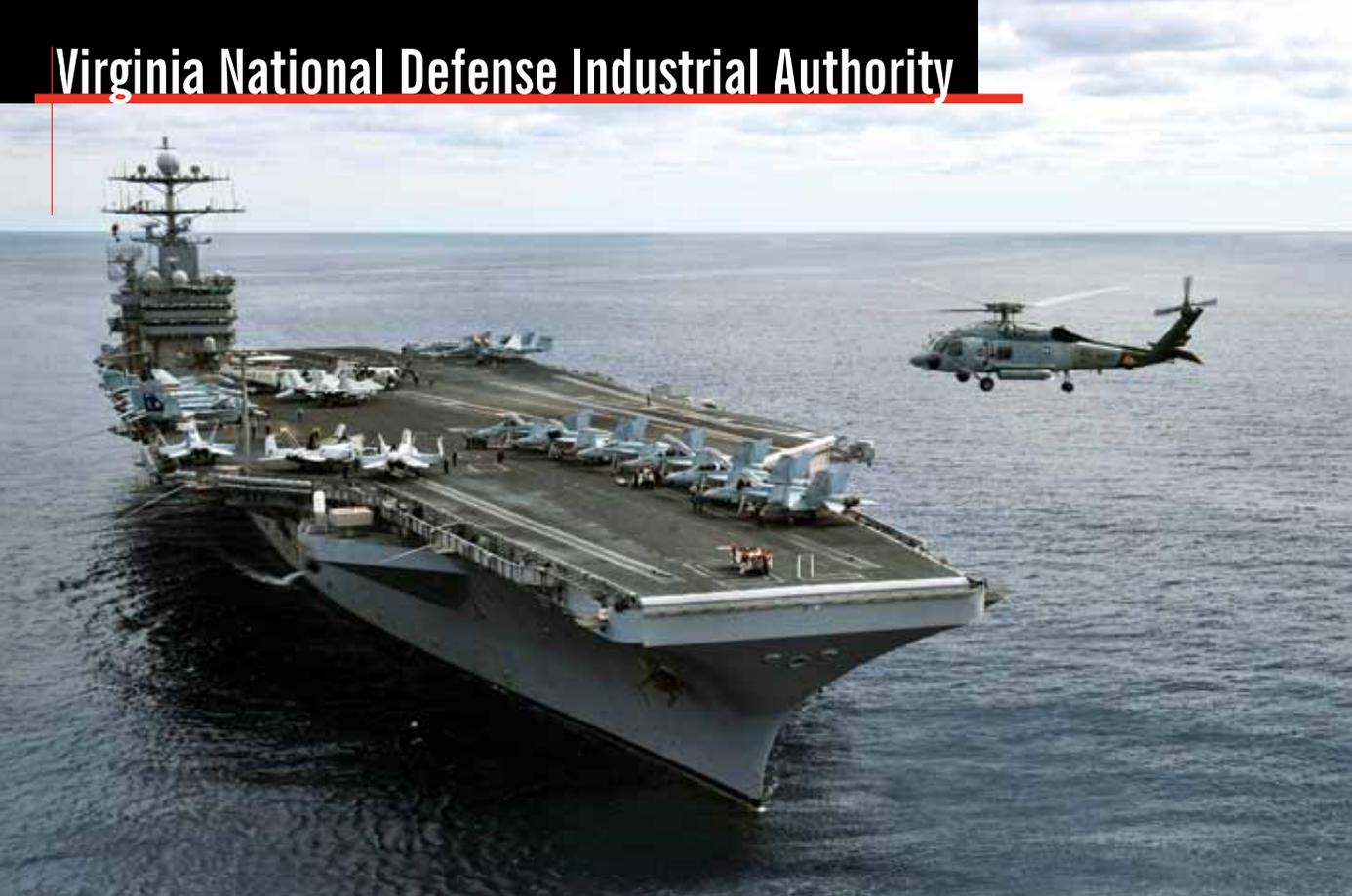
Accessing International Markets (AIM) program graduate Spice Rack Chocolates gained statewide recognition recently for doing what it does best—producing really good chocolate.

A panel of judges at the Virginia Food & Beverage Expo named Spice Rack Chocolates its “best new product” winner for the Fredericksburg company’s Mexican Chiapas Coffee Bean chocolates, made with 54 percent cacao dark chocolate. The chocolates are made with no milk or animal products, are gluten-free and vegan-certified. The Virginia Food & Beverage Expo hosted more than 130 food and beverage companies from across the Commonwealth. For more information about the award-winning Virginia company, visit

www.spicerackchocolates.com. ■



Mary Schellhammer, creator of Spice Rack Chocolates, accepted the “best new product” award on her company’s behalf.



An SH-60F Sea Hawk helicopter patrols the waterways around the Nimitz-class aircraft carrier USS Harry S. Truman (CVN 75). Built at the Newport News Shipyard, the Truman is home ported at Naval Station Norfolk. (U.S. Navy photo, Jan. 29, 2010)

The Future of National Defense

The Department of Defense (DoD) released its Quadrennial Defense Review (QDR) February 1, the same day President Barack Obama sent Congress his proposed \$708 billion defense budget for federal fiscal year 2011, up more than 2 percent from the current year. Together, these documents provide a clear indication of the direction of national defense efforts over the next few years.

The President's proposed \$549 billion base defense budget for the next federal fiscal year includes a 1.4 percent pay raise for civilian employees and service members, plus significant increases in basic housing and subsistence allowances. It also calls for nearly \$17 billion for military construction, lower than recent years because much of the 2005 Base Realignment and Closure requirements have been met. On the hardware side, the 2011 budget requests nearly \$16 billion for Navy shipbuilding and conversion, and funding for procurement of 42 F-35 joint strike fighter tactical aircraft. The budget also shows an increased focus on unmanned aerial vehicles, cyber warfare and special operations capabilities.

On top of the base budget, the President is asking for \$159 billion to fund the wars in the Middle East. This request is down from a high-water mark of \$187 billion in fiscal year 2008, and Defense Department use of the funds will shift sharply away from Iraq and toward Afghanistan. The budget will now be subject to Congress's defense authorization and appropriations process.

The QDR is a legislatively mandated review of DoD strategy and priorities, designed to "set a long-term course for DoD as it assesses

the threats and challenges that the nation faces and re-balances DoD's strategies, capabilities, and forces to address today's conflicts and tomorrow's threats."

The implications of the QDR for Virginia are many, but perhaps most importantly to the Commonwealth is the review's call to home-port an East Coast aircraft carrier at Naval Station Mayport, Fla., near Jacksonville. The Navy has 11 carriers, six home-ported on the Pacific and five on the East Coast.

Moving a carrier is a big deal for the installations and communities involved, and it carries a hefty price tag for the Navy. In this case, it could add up to nearly a billion dollars in improvements at Mayport. The Virginia delegation, led by Senator Jim Webb, has fought the move since it was first proposed by the Navy on the grounds that the Navy needs to focus its limited resources on shipbuilding and installation modernization. In a statement, Sen. Webb called the QDR "a valuable planning tool," but added that it does not have the force of law and that he still believes moving an aircraft carrier from Norfolk "would not be justified on either a strategic or fiscal level."

For the communities involved, each carrier brings with it contracts, personnel and payroll that add up to a sizeable economic benefit, a loss that would ripple through Virginia if a carrier were permanently moved. For more information, visit the Department of Defense at <http://www.defense.gov/qdr/> and <http://comptroller.defense.gov/budget.html>. ■

Quarterly Calendar

April 18-20	VB	CORENet Spring Congress—New Orleans, LA
April 26-30	SK	Group Market Visit—United Kingdom
May 3-6	VB	Bio International—Chicago, IL
May 3-7	CR	Marketing Mission—Arizona, Utah, Colorado
May 3-7	SK	Group Market Visit—Turkey
May 10-14	SK	Group Market Visit—Mexico
June 6-9	VB	7x24 Exchange—Boca Raton, FL
June 14-18	CR	Marketing Mission—Philadelphia, PA

VB	Vince Barnett	(804) 545-5815
SK	Scott Kennedy	(804) 545-5754
CR	Chuck Rogers	(804) 545-5808

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VEDP Offers Interactive Directory of Internationally Owned Companies

For decades, VEDP has maintained a list of internationally owned companies operating in Virginia. In the early years it was a hard-copy list that was later transferred to VEDP's Web site and updated bi-annually. Today, the data is still online, but now it's interactive, expanded and updated quarterly and as needed to keep up with Virginia's increasingly global corporate community.

"The data better reflects the global and dynamic nature of the economy in which we live," said Paul Grossman, Director of the VEDP

International Trade and Investment Division. "It gives us another tool with which to market Virginia to international companies."

Users seeking information on internationally owned companies in Virginia can now search the list by parent company, Virginia locality in which the company is operating, or alphabetically by company name. The list contains companies' basic profile information, and now includes international businesses such as banks, airline offices, and law firms that were not included in the past. Users will be asked to sign in for tracking purposes.

Check out the Directory of Internationally Owned Companies at YesVirginia.org under the International tab. If you have questions about the database or have international company information, contact Pandy Brazeau at PBrazeau@YesVirginia.org. ■

(Continued from page 3)

The legacy will continue for the foreseeable future, as Ken Morgan's son, John, works in sales for the company. Virginia looks forward to a continued corporate partnership with Morgan Lumber. ■



Photo Courtesy of Michaele White



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