

# BUSINESS RETENTION AND EXPANSION

DATE September 25, 2019 for VIED

# WHY is BRE IMPORTANT?

Think of the companies in a community as parts of an investment portfolio. The value of the portfolio is the sum total of the value of the individual companies. An investor is constantly asking about growth potential, value, diversity, balance, etc.

Therefore, like an investor, community leadership should be asking, which are our most valuable companies?

- Which are our growth companies?
- Which are stable?
- Which companies are in decline?

Now, given that knowledge (value, growth, risk), how should the community/economic development organization invest their resources to maximize long-term value of the portfolio?

Is the portfolio being neglected? What is the cost/consequence of a failure to act?

Eric Canada, 2002

# BRE VALUE PROPOSITION

## GOAL

Increase private investment and new job creation, resulting in improved economic health of community, employment opportunities for citizens, and tax dollars for public services

## OBJECTIVE

To assist existing businesses in finding timely solutions to their barriers to sustainability and growth.

# BRE LOCAL & STATE IMPACT

- Higher percentage of new jobs and capital investment come from existing businesses
- Retention of capital base secures tax revenue for state and locality.
- Local relationships yield cost-efficient outreach.
- Identify issues/impediments before they become a crisis.
- Meetings validate business climate and identify business improvements.
- Identify recurring themes and industry trends.

# A COMPREHENSIVE BRE STRATEGY

Educates your elected officials, IDA/EDA members, and the general public about the critical importance of existing business support.

Devotes the time necessary to have a successful program.

Builds a service team of state, regional, and non-profit, and other public and private partners.

**BRE should be an ongoing initiative and balanced with BA activities.**

# The BRE APPROACH

- Establish priority business list – major employers, largest taxpayers, basic industry, small business
- Initial Business Roundtable - get to know business managers and obtain their input
- Can use volunteers and/or staff in visitation program
- Who makes up the service team?
- Include local customer service initiatives – Fast Track Permitting, etc.

# **ANTICIPATE & UNDERSTAND ISSUES**

- **Workforce Challenges**
- **Location Issues**
- **Infrastructure Needs**
- **Proximity to Network**
- **Change in Ownership/Management**
- **Industry Challenges – Disruptive Elements to Business**

# ATTRIBUTES of EFFECTIVE BRE

## **Research**

Know Your Customer

## **Outreach**

Listen to Issues, Diagnose Opportunities and Problems

## **Resource Team**

Technical Specialists; Utilized as Needed for Client Service

## **Management**

Oversight of Client Service Process; Quality Assurance

## **Data**

Creates Factual Inventory of Individual Client Issues and Trends for All Clients



# BRE RESOURCES TEAM

- Banks and Financial
- Community and Economic Development Local Government
- State Government
- Federal Government
- Public Safety
- Real Estate
- Transportation
- Planning & Zoning
- Utilities
- Workforce Development
- Chamber of Commerce

# IMPLEMENT PROVEN TACTICS



# BRE Contributions to Economic Success

Of all VEDP announcements in FY19, the following percentages came from existing Virginia businesses\*:

- 71% Announcements
- 26% Jobs Created
- 63% Capital Investment Announcements

**\*** *Includes H2Q statistics*

## Resources for Review

<http://www.bre.guru/BRE>

[www.iedonline.org](http://www.iedonline.org)

<https://brei.org/>

# VEDP OVERVIEW

- Principal state economic development organization (EDO) for Va., with 118 employees
- 17-member governing board that provides continuity across gubernatorial terms
- Focus on attracting, retaining, and growing traded-sector firms (>50% out-of-state sales)
  - E.g., corporate HQs, manufacturers, R&D centers, distribution centers, data centers
  - Retailers, local service providers benefit indirectly (most have 100% in-state sales)
- Seven core divisions
  - **Business Investment:** works to secure business recruitment and expansion wins
  - **Marketing and Communications:** manages marketing of Va. and announcements
  - **Research:** provides data, analysis, and maps to support Business Investment team
  - **International Trade:** helps hundreds of companies expand their international sales
  - **Workforce:** regionally-based directors manage VJIP workforce grants program
  - **Economic Competitiveness:** develops strategies for economic growth and rankings
  - **Incentives:** manages incentives, including due diligence, reporting, clawbacks
- Important support functions: external affairs, IT, fiscal, legal, human resources



# IDENTIFICATION OF KEY COMPANIES

## Target High-Value Companies

- Develop target list of economic-driver companies, in collaboration with VEDP's Research and Economic Competitiveness divisions
- Criteria:
  - ✓ Major direct and indirect employers
  - ✓ Payroll tax
  - ✓ Economic impact multipliers
  - ✓ Supply chain impact
  - ✓ Growth potential
  - ✓ At-risk industries
  - ✓ Strategic high-growth firms and industries to Virginia
  - ✓ Revenue
- High-value targets to regional and local partners
- Companies receiving recent state discretionary incentives

## Business Process Outsourcing



## Headquarters



## Food & Beverage Processing



## Cybersecurity



## Data Centers



## Software



## Life Sciences



## Advanced Materials



## Aerospace



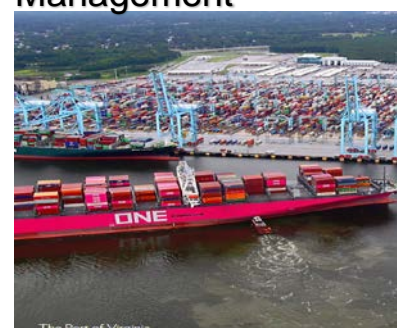
## Automotive



## Wood Products



## Supply Chain Management



## Unmanned Systems





# BUSINESS INTELLIGENCE THROUGH COMPANY MEETINGS

## Execute Corporate Outreach by Understanding Businesses' Challenges and Opportunities

- Implement a tactical BRE outreach strategy through collaboration with local and regional EDOs
  
- Approach:
  - In-person meetings with corporate executives
  - Pre-meeting company and industry research and past VEDP support
  - Identifying common issues/policies impacting growth
  - Relationship enhancement between VEDP and senior business executives and local/regional economic development leaders
  - Business expansion opportunities identified on BRE visits which need state-level project management will be assigned a VEDP Business Investment Manager; BRE Managers may provide appropriate support

# VEDP BRE STRATEGY AND OBJECTIVES

## Community Collaboration for Strategy Development

- Develop VEDP community engagement strategy with feedback from regional and local economic development offices
- Coordinate with local and regional economic development offices to confirm target companies seeking input on corporate intelligence
- Conduct joint business visits with local and regional partners

## Implementation and Deliverables

- Engage with Virginia companies identified as high-value targets by:
  - Conducting corporate visits
  - Developing and employing tailored research and messaging
  - Providing timely and relevant follow-up
  - Leveraging other VEDP and state assets to service company requests
- Collect and track business climate themes for the purpose of influencing business-favorable policies

# BUSINESS INTELLIGENCE THROUGH COMPANY MEETINGS

## Execute Corporate Outreach

### Data Collected in Business Visits:

- Challenges
- State Support Needed
- Comparison between VA and other states
- Technology Issues
- Future Plans
- Future Opportunities
- Third Party Businesses
- Referrals to: International Trade, Workforce Solutions, Port, Economic Gardening
- HQ Visit Request
- Supplier/Sourcing Inquiry
- Policy Inquiries

### Identifying Recurring Themes

- Business Environment
- Current Location
- Customers/Suppliers
- Opportunities/Threats
- Incentives
- Industry Challenges
- International Trade
- Logistics/Transportation
- Quality of Life
- Regulatory/Policy Issues
- Tax Structure
- **Workforce Solutions**

# CORPORATE HEADQUARTERS STRATEGY

## Implement a Corporate Headquarters Strategy

- Focus on companies with a Virginia presence and an outside-of-Virginia headquarters
- Establish relationships with local branches or operating facilities
- Determine how corporate decisions are made and how to influence growth at Virginia sites
- Shape VEDP's Marketing Calendar to identify and prioritize key corporate headquarters for VEDP visitations

# SUPPLY CHAIN RECRUITMENT STRATEGY

## Develop New Industry Outreach Strategy

- Launch a plan to identify the customers and suppliers of established Virginia companies
- Identify key suppliers that would become targets for the Business Investment division's Lead Generation Team
- Utilize regionally established target industry studies to shape the conversation surrounding supplier groups and clusters; convene regional industry roundtables, with local and regional EDOs, to identify suppliers for coordinated outreach

# VEDP SUPPORT FOR GROWTH COMPANIES

## Identifying Candidates for Economic Gardening Program

VEDP partners with the National Center for Economic Gardening to offer strategic growth support for second stage companies.

- Offered to candidates at no cost, funded by VEDP
- Provided value to companies not fitting the typical eligibility criteria for VEDP administered incentives



Second Stage Companies:

- Privately Held
- 10-99 Employees
- \$1-50M in Revenue

Offer:

- Strategic market research
- Search engine optimization
- Social media marketing
- Geographic information systems

# THANK YOU

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