Charlottesville

AN INNOVATIVE FRAMEWORK FOR ECONOMIC GROWTH

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VEDP | Virginia Economic Development Partnership
VEDP.org

framework

(ˈfrām-wərk) *noun*

the principles and processes of an enterprise

economic growth

(e-kə-ˈnä-mik ˈgrōth) *noun*

employment growth across the entire economy

innovative

(ˈi-nə-vā-tiv) *adjective*

novel application of an idea or invention, often building on an existing foundation

see: Economic Development in Virginia

TRANSFORMATIONAL GOALS FOR THE COMMONWEALTH

1 **Robust State Growth**
Position Virginia to achieve a growth rate among that of the top 5-10 states in the U.S.

2 **Every Region Wins**
Ensure that every region participates in the growth of the Commonwealth

3 **Best State for Business**
Restore Virginia to its previous leadership position near the top of the national business climate rankings

4 **Top State EDO**
Reestablish VEDP as one of America's most effective state economic development organizations

5 **Super Collaborator**
Exhibit collaboration and coordination as hallmarks of VEDP (i.e., place a central focus on the "P" in VEDP)

IN THE PAST FIVE YEARS WE HAVE MADE MARKED IMPROVEMENTS, YIELDING STRONG RESULTS

Better capabilities

- Established new capabilities / teams (Talent Accelerator, VOEE, Real Estate Solutions)
- Enhanced lead generation and FDI attraction offices
- Improved project management in Research
- Developed strong Value Proposition research and materials for target industries
- Implementation of Virginia's first-ever comprehensive International Trade Strategic Plan
- Accelerated the Regional Talent Solutions and Business Outreach team

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Better collaboration

- Provided regular VEDP updates to partners ('VEDP updates', activity reports, etc.)
- Partnered with Virginia Chamber Foundation to launch Team Virginia
- Engaged site selection consultants (e.g., marquee events, outreach)
- Strengthened External Affairs team
- Accelerated the Virginia Business Ready Sites Program w/ stronger funding
- Launched the $2B Tech Talent Investment Program

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Better results

- Secured transformational project wins (e.g., HQ2, LEGO, DroneUp, Morgan Olson, Micron, AWS)
- Achieved notable rankings: CNBC No. 1 State for Business
- Improved economic outlook in a material way
- Navigated the economic challenges of a global pandemic
- Launched distinctive marketing campaigns: strong marketing brand reinforced by distinctive collateral (e.g., *Virginia Economic Review*)

PROGRESS HAS BEEN MADE ON ALL FIVE GOALS

Transformational goal	Progress to-date	Outlook
1. **Robust state job growth**	▪ Improved 10-year job forecast growth rank from No. 28 in 2017 to No. 23 today[1] (peaked in 2020 at No. 14) ▪ Forecast to rank No. 20 in 10-year job growth relative to pre-pandemic levels; bold action required to reach growth goals[2]	✓ (yellow)
2. **Every region wins**	▪ The number of marketing regions projected to grow jobs increased from 4 in 2017 to 15 today (18 total regions)[1] ▪ Expected to grow jobs in 11 regions relative to pre-pandemic levels by 2026[2]	✓ (yellow)
3. **Best state for business**	▪ Improved roughly two spots on average across the top state business climate rankings; trailing in perception-based rankings	✓ (yellow)
4. **Top state EDO**	▪ Named most competitive state EDO (*Site Selection,* 2019) ▪ Developed Virginia Talent Accelerator Program, International Trade Plan, Virginia Office of Education Economics (VOEE), *Virginia Economic Review,* best-in-class site intelligence, and incentives administration	✓ (yellow)
5. **Super collaborator**	▪ Improved communication through Quarterly Partner Reports, prospect protocols, and post-project surveys	✓ (green)

- 🟩 On track to achieve long-term goals with no major concerns
- 🟨 Will make progress against long-term goals but concerns
- 🟥 Will likely not meet goal (typically due to lack of funding)
- ⬜ Not started

[1]2017 forecast reflects then-current 2017-2026 job growth predictions, present 10 year-job forecasts reflect 2022-2031 job growth

[2]December 2019 used as baseline to account for impacts of the pandemic

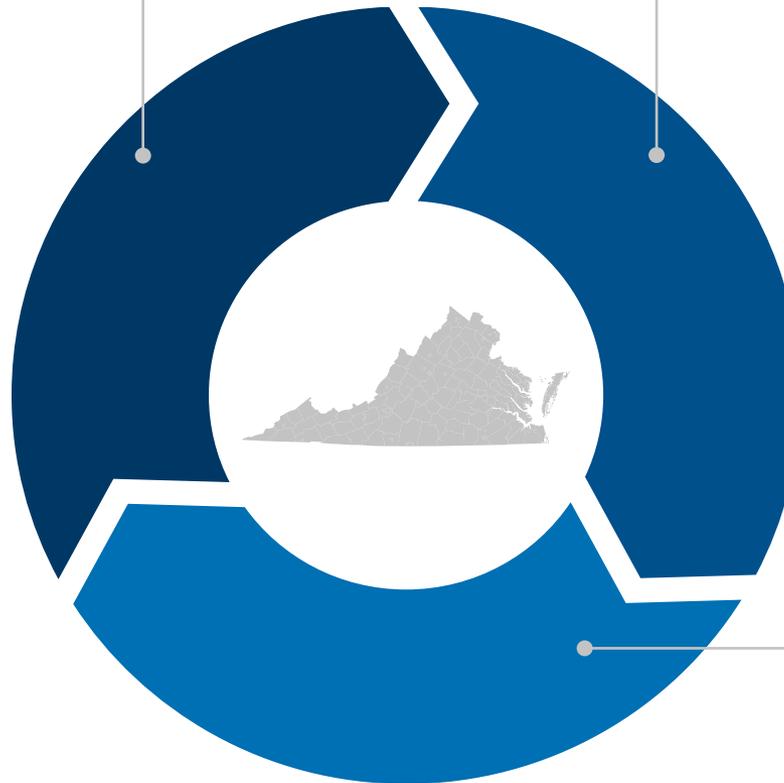# PRIORITY SECTORS ARE CRITICAL TO EMPLOYMENT GROWTH, YET VIRGINIA IS FORECASTED TO HAVE AVERAGE PERFORMANCE

Cluster	Virginia			U.S.		VA projected 2022-30 growth ranking
	Employment, thousands (2022)	Employment growth, CAGR (2022-30)	Share of tradable sector growth	Employment growth, CAGR (2022-30)	Share of tradable sector growth	
Knowledge work	719.6	1.0%	51.4%	1.3%	46.0%	31
Manufacturing	108.0	1.3%	9.7%	0.7%	8.0%	13
Logistics	85.2	0.5%	3.1%	1.4%	10.4%	37
Total priority sectors	**912.8**	**-**	**64.2%**	**-**	**64.4%**	**24**

THIS INNOVATIVE FRAMEWORK WOULD PUSH THE BOUNDARIES OF "TRADITIONAL" ECON DEV TO FOCUS ON BUILDING ECOSYSTEMS

Deal Excellence
- Better leads
- Improved yield (i.e., project win rate)
- Greater volume of project wins (e.g., jobs, capex)
- Customized comprehensive solutions (e.g., workforce, talent pipeline, sites, incentives)

Traditional VEDP focus

Ecosystem Building
- Enhanced competitiveness (e.g., more/ better talent, infrastructure, connectivity)
- Start-up formation
- Homegrown companies becoming anchors
- Organic employment growth

Priority for accelerating economic growth; Requires new ways of thinking and working

Economic Performance
- VA leads nation in employment growth (%)
- Growth led by core sectors – from middling (~25th)...to top tier (<10th)...to top of nation (1st)
    - Knowledge work
    - Manufacturing
    - Logistics

AN INNOVATIVE FRAMEWORK FOR ECONOMIC GROWTH

Our Goal:
Deliver nation-leading economic performance by building an economic development enterprise that positions Virginia as an unparalleled business location

Sector Depth
Developing deeper sector-based focus, expertise, and alignment

Robust Ecosystems
Putting greater, coordinated focus on strengthening ecosystems that will generate greater project-based and organic employment growth

Commonwealth Collaboration
Building a new "whole-of-government" approach aligned with local / regional partners to deliver impact in more direct, holistic ways
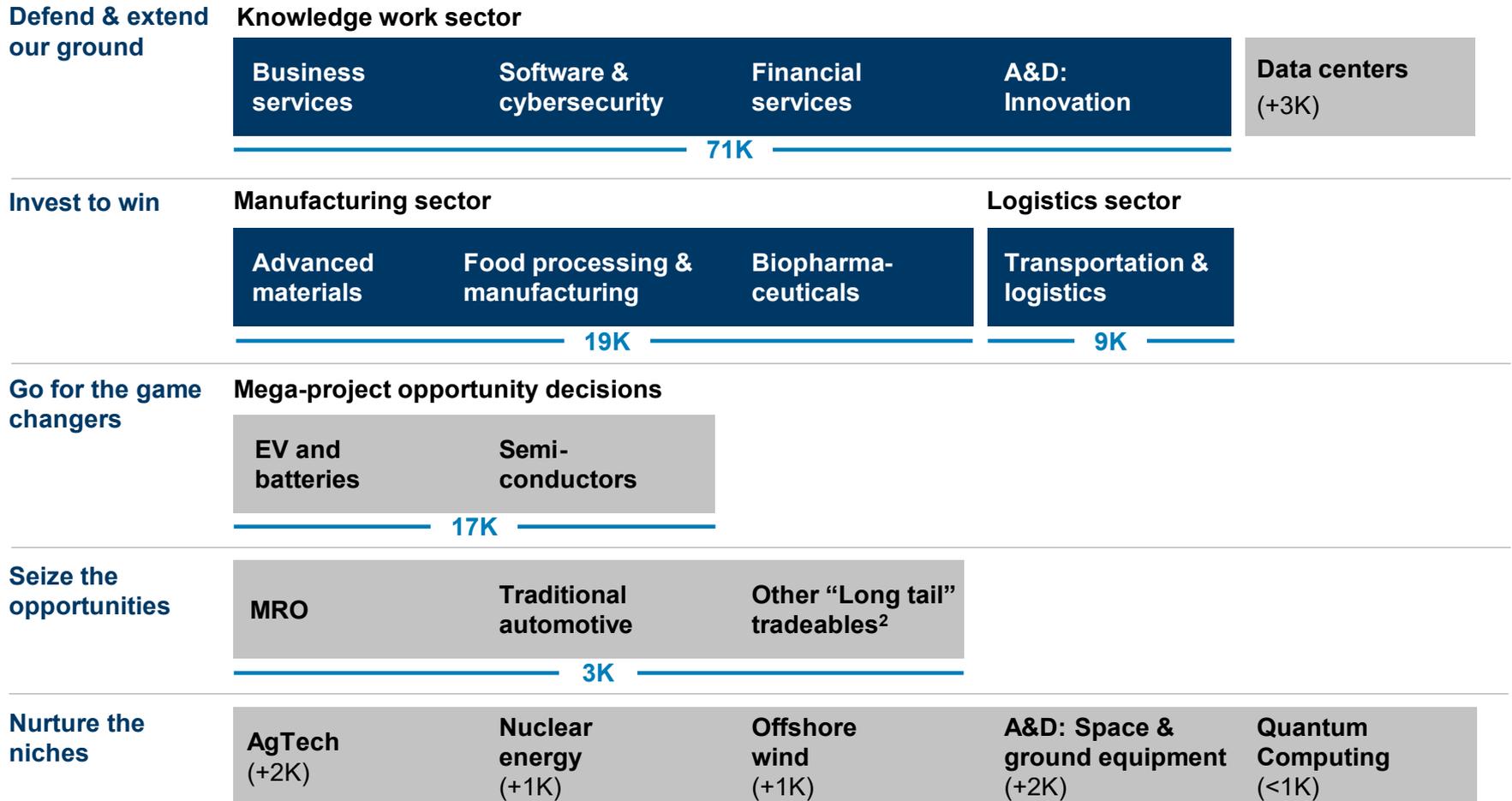
Success looks like:
- Virginia is a leading state for employment growth in target sectors, generating nation-leading economic performance
- More people are moving to Virginia than moving away
- Overall project wins have increased, including an increase in transformational project wins

CORE SECTORS UNDER THE FRAMEWORK ARE BASED ON POTENTIAL JOB GROWTH AND ALIGNMENT WITH VIRGINIA'S STRENGTHS

Priorities for go-to-market action planning
(upper range estimate for total additional employment by 2025[1])

■ Combined cluster employment estimate   ■ Core sector focus   ■ Traditional approach

Defend & extend our ground

Knowledge work sector

Business services	Software & cybersecurity	Financial services	A&D: Innovation	Data centers (+3K)

71K

Invest to win

Manufacturing sector   **Logistics sector**

Advanced materials	Food processing & manufacturing	Biopharma-ceuticals	Transportation & logistics

19K   9K

Go for the game changers

Mega-project opportunity decisions

EV and batteries	Semi-conductors

17K

Seize the opportunities

MRO	Traditional automotive	Other "Long tail" tradeables[2]

3K

Nurture the niches

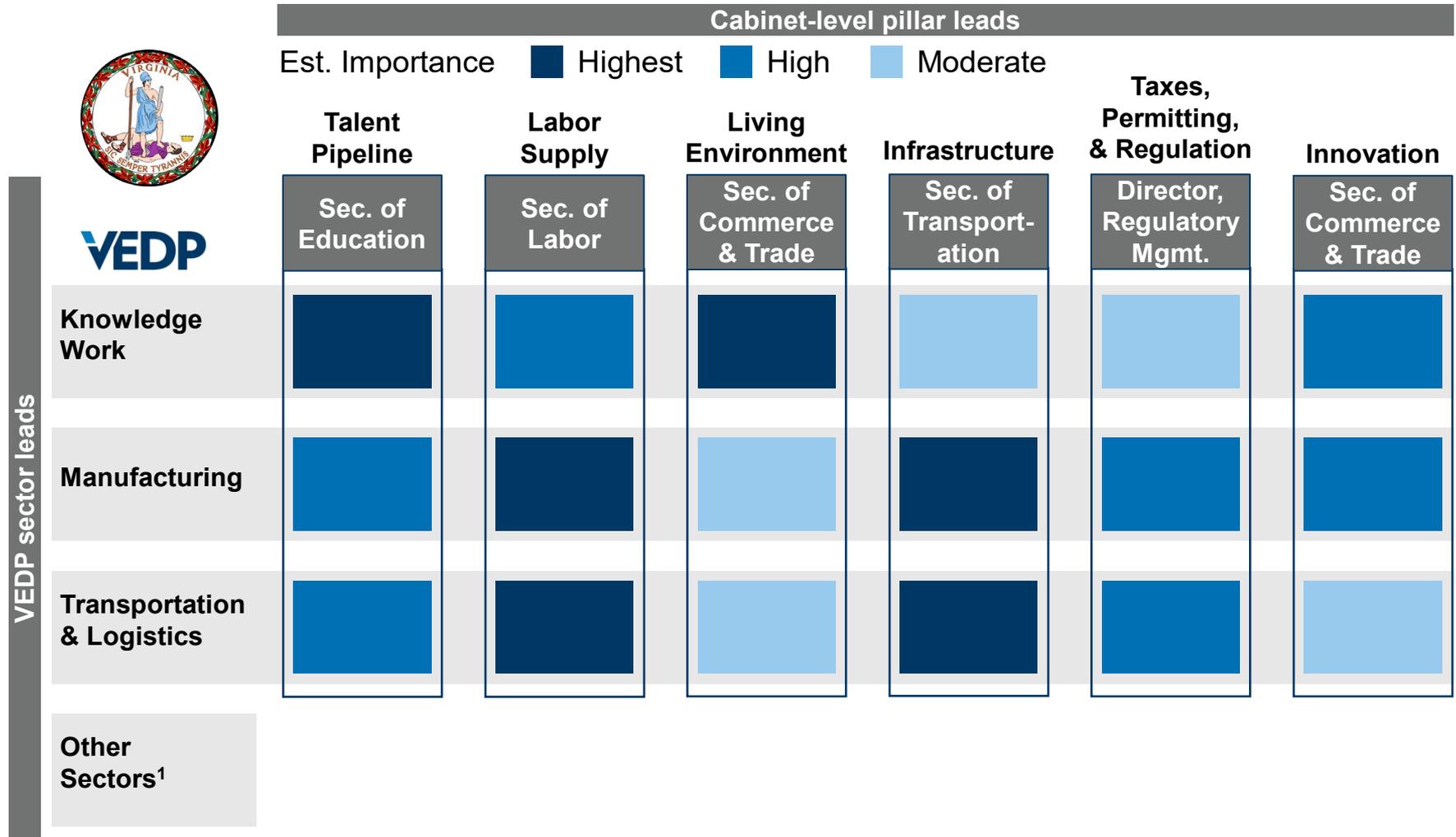| AgTech (+2K)	Nuclear energy (+1K)	Offshore wind (+1K)	A&D: Space & ground equipment (+2K)	Quantum Computing (<1K)

[1]Includes direct, indirect, and induced jobs
[2]Other "Long tail" tradeables includes: tradeable portions of construction, hospitality and tourism, education, misc. wholesale
Source: Lightcast; McKinsey analysis

VEDP AND PARTNERS WILL COLLABORATE TO BUILD ECOSYSTEMS IN CORE SECTORS THROUGH PILLAR-SPECIFIC INITIATIVES

	Cabinet-level pillar leads					
	Talent Pipeline	Labor Supply	Living Environment	Infrastructure	Taxes, Permitting, & Regulation	Innovation
	Sec. of Education	Sec. of Labor	Sec. of Commerce & Trade	Sec. of Transport-ation	Director, Regulatory Mgmt.	Sec. of Commerce & Trade
Knowledge Work	Highest	High	Highest	Moderate	Moderate	High
Manufacturing	High	Highest	Moderate	Highest	High	High
Transportation & Logistics	High	Highest	Moderate	Highest	High	Moderate
Other Sectors[1]						

Est. Importance: ■ Highest ■ High ■ Moderate

[1] Includes EV and Batteries, Data Centers, Semiconductors, Traditional Automotive, Headquarters, Maintenance/Repair/Operations (MRO), Ag Tech, Nuclear Energy, Offshore Wind, Aerospace and Defense Space and Ground Equipment, Quantum Computing, Wood Products, other long-tail tradables

HOW YOU CAN ENGAGE / NEXT STEPS

General Feedback

Provide your input and feedback as we translate our vision into reality

Sector Depth

Think about how your communities' activities align with sector-team focus areas, and consider ideas and tactics

Robust Ecosystems

Begin considering things you can do in your community / region to build a more robust ecosystem for these sectors

Commonwealth Collaboration

Consider ways to deepen collaboration between VEDP and partners in this Framework

THANK YOU

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