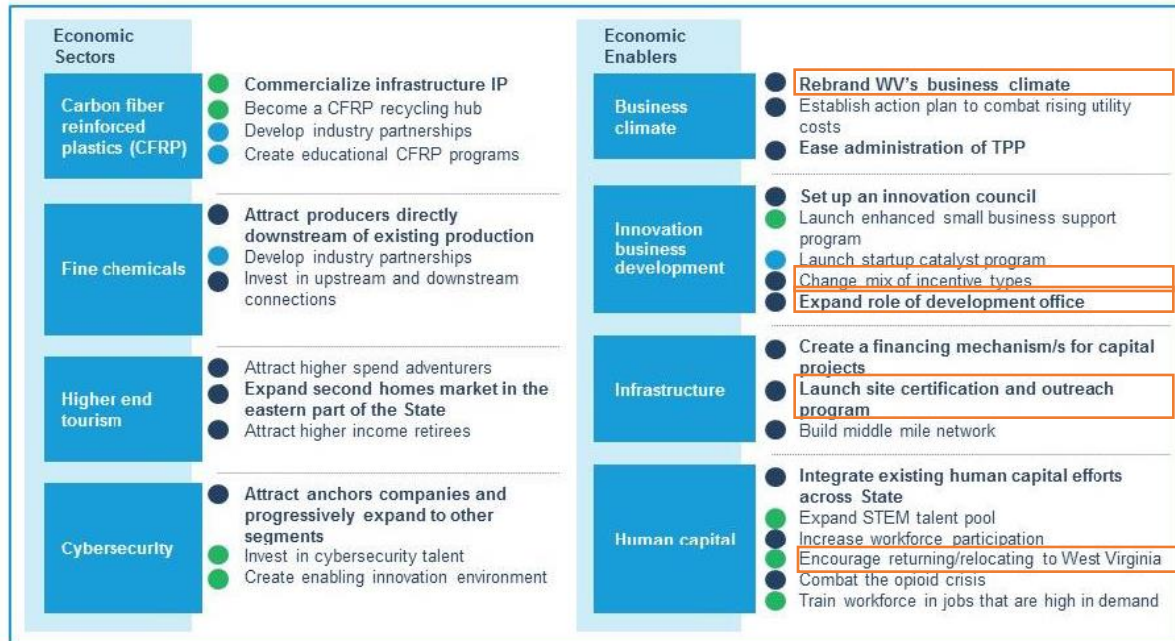


West Virginia Development Office – Framework for Budget Enhancement 2018

Summary of findings from WV Forward (McKinsey) study

● Joint action items ● WVU/Marshall action items ● State action items



Recommendations to be executed with following budget request

1. Strategic Investment Program – 60%

This fund will be used to mitigate weaknesses or close critical infrastructure gaps for specific economic development projects that will result in significant capital investment and job creation from the private sector. This is a diversification effort.

- site prep mitigation
- last mile broadband, site specific infrastructure such as gas, power, etc.
- building modifications for technology based and industrial projects
- water projects of opportunity
- sewer projects of opportunity

Examples of how funding has been used in the past:

- Water and sewer extension for major investments from Procter & Gamble and Roxul
- Funds are typically distributed to a local economic development authority or municipality to invest in infrastructure necessary to support low risk projects.

-Economic Returns Driven: Funding decisions are based on extensive due diligence, risk mitigation, and an Economic Impact Model developed by WVDOC and WVU. Typical payback is 3-5 years based on incremental payroll tax alone. This does not factor in multiplier effects.

-Accountability: A Performance Agreement is executed with the company to ensure minimum job and capital investment thresholds are met. Agreements contain claw back provisions requiring the company to repay on pro rata basis portion of non-performance. Monitoring and compliance measures will be established along with reporting, enforcement, and public acknowledgment.

2. Site Readiness Program – 30%

This program will allow WVDO to be proactive in identifying viable economic development sites and appropriately representing them to the site selection community. Site selection consultants do 90% of information gathering and site investigation before ever contacting local or state economic development offices. The WVDO has been told that WV gets eliminated early because of the lack of information, as well as, it's sometimes hard to recommend a WV site because of too many unknowns. Resources are needed to study sites to find basic utility information, evaluate environmental impact, and demonstrate a site's ability to meet the timeline of prospects. WV has missed out on hundreds of job creating projects over the last five (5) years due to a lack of competitive locations. WV is an outlier in developing and funding a Site Certification program. Twenty-Eight (28) states have state-wide certification programs and every neighboring state, except Maryland, has a program to improve sites.

- **Strategic Business Attraction Property Preparedness**

Strategic Business Attraction Property Preparedness – WVDO will utilize for certain strategic sites that could attract mega projects such as the recent Toyota/Mazda automotive assembly plant. WV was eliminated in from this search due to inadequate site readiness.

- **Local Economic Development Site & Building Support**

Economic Development Grants – Mini-grants awarded to Local EDAs for Site and/or Building Studies

– Available matching fund for Economic Development Groups to improve sites and/or buildings. Match at a dollar for dollar match

- **Site Certification and Readiness Program**

Site Readiness – WVDO will evaluate available sites within the WV Sites Selector Database and other available sites via a fatal flaw/gap analysis.

Site Certification – WVDO will utilize funds to improve and/or qualify sites for 3rd Party Certification, WV Certification, Shovel Ready, or Available Status. These designations will allow the WVDO to present these sites to companies from market sectors as identified in the WV Forward report. A portion of line item may be used to match federal available funds that WVDO is pursuing.

3. Sales and Marketing Enhancement Plan – 10%

- Expand sales staff and establish a more proactive and wide reaching marketing plan*.
- Rebrand State’s business climate

***West Virginia Development Office Sales and Marketing Enhancement Overview**

With significant improvements to West Virginia’s business climate, recent investment successes and other factors, the state has an opportunity to attract additional manufacturers (automotive, aerospace, chemicals, etc.) and to develop opportunities in technology sectors (cybersecurity, software development, etc.) that will further diversify West Virginia’s economy. In order to take advantage of this opportunity, we are proposing to greatly expand our business development efforts in the U.S. and internationally.

The following is a breakdown of how additional funding will be allocated:

1. Marketing Support Funds

Marketing outreach including individual meetings with site location consultants, industry associations and national business groups in our sectors of interest. Activities may include sponsoring of conferences and related activities. Example targets include national site selection firms such as JLL, CBRE, Colliers, Newmark, etc.

2. Marketing Events

The Greenbrier Classic was a premier event for WVDO to reach corporate site selectors. In 2017, this tool was taken off the table for WVDO. Assuming it’s off the table, WVDO will use other events both in and out of WV to attract the attention of C-level decision makers and potential clients. This will include hospitality events at national venues and appropriate sales collateral.

3. Lead Generation Campaigns (Digital Media)

West Virginia must invest in digital media to reach the global market. At a minimum, we will create 50 high impact videos of successful West Virginia companies and use digital media to drive this message. An outbound and inbound digital strategy will be developed to cast a wide net for West Virginia.

4. Marketing Outreach to Technology Sector

Sales trips to recruit companies in cybertechnology, IT, and other technology sectors. Trips to include, Seattle, Boston, New York, Austin, San Francisco, et al. In-state Women in Technology, “gamers” conferences and similar activities. This is a specific diversification strategy that will support our fundamental competitiveness in the IT sector. With recent wins such as Core 10 and N3 we have proven WV offers a competitive value proposition. Rather than being reactive, we will take this product to the market.

5. Lead Generation Services (U.S. and Canada)

Based on the success of lead generation services provide by ROI, RCI and other companies, we intend to enter contracts with similar firms in which they will identify potential investors and arrange appointments for our Sales Representatives.

6. Expand Overseas Representation

Increase the effectiveness of existing offices in Europe and Japan and establish representatives in other countries of interest. Contract consultants are more cost effective than full time staff in new markets.

Based on Foreign Direct Investment trends, we propose funding for the following:

- Contract office in China

- Contract office in India

- Contract office in South Korea

- Increased marketing in France, U.K. and Scandinavia (current focus is on companies in Switzerland, Germany, Italy, etc.)

- Marketing and advertising funds to support efforts of West Virginia Japan Office.

7. “West Virginia Forward” Support

To support the WV Forward initiative, WVDO will need to allocate staff time. Specific initiatives are being developed by the working groups that will require additional funding and support. As an example, in the McKinsey report, Carbon Fiber Reinforced Plastic, Cybersecurity and other emerging sectors offer investment opportunities for West Virginia.

8. Creation of Database of West Virginia ExPats

This database and marketing program will be created to identify skilled West Virginians who may wish to return to the state for employment opportunities in their field. Additionally, we will create a single portal to attract non-WV natives to job opportunities in our state.

9. Staffing Needs

WVDO business development team is vastly understaffed. To transform to a more proactive, professional unit, we will need to add staff and invest in quality. At a minimum, we need to add 8 staff members to identify and develop investment projects. It is recommended that we hire temporary/contract employees as soon as possible, evaluate their individual performance for several months, and consider them for full-time positions as the budget allows. Recommended positions are as follows:

- Business and Industrial Development Division

 - Add 4 Sales Representatives

 - Add 2 Project Managers International Division - China

 - Add 2 Project Managers

 - Add Strategy lead to provide data driven support on market opportunities

 - Contracted professional services to include architectural design, building renderings, technology consulting, system engineering and other specialized technical professional skills as needed in recruiting technology/cybersecurity companies to the state. WVDO currently has no engineers on staff who can support this type of activity.

WVDO General Revenue Appropriations

