

Governor Warner Presents Strategic Plan for Economic Development

One Virginia, One Future Sets Long-Range Strategies

At the December 4 Virginia Economic Development Seminar, Governor Mark Warner presented *One Virginia, One Future*, his long-term strategic plan for economic development, to more than 400 economic development and business professionals. This plan represents an eight-month effort and includes input from more than 700 citizens at seven meetings across the state, as well as many additional contributions by e-mail.

Virginia law requires every governor to update the Commonwealth's plan for economic development in the first year of the administration. Secretary of Commerce and Trade Michael J. Schewel led Governor Warner's effort. The Governor appointed 51 Virginians to the *One Virginia, One Future* Planning Council, representing a diverse cross-section from the public and private sectors, various businesses large and small, and different sectors of the economy.

The Planning Council held its initial meeting on August 8, 2002. VEDP's Senior Economist Dr. Ann Battle briefed the Planning Council on the Virginia economy, pointing out trends in manufacturing, the services sector, and regional differences. Secretary Schewel discussed various significant policy issues, including the dis-

parity in educational attainment among different regions of Virginia. John Sternlicht, VEDP's General Counsel and Legislative Director, then outlined the process for *One Virginia, One Future*.

Planning Council members reviewed and discussed the seven goal areas that had been outlined as a preliminary policy framework for the strategic plan.

The seven goals that form the framework for the strategic plan are consistent with the goals articulated in the Commonwealth's last economic development plan. These goals require long-term commitment and efforts in order to make meaningful economic change. Now, however, new strategies must be developed to move these goals forward in that long-term process and to respond to dynamic economic conditions.

Seven regional input sessions took place around Virginia in September 2002 to solicit suggestions from all those interested and involved in the economic development process. More than 8,000 letters invited interested parties in business, agriculture, technology, tourism, education, economic development, and local government to these input sessions. In addition, local media outlets provided some publicity. The

Cover Story continued on page 14



Governor Warner and Secretary of Commerce and Trade Michael Schewel discuss *One Virginia, One Future* at the Virginia Economic Development Seminar.

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From the Director

As you know, the final quarter of 2002 was not an easy one for the Virginia Economic Development Partnership. Fourteen talented people lost their jobs and a number of outreach marketing programs were eliminated or scaled back as a result of statewide budget reductions.

Despite this unpleasant news, VEDP remains committed to our work of strengthening the Virginia economy, and we greatly appreciate the positive support from the Governor and the Secretary of Commerce and

Trade. We look forward to implementing the strategies outlined in Governor Warner's strategic plan for economic development and appreciate the "straight talk" from the administration on continuing successful programs yet also making innovative changes. In addition, the Virginia General Assembly's Joint Legislative Audit and Review Commission (JLARC) recently issued a report concluding that incentives were worthwhile investments of taxpayers' funds. JLARC stated that fewer jobs would be created in our state if incentives were not available.

VEDP's board of directors received two strong appointments in Lawrence A. Davies and John F. Malbon. Mr. Davies hails from the Fredericksburg region and served as Mayor of the City of Fredericksburg for 20 years. Mr. Malbon represents the Hampton Roads region and is currently President and Chief Operating Officer of PAPCO, Inc. in Virginia Beach. We enthusiastically welcome these new members as they join a dedicated board.

While VEDP witnessed the slowest month for business development project activity in my memory this October, I am pleased that November's activity picked up at a rapid pace. Exciting opportunities are available for us in many industries, but we are seeing the strongest activity in food, pharmaceuticals, automotive suppliers, and distribution. Of special note is the activity we are now seeing in the area of homeland security. SafeCard ID's decision for Virginia Beach is a perfect example of the Commonwealth's assets matching a company's needs in this area. Specific project managers are leading this effort and we look forward to more success. The Governor's formal biotechnology initiative also will soon be released.

With regard to international trade, we continue to enjoy strong participation in VEDP's numerous programs. In November and December alone, the trade division took three Virginia companies to Mexico, four to Germany, and six to China. In addition, we hosted 12 Brazilian companies seeking to buy Virginia products. The Passport Program was concluded in the Fredericksburg region. Fifteen Virginia companies were presented with Global Market Research reports with each firm establishing specific international sales objectives.

In conclusion, I congratulate all of the communities featured in this issue of *Commerce Quarterly*. Through teamwork, we are still able to land "hot deals" in the midst of a weak economic climate. Best wishes for a prosperous 2003 full of economic development activity.

Sincerely,

Mark R. Kilduff
Executive Director

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Virginia to Host 2003 Forbes CEO Forum

Forbes magazine will hold its 9th Annual CEO Forum at the Jefferson Hotel in Richmond October 1–3, 2003.

“I am pleased to announce that Virginia will host this impressive conference of business leaders,” said Governor Warner. “The *Forbes* CEO Forum is a wonderful opportunity to spotlight the Commonwealth’s pro-business climate.”

The Forum annually attracts CEOs from around the world. This year’s Forum was held October 9-11 at the Ritz-Carlton Battery Park in New York City. The Virginia Economic Development Partnership together with the Greater Richmond Partnership will help plan and host next year’s event.

“The Greater Richmond Partnership also will use the Forum as an opportunity to invite selected CEOs to stay over into the weekend and learn more about Greater Richmond’s outstanding business climate,” said Gregory H. Wingfield, President of the Greater Richmond Partnership, Inc.

CEOs from around Virginia will be invited, and VEDP will use the forum as a premier marketing event to showcase the Commonwealth to top decision-makers.

More information on the *Forbes* magazine CEO Forum is available on the Forum’s web site (www.forbes.com/conf).

Forbes Special Section a Page-Turner

The Virginia special section titled “*One Virginia, One Future*,” was published in the October 28 issue of *Forbes*. The 32-page feature story on Virginia as an ideal business location was supported by numerous Virginia companies and economic development organizations.



Software Firm Grows Roots in Mecklenburg County

Red Oak E-Commerce Solutions, Inc. (ROES), a software and consulting firm for the insurance and workers' compensation industry, will locate in Mecklenburg County's Lakeside Commerce Park. The company will invest \$3 million and create 40 new jobs over the next three years. Employees at the new facility will include software programmers, software engineers, project managers and customer support analysts.

"ROES' intentions are to operate a technology company in a rural setting—not the typical 'Silicon Valley' environment," said Shawn Maloney, President of Red Oak E-Commerce Solutions. "Clarksville's proximity to Bugg's Island Lake, the current plans for renovating the downtown area and the construction of the Lakeside Commerce Park will provide ROES and its employees the best in both quality of life and the technology infrastructure required for operations."

VEDP, the Lake Country Marketing Council, Mecklenburg County, the Town of Clarksville and the Town of Chase City assisted the company with its decision. DBA will provide workforce training services.



Deputy Secretary Matt Erskine (third from right) joins local and regional partners in welcoming Red Oak.

Hampton Increases its Portfolio of Companies

Portfolio Recovery Associates (PRA), Inc., a leading debt collection management company, has announced it will open a new 21,000-square-foot office facility at netcenter in Hampton. Currently, the company has two call centers located in Norfolk and Hutchinson, Kansas. This third facility will compliment Portfolio Recovery Associates' headquarters office/call center in Norfolk and mark its expanding business presence in the region. This announcement brings 250 jobs over a three-year period and an investment of \$2 million.

VEDP, the Peninsula Alliance for Economic Development and the City of Hampton assisted the company with its decision. Portfolio Recovery Associates is also eligible for benefits in the Enterprise Zone program. DBA will provide workforce training services.

Arlington's Hospitality Lands Major Deal

Interstate Hotels & Resorts, the nation's largest independent hotel management company, and its sister company, MeriStar Hospitality Corporation, the nation's third largest hotel real estate investment trust, will relocate their headquarters from Washington, D.C. to Arlington County. The companies have committed to an investment of \$13.7 million in capital improvements and will bring 270 new jobs to the state.

"The Commonwealth aggressively targets companies in the financial, insurance and real estate sectors (FIRE)," said Governor Warner. "Arlington County is an ideal location for this progressive headquarters location."

The companies' new headquarters will be located at 4501 North Fairfax Drive, in the heart of Arlington County's Ballston downtown area. Employees at the new offices will include corporate executives, managers and support staff. Interstate's new corporate training center will be housed there as well.

Governor Warner approved a \$200,000 GOF grant to assist Arlington County with the project. VEDP and the Arlington County Department of Economic Development assisted MeriStar Hospitality and Interstate Hotels & Resorts with their decision. The companies qualify for a Major Business Facility Job Tax Credit, a statutory incentive available to all qualifying companies. DBA will provide workforce training services.



The grand opening of DuPont's James River Logistics Center in Chesterfield County was held in October. To mark the completion of the 800,000-square-foot warehousing and logistics facility, Deputy Secretary Erskine (left) presents a gift to John Osby, DuPont's Manager of Site Services.



Governor Warner assists company and local officials dedicate the new BAE SYSTEMS facility in Fairfax County. The Reston facility will serve as headquarters for the company's Integrated Systems business. The \$51.6 million capital investment will create nearly 1,000 jobs.

Chesapeake Accelerates with Automotive Company

TDS US, a logistics services provider for the automotive industry, has chosen the City of Chesapeake for its newest facility. The company will create 210 new jobs through a \$2.4 million investment. Virginia successfully competed with Michigan and North Carolina for the project.

TDS US, the minority-owned venture with TDS automotive, is headquartered in Brownstown, Michigan. The company's 450,000-square-foot facility will be its first facility outside of Michigan. TDS US will support the expansion of the nearby Ford assembly plant and joins other suppliers such as Visteon, Johnson Controls and Nistern already in the city. The Chesapeake facility will provide metering and sequencing of parts for Ford with just-in-time delivery to the manufacturing line.

VEDP, the Hampton Roads Economic Development Alliance and the Chesapeake Economic Development Department assisted TDS US with its decision. The company qualifies for rail access funding from the Virginia Department of Rail and Public Transportation and will take advantage of Enterprise Zone tax credits administered by the Department of Housing and Community Development (DHCD). DBA will provide workforce training services.

SCM Invests in Prince George County

Service Center Metals (SCM) will invest \$13 million and create 100 new jobs over the next four years in Prince George County. The company's new 78,000-square-foot aluminum extrusion facility will be located in the SouthPoint Industrial Park. Governor Warner welcomed the company at a groundbreaking ceremony in September.

Founded by several seasoned aluminum industry executives, Service Center Metals is a supplier of extruded aluminum rod, bar, standard shapes, and tubing to the distribution market segment. The company intends to become the industry's most efficient, low-cost producer of extrusions within this niche.

"The Commonwealth of Virginia has served as a catalyst to launch SCM and will continue to be an invaluable partner in our success," said Scott Kelley, President of Service Center Metals.

VEDP, Virginia's Gateway Region and Prince George County assisted Service Center Metals with its decision. DBA will provide workforce training services as well as financing through the Virginia Small Business Financing Authority.



Governor Warner presents a state flag to Scott Kelley, President of Service Center Metals at the September announcement.



Orange County is Coated With Success

Lohmann Corporation will locate a new adhesive coatings plant in Orange County's Thomas E. Lee Industrial Park. The company will create 30 new jobs through a \$5.7 million investment. Virginia successfully competed with Kentucky for the project.

Headquartered in Hebron, Kentucky, Lohmann Corporation is a wholly owned subsidiary of German-based Lohmann GmbH KG. The company's new Orange County facility will operate as Lohmann Specialty Coatings LLC and will manufacture adhesive coatings for the plastics industry as well as specialty double-sided tapes.

Governor Warner approved a \$115,000 GOF grant to assist Orange County. VEDP, the Thomas Jefferson Partnership for Economic Development and Orange County assisted the company with its decision. Workforce training services will be provided by DBA.

Virginia Beach Secures New Jobs

SafeCard ID Inc., a manufacturer of secure photo ID cards, will invest \$10 million in the City of Virginia Beach and formally establish its headquarters there. The investment allows the company to create 55 new jobs at its International Parkway facility. Virginia successfully competed with Colorado, Maryland, New York, the United Kingdom and Israel for the project.

"Virginia is the perfect location for SafeCard," said Yoram Curiel, SafeCard ID Inc. CEO and founder. "First, the area offers one of the best workforces we've ever seen. Second, the region has a cost structure that compares favorably with every location we've examined. Third, the city, region and state have a solid pro-business environment. Lastly, SafeCard will benefit from the proximity and connections to the federal government."

VEDP, the Virginia Israel Advisory Board, the Hampton Roads Economic Development Alliance and the City of Virginia Beach assisted SafeCard ID Inc. with its decision. DBA will provide workforce training services.



Deputy Secretary Erskine (left) joins local partners and SafeCard ID representatives at a November ribbon-cutting.

Noland to Build Its Largest Facility

Noland Company, a distributor of mechanical equipment and supplies for construction and manufacturing, plans to locate a 200,000-square-foot distribution facility in Prince George County's Industrial Park. The company will create 40 new jobs through an \$8.5 million investment.

The new facility, which will be operational by mid-2003, will employ warehouse and administrative workers using state-of-the-art warehouse and transportation management systems to re-supply its branches. "This new facility is the largest we have ever built," said Noland Chairman Lloyd U. Noland, III. "We will start with 200,000 square feet, but we are designing the facility to be expandable to 400,000 square feet—which would create even more jobs."

"Noland is a Virginia-grown company headquartered in Newport News," said Governor Warner. "I am pleased to see this corporate citizen provide new jobs by using the superior transportation access in Virginia's Gateway Region."

VEDP, Virginia's Gateway Region and Prince George County assisted the company with its decision. Noland is eligible to receive tax credits because it is locating in an enterprise zone. DBA will provide workforce training services.

Wythe County Bottles Up New Jobs

The Pepsi Bottling Group, Inc., the world's largest manufacturer, seller and distributor of Pepsi-Cola beverages, has chosen Wythe County as the location for a new 300,000-square-foot bottling facility. The new project ultimately will create about 200 jobs through a \$65 million investment. Virginia successfully competed with West Virginia for the project.

Generating about \$8.5 billion in annual

sales, the Pepsi Bottling Group operates in the United States, Canada, Greece, Mexico, Russia, Spain and Turkey, accounting for more than 60 percent of the Pepsi-Cola beverages sold in North America, and about 40 percent of the Pepsi-Cola system volume worldwide. The new Wythe County bottling plant will employ such positions as merchandisers, forklift and machine operators, lab technicians, administrators, production supervisors, and managers.

VEDP, the Mount Rogers Partnership (Virginia's aCORRIDOR), and the Crossroads Regional Industrial Facility Authority (RIFA) assisted the Pepsi Bottling Group with its decision. Workforce training services will be provided by DBA. VDOT will assist with road access funding.

DuPont Expands in Chesterfield

DuPont plans to create more than 20 new jobs through a previously announced \$50 million investment to increase production of Kevlar para-aramid fiber at the company's Spruance facility in Chesterfield County.

"The Spruance site offers the best solution in a globally competitive marketplace considering our commitment to our customers, especially the U.S. military," said Mike Mayberry, DuPont Spruance Site Manager. "We are grateful for the working relationship DuPont has with Virginia and Chesterfield County. This type of support makes a world of difference."

VEDP and Chesterfield County Economic Development assisted the company with its decision. A \$500,000 performance-based grant from the Virginia Investment Partnership (VIP) program will assist DuPont with its expansion. DBA will provide workforce training services.

The Environment Looks Great in Lunenburg

Greenridge Environmental Corporation, a start-up environmental remediation firm, will create 165 new jobs in Lunenburg County. The company's \$9.5 million investment is Lunenburg County's largest corporate investment in more than 10 years. The company will immediately begin operations and plans to hire environmental engineering technicians and highly skilled equipment operators.

"We believe Lunenburg County provides us with the employee base necessary to form the highest level workforce available," said Ron Walmer, President of Greenridge Environmental.

A \$200,000 GOF grant was approved to assist Lunenburg County with the project. The county also obtained \$200,000 in Tobacco Region Opportunity Funds. VEDP, DEQ and Lunenburg County assisted Greenridge Environmental with its decision. DBA will provide workforce training services.



Governor Warner (right) joined (left to right) Prince William County Chairman Sean T. Connaughton, Dr. Alan G. Merten, President of George Mason University, and Jaye Gamble, Comcast Regional Senior Vice President, on a tour of the Comcast Cable Communications, Inc. facility in Prince William County. The 100,000-square-foot facility, located in the Innovation@Prince William business park, will serve as a Comcast Technology Support Center. The \$21.5 million investment will create 200 new jobs and preserve 75 existing Virginia jobs.

Governor Warner Announces Over 1,000 Jobs In One Day

Over a 24 hour period on November 13, 2002, Governor Warner made six economic development announcements across Southside and Southwest Virginia, totaling 1,208 new jobs, 180 saved jobs, and more than \$50 million in private investment. The Governor and Secretary of Commerce and Trade Michael Schewel traveled to Wythe County, Lynchburg, Henry County, Mecklenburg County and Emporia to deliver the good news. The following photos are from the Governor's November 13 tour. More information on the announcements can be found on www.YesVirginia.org.

Virginia-based Company Expands in Wythe County



Klöckner Pentaplast of America, Inc. will expand its operations, creating 108 new jobs through a \$34 million investment in Wythe County. The investment will allow the company to build a 70,000-square-foot addition to its facility in the Rural Retreat Industrial Park.

Henry County Knits New Jobs

Activewear, Inc., a start-up company that plans to manufacture high-quality fleece fabric, will open a textile manufacturing facility in Henry County. The company will create 405 new jobs through a \$5 million investment.



Cabinet Manufacturer Locates in Lynchburg

Norcraft Companies, LLC, a cabinet manufacturer, has chosen the City of Lynchburg as the location for its newest manufacturing facility. Norcraft will create 250 new jobs as it expands production output at the Lynchburg plant.

Sherwood Brands' Expansion Sweetens Mecklenburg County

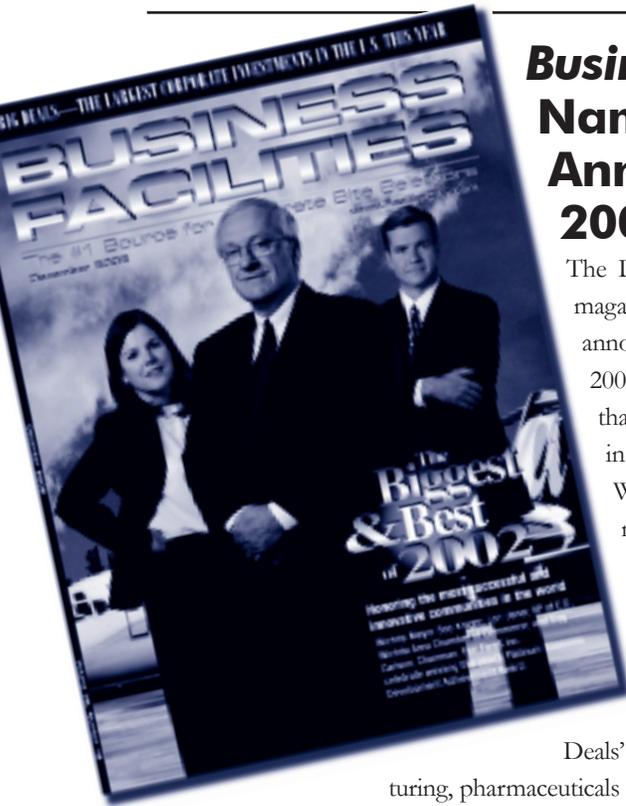
Sherwood Brands will expand its candy confection operations in Mecklenburg County. The company will create 275 new jobs at its Chase City facility through a \$2.7 million investment.



Emporia and Greenville County Welcome Two Announcements

Creative Playthings, a manufacturer of residential wooden swing sets, will expand its operations in the City of Emporia. The company will invest \$2.7 million, saving 160 existing jobs and creating 30 new jobs. American Plastics, Inc. will locate a new manufacturing facility in Greenville County. Through a \$5.3 million investment, the company will create 135 new jobs and preserve 20 existing jobs.





Business Facilities Names Lilly Announcement as a 2002 “Big Deal”

The December 2002 issue of *Business Facilities* magazine names the Eli Lilly and Company announcement one of the “Big Deals” of 2002. In May, Governor Warner announced that Lilly will invest \$425 million in a new insulin manufacturing facility in Prince William County. The project will create more than 700 high-tech jobs.

The annual “Big Deals” article, beginning on page 20 of the magazine, recognizes 13 deals from across the United States with values ranging from \$130 million to \$1 billion. This year’s “Big Deals” are dominated by automotive manufacturing, pharmaceuticals and power generators.

manufacturing, pharmaceuticals and power generators.

Virginia’s Use of Digital Technology Wins Award

Virginia was awarded a sixth-place ranking by the Center for Digital Government for its overall placement in the 2002 Digital State Survey. The survey recognizes and rewards states that are using information technologies strategically in running 21st century government. Virginia was the most improved state in the nation, jumping from the bottom half of the rankings in 2001 to sixth place in 2002.

The 2002 Digital State Survey—the survey’s fifth year—measured the use of digital technology to better deliver service to the citizens in eight separate government categories, including social services, law enforcement and the courts, e-commerce and regulation, taxation and revenue, education, transportation, digital democracy, and management and administration.

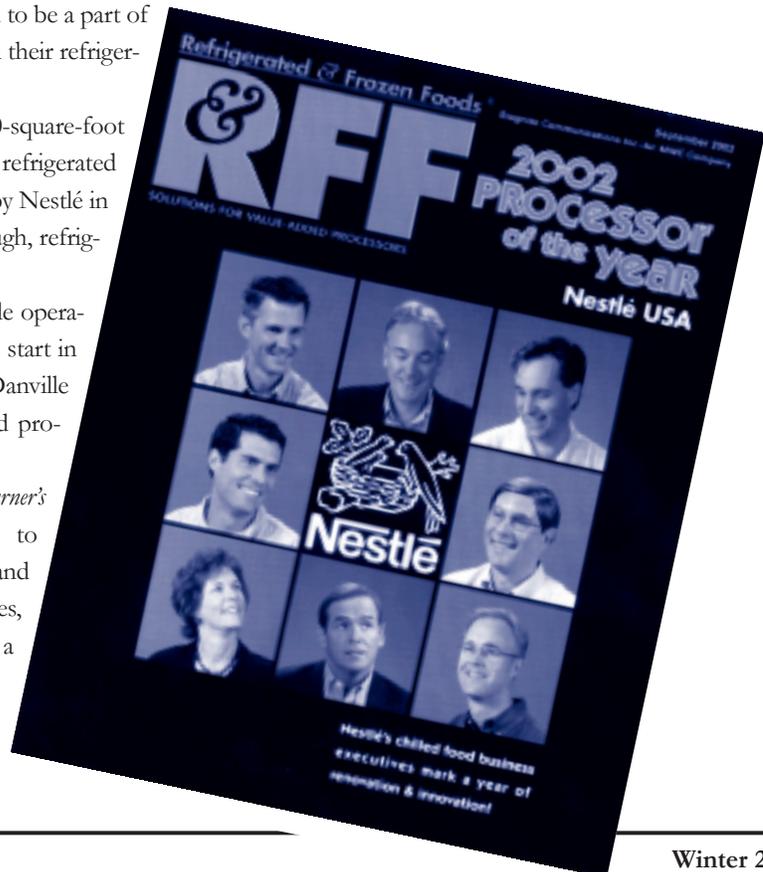
Nestlé’s Danville Facility Highlighted in National Industry Publication

Nestlé USA was named “Processor of the Year” by the national industry publication *Refrigerated & Frozen Foods*. The September 2002 issue includes a feature article on Nestlé’s Danville facility titled “Chilled to be a part of Nestlé: Nestlé’s Danville, VA employees take pride in their refrigerated pasta and cookie dough production.”

According to the article, the 14-year-old, 225,000-square-foot facility employs approximately 500 people. The only refrigerated site among the 23 manufacturing facilities operated by Nestlé in the U.S., the Danville plant manufactures cookie dough, refrigerated pastas and refrigerated sauces.

Don Nodvedt, Plant Manager for Nestlé’s Danville operation, told *Refrigerated & Frozen Foods* that from its start in 1988 as an “experimental team-based” operation, Danville has been among Nestlé USA’s most productive and progressive facilities.

Goal three of *One Virginia, One Future: Governor Warner’s Economic Development Strategic Plan* outlines ways to strengthen Virginia’s traditional economic sectors and existing businesses. Virginia’s established companies, such as Nestlé’s Danville facility, continue to play a vital role in the state’s economy.



Virginia Wood Products Media Tour a Success

In late October, VEDP hosted three national trade journalists on a three-day media tour of Virginia's wood products industry. A target industry for Virginia, wood products firms succeed in many regions of the state while the Commonwealth also exports millions of dollars in wood products each year.

Editors from *Wood Digest*, *SHELTER Magazine* and *Expansion Management* visited The Port of Virginia in Norfolk; ArborTech Forest Products and LaJobi Industries in Nottoway County; Harris-Tarkett in Patrick County; American of Martinsville in Martinsville; Mountain Forest Products in Dickenson County; Mullican Flooring in Wise County and Mountain Empire Community College in Big Stone Gap.

The editors interviewed corporate executives and plant managers from these companies as well as Virginia economic developers. Representatives from the Virginia Department of Forestry, the Virginia Department of Agriculture and Consumer Services and Virginia Tech's Department of Wood Science and Forest Products accompanied VEDP on portions of the tour. Local media also participated and covered the tour in some communities.

Media tours are part of VEDP's communications strategy to achieve positive publicity in specific industry publications read by corporate decision makers.



VEDP staff, trade journalists and Southwest Virginia allies pause for a photo after a presentation on workforce development at Mountain Empire Community College.



Noel L. Chitwood, President of American of Martinsville, discusses the company's product with Dick Baynton, Editor of Wood Digest.

Online Tools You Can Use

VEDP offers a host of online tools for both its prospects and allies across the state. Three of these tools work together as valuable online economic development resources.

For Prospects:

VirginiaScan is a marketing tool that links prospects with Virginia's available sites and buildings. Through an online search, the user can access information on available industrial facilities, office buildings and sites across the state. The link to VirginiaScan can be found on VEDP's web page, www.YesVirginia.org. This valuable database features tools such as satellite imagery, photography and topography as well as data on the state's communities. VirginiaScan provides the resources and contacts for a company to begin its site selection process in Virginia.

For Consistency:

Could you use a feature such as VirginiaScan on your community's web site? VEDP's VanillaScan tool allows you to do just that.

VanillaScan can be customized as a searchable database or a listing of the available sites and buildings in your region or community and tailored to fit the look of your site.

"This interactive tool works best on the local level," said Jean Tingler, VEDP's Director of Information Systems. "Because a locality does not have to buy a server, own the software or pay for maintenance, the VanillaScan tool can save a locality a significant amount of money."

For Accuracy:

You can access and change your database of sites and buildings through VirginiaScan Interactive. Crafted especially for your locality, you can find a link to this password-protected feature on VEDP's Ally Information Exchange, www.VirginiaAllies.org. When you update your community's information

through this interactive tool, you update both VEDP's VirginiaScan database as well as your local VanillaScan database.

"Utilizing VanillaScan has helped Virginia's Gateway Region solve two problems," said Jay Langston, Director of Virginia's Gateway Region. "First, we are now able to provide consistent site and building data, from both a state and regional perspective—and must only enter the information once. Second, we are able to obtain a very effective site and building database at essentially no cost to our organization. When you consider the consistency of the data and the minimal cost of implementation, using VanillaScan is a win-win situation."

In fall 2001, the VirginiaScan Interactive tool was awarded a Digital State Award for its utilization of eGovernment in business applications.

For more information on these online tools, contact Neal Barber, VEDP's Director of Community Assistance, at (804) 371-0022 or nbarber@YesVirginia.org

Publications Offer Allies Umbrella Advertising Rates

The Virginia Economic Development Partnership has negotiated umbrella advertising rates in *Site Selection*, *Expansion Management* and *Corporate Real Estate Leader* for all Virginia allies. To take advantage of these rates, contact the account representative directly and inform them, up front, that you're a VEDP ally. The following rates will be offered:

Corporate Real Estate Leader—the official publication of Cornet Global—will offer a six-times frequency rate to advertise in conjunction with VEDP's schedule. You must place a 1/3 page or larger advertisement.

Contact:

Kimberly Neeb

770-446-2285

5270 Peachtree Parkway, Suite 108-B

Norcross, GA 30092

Expansion Management will extend its 2002 12-times frequency rate.

Contact:

Sarah Harding

216-931-9763

1300 E. 9th Street

Cleveland, OH 44114-1503

Site Selection will extend its 2002 12-times frequency rate.

Contact:

Steve Jabon

770-650-0760

35 Technology Parkway, Suite 150

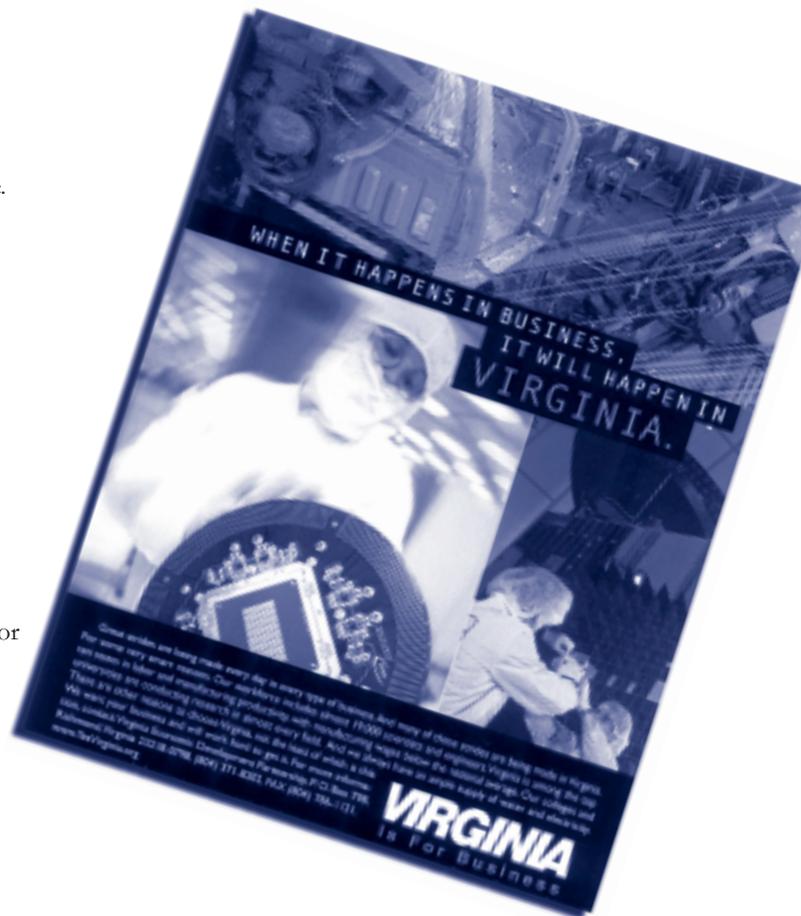
Norcross, GA 30092

For more information, contact Vince Barnett at 804-371-8265 or by e-mail: vbarnett@YesVirginia.org

Roanoke County Creates Technology Zone

Roanoke County's Center for Research and Technology (CRT) is now located in a Technology Zone. The new zone provides a series of incentives that are designed to attract technology-based companies to the park.

Roanoke County's Center for Research and Technology is a publicly owned, 457-acre business park located in the heart of Virginia's Technology Corridor. Positioned adjacent to Interstate 81 in South Roanoke County, the center is complete with all infrastructure required by corporate and industrial users including on-site water and sewer, fiber optic and gas service.



Trade Mission to China

VEDP led a trade mission to China November 14-23, 2002. Virginia Trade Manager Tom Garnett and VEDP's Hong Kong Representative Hailey Fong accompanied the group to Beijing, Shanghai and Hong Kong during their 10-day stay.

Six Virginia companies participated in the mission and more than 64 meetings occurred during the trip. The companies that were in attendance are American Bio-Systems (Roanoke), American Hi-Tech Flooring Company (Norfolk), Filtroil, Inc. (Charlottesville), Power Monitors, Inc. (Harrisonburg), Virginia Panel Corporation (Waynesboro), and Virginia Semiconductor, Inc. (Fredericksburg). Each company found at least one Chinese company in each of the three locations which has long-term potential for a business relationship.



VEDP's Hong Kong representative Hailey Fong pauses for a photo with Wayne Pittman of American Hi-Tech Flooring in Norfolk.

MEDICA

Four companies from throughout Virginia attended the MEDICA trade show in Düsseldorf, Germany, November 20-23, 2002. MEDICA 2002 was the 34th annual world forum on health services and featured numerous special events, two major congresses and the largest product display in the health service industry. The companies that attended MEDICA were Burlington Medical Supplies (Newport News), Microaire Surgical Instruments (Charlottesville), FMR, LLC (Lorton), and Hemodyne Inc. (Richmond).



The Global Market Research (GMR) program team from Shenandoah University received the Governor's Award for Excellence for their work with Resolution Resources, Inc. (RRI) of Warrenton. Secretary Schewel presented the award at the 54th Virginia Conference on World Trade in October.

Virginia's Third Annual Brazilian Inward Trade Mission

Virginia's third annual trade mission Brazil occurred from November 13-15, 2002, in Northern Virginia. VEDP's Trade Representative in Brazil André Neufeld recruited 12 Brazilian information technology companies to come to Northern Virginia and pursue export opportunities for Virginia companies.

More than two dozen Virginia companies conducted meetings with the Brazilians resulting in almost 100 meetings. Mr. Gore Friedrichs, President of General Innovation Corporation, described his experience; "I cannot imagine a better service than this kind of matchmaking and recruiting of trade delegations. The alternative, planning and expending on world travel, is simply not an option for small endeavors like ours. I never cease to be amazed at delegation after delegation which VEDP brings to Northern Virginia."

Trade Mission to Monterrey Mexico

Three Virginia companies participated in a trade mission to Monterrey, Mexico, coordinated by Margo Galvan, VEDP's Mexico Representative. There were 18 meetings with Mexican companies; the group also received briefings on doing business in Mexico from Lic. Ernesto de Keratry E., the U.S. Consul General to Mexico; Edgar González, International Commerce Coordinator for the State of Nuevo León and Fernando Doblado Rueda, a local international business attorney. The companies that participated were Virginia Panel Corporation (Waynesboro), Slocum Adhesives (Lynchburg), and Genicom (Waynesboro).

VEDP's Passport Program Jump-Starts Winchester Trade Efforts

By: *Suellen Knowles*

*Winchester-Frederick County Chamber of Commerce
Vice President, Business Advocacy*

Two years ago, the Northern Shenandoah Valley became the first Virginia community to embark on VEDP's Passport Program. Through a series of programs and workshops in Virginia's local communities, the Passport Program raises awareness of the advantages of international exporting. When VEDP selected the Winchester area as the first community to conduct the program, the Winchester-Frederick County Chamber of Commerce was eager to participate in this true state-local partnership.

The Winchester-Frederick County Chamber of Commerce has 1,200 members. According to the most recent figures, over 140 manufacturing companies are located in the region, employing 11,943 workers. One third of these companies are currently engaged in some form of international trade.

The Chamber immediately formed an International Trade Council to develop a plan to use VEDP's Passport Program as a means of jump-starting its own international program. The Passport Program events targeted available resources and showcased local businesses successfully engaged in international trade. Following the conclusion of the formal Passport Program, the Chamber's International Trade Council continued with monthly meetings addressing various topics of selling abroad. The initial events proved highly successful.

The Chamber expanded its supporting institutions to include the U.S. Export Assistance Center in Northern Virginia and the U.S. Chamber of Commerce. The U.S. Chamber offers an international leadership program for its members called TradeRoots. This year-long program assists chambers in developing international programs for their membership and utilizing federal and private trade assistance programs. The U.S. Chamber estimates

that only 500 chambers out of 3,000 provide services to their members on international trade operations.

The Winchester-Frederick County Chamber of Commerce was also offered a unique invitation by the Harry F. Byrd, Jr. School of Business at Shenandoah University. Shenandoah University has a long history of global involvement in its educational program. Currently, 200 foreign students are enrolled in both undergraduate and graduate programs. Shenandoah University's strong relationship with Tianjin Province in China quickly evolved into hosting a business delegation from Tianjin. This was the Chamber's first inbound trade mission.

VEDP's International Trade Division provided guidance and monetary support for the trade mission. Area businesses were surveyed to determine the interest of participation and to provide brochures illustrating products produced in this region. Interest proved to be high and, ultimately, 10 Chinese business leaders came to the region for a nine-day trip in October, 2002. The schedule consisted of an international trade show, one-on-one meetings, and visits to corporations and related institutions. Evening receptions helped to forge relationships and promote all aspects of the community. Four memorandums of understanding with Virginia companies were signed the last evening indicating that negotiations would continue toward commercial ties.

The success of the Winchester-Frederick County Chamber of Commerce's international program can be traced to its participation in VEDP's Passport Program and to the on-going assistance provided by VEDP's Division of International Trade, as well as assistance contributed by federal agencies and numerous private sector supporters. The Winchester-Frederick County Chamber of Commerce encourages other Virginia communities to make full use of the resources offered by VEDP's International Trade Division. Their encouragement and support permitted this region to truly see the world for all its opportunity.



Cover Story continued sessions, held in Manassas, Richmond, Irvington, Richlands, South Boston, Weyer's, Cave and Lynchburg drew 730 participants to share their ideas and concerns about the Commonwealth's economic development future. Planning Council members attended input sessions as their schedules allowed so that they would be personally conversant with the process and the tenor of the input.

Participants at the regional input sessions heard a message from Governor Warner, followed by an overview of Virginia's economy. They then went to work in smaller facilitated groups structured around the seven goal areas. Participants first identified economic strengths and barriers related to that work group's goal and then suggested strategies that would help address the barriers. All input on strengths, barriers and suggested strategies was recorded and compiled.

After the last session, staff analyzed and synthesized the input material. For the first time ever, many who attended the input sessions and others who were unable to attend submitted comments and ideas by e-mail. Common themes on strengths, barriers and strategies that recurred at multiple sessions surfaced, as well as issues that had particular regional significance.

The Planning Council met for a second time on October 8, 2002, to review the synthesized material from the input sessions. Secretary Schewel led a discussion on the suggested strategies associated with the Planning Council members. While the input sessions had yielded a wealth of suggested strategies, it was not possible to pursue action on all of them. The discussion at the second meeting served to consolidate and work through the suggested strategies, and identify those most appropriate for recommended action.

Secretary Schewel then forwarded these recommendations to Governor Warner for his consideration. These ideas served to clarify and reinforce the sense of priorities and commitment around the Commonwealth regarding economic development. They also served

as an important foundation for *One Virginia, One Future*.

The complete plan is available on VEDP's Ally Information Exchange website, www.VirginiaAllies.org. Some specific strategies include:

- Focus on jobs paying higher than the average prevailing wage, and include wage growth as a measure of economic development success.
- Develop an integrated, seamless Virginia workforce services system that provides a single point of entry for employers and workers.
- Protect and support Virginia's military bases, including support for upcoming BRAC developments.
- Make Virginia the "most connected" state with the highest percentage of home hookups to affordable broadband.
- Reduce by half, within 10 years, the percentage of adults in distressed areas who do not have a high school diploma or equivalent.
- Ensure there is professional tourism leadership at the statewide level.
- Develop a concerted Virginia international strategy coordinating the activities of VEDP, the Virginia Port Authority, and Virginia Department of Agriculture and Consumer Services.



After presenting his economic development plan, Governor Warner greets attendees at the Virginia Economic Development Seminar.

VEDP Budget Update

This summary details how VEDP was specifically affected by the October budget reductions. VEDP's overall budget for fiscal year 2003 (the current year) was reduced by 10.1% or \$1.2 million. In fiscal year 2004 (July 1, 2003–June 30, 2004), the Partnership's budget will be cut 11.6%. More critically, it is important to note that VEDP's budget has been reduced by almost 25% since fiscal year 2001.

In making specific reductions, VEDP leadership concentrated on preserving its core effort to create jobs and investment through business development and export promotion. The divisions of Business Development, International Trade, Research and Communications and Promotions represent the bulk of the core program and 70% of the total budget. While reductions have taken place in these areas because of the magnitude of the cuts, VEDP's focus will remain on its fundamental mission.

Personnel

Nineteen personnel reductions took place across the entire organization through elimination of five vacancies and 14 layoffs. VEDP's sales force was not reduced.

Marketing Events

VEDP will reduce the number of trade shows, events and marketing missions to save costs such as exhibit fees and travel. On the business development side, 14 shows and events are canceled out of 70 for both fiscal years 2003 and 2004. Upcoming shows that are cut include SAE, CeBIT, Hannover Trade Fair, and SuperComm. Four marketing missions out of 24 are cut from the same calendar. Missions to Florida in February and the United Kingdom in March will not take place. For international trade, two of 17 shows and events are canceled and one mission was cut from the original nine. In

Quarterly Calendar

DATES CONTACT EVENT

Sept. 30–Oct. 1	SK	Mission from Saudi Arabia
Jan. 13–16	VB	Automotive News World Congress—Detroit, MI
Jan. 13–17	CR	Southern California Marketing Mission
Jan. 19–21	JB	NASFT Fancy Food Show—San Francisco, CA
Jan. 25–31	JB	Photonics West - San José, CA
Jan. 30–Feb. 6	SK	Trade Mission to Saudi Arabia
Feb. 18–20	JB	SOUTH-TEC - Greenville, SC
Feb. 18–21	SK	Trade Mission from Poland to Virginia
Feb. 19–21	JB	West Pack 2003/Medical Design & Manufacturing West—Anaheim, CA
March 12–19	SK	CeBIT 2003—Hannover, Germany
March 17–19	VB	CTIA Wireless—New Orleans, LA
March 19	DM	Virginia Economic Development Seminar —Williamsburg, VA

JB	Jerry Broadway	VEDP	(804) 371-8194
SK	Scott Kennedy	VEDP	(804) 371-0052
DM	Debbie Melvin	DBA	(804) 371-0371
CR	Chuck Rogers	VEDP	(804) 371-8189
VB	Vince Barnett	VEDP	(804) 371-8265

total, 21 VEDP-sponsored events are canceled this year and next.

Advertising

VEDP's advertising budget was reduced by \$803,761 for fiscal years 2003 and 2004. As a result, VEDP will eliminate CEO and broad image advertising, which had been accomplished through the use of television. This change reduces VEDP's ability to continue to "brand" Virginia as a place to do

business. VEDP will continue advertising in target industry trade publications and some economic development journals, but not at the same frequency.

Other miscellaneous cuts were made to VEDP's operating budget to meet the Governor's October requests. To stay up to date on the latest budget news affecting VEDP, check the Ally Information Exchange at www.VirginiaAllies.org.

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DID YOU KNOW?

In a recent PricewaterhouseCoopers study, CEOs ranked Virginia #1 as the state most willing to competitively negotiate incentive packages. In support of the state's pro-business environment, Virginia offers a range of fiscally responsible incentives and services to assist business growth and reduce the costs of opening or expanding a facility within the Commonwealth. The study can be found on www.barometersurveys.com.



Secretary of Commerce and Trade Michael Schewel (right) presents VEDP Executive Director Mark Kilduff (left) with a Service Award commemorating his 35 years of service to the Commonwealth of Virginia. Mark joined the Division of Industrial Development (which later became the Department of Economic Development and VEDP) in 1967 as an economist. He became Executive Director of VEDP in 1999. Because Mark is famous for wearing bowties, many VEDP staff members honored Mark's accomplishment by donning bowties to the award presentation.

Be sure to check out our Ally Information Exchange web site at www.VirginiaAllies.org.