

VIRGINIA ECONOMIC DEVELOPMENT PARTNERSHIP

OPERATING PLAN

*FOR THE FISCAL YEAR ENDING
JUNE 30, 2008*



VIRGINIA
Is For Business

VIRGINIA ECONOMIC DEVELOPMENT PARTNERSHIP

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INTRODUCTION

The Virginia Economic Development Partnership (VEDP) was established by the General Assembly in 1995 as "...a body corporate and political subdivision..." known as an authority and was given broad powers "...to encourage, stimulate, and support the development and expansion of the economy of the Commonwealth."

VEDP is guided by a Board of Directors consisting of the Secretary of Commerce and Trade, the Secretary of Finance, and 19 members appointed as follows: one from each congressional district of the Commonwealth and two citizens at large appointed by the Governor, subject to confirmation by the General Assembly; four citizens at large appointed by the Speaker of the House; and two citizens at large appointed by the Senate Committee on Rules.

The six citizens appointed by the General Assembly reside in regions of the Commonwealth that have a higher unemployment rate than that of the statewide average unemployment rate as reported by the Virginia Employment Commission for the preceding four years from the date of appointment.

THE OPERATING PLAN

This Operating Plan has been prepared in accordance with the 2007 General Assembly, *Chapter 847, Item 119.B.*, which, in part, states the following:

Prior to July 1 of each fiscal year, the Virginia Economic Development Partnership shall provide to the Chairmen of the House Appropriations and Senate Finance Committees and the Director of the Department of Planning and Budget a report of its operating plan.

This document provides the reader with information essential for understanding what the VEDP will accomplish, how it will achieve its objectives, and the resources committed to those efforts. The document includes a Summary Marketing Plan designed to provide an overview of the efforts of the various divisions to implement VEDP's strategies. Other sections include a mission statement; performance measures; an organization chart; budget summary; division budgets; and division goals, objectives, and strategies.

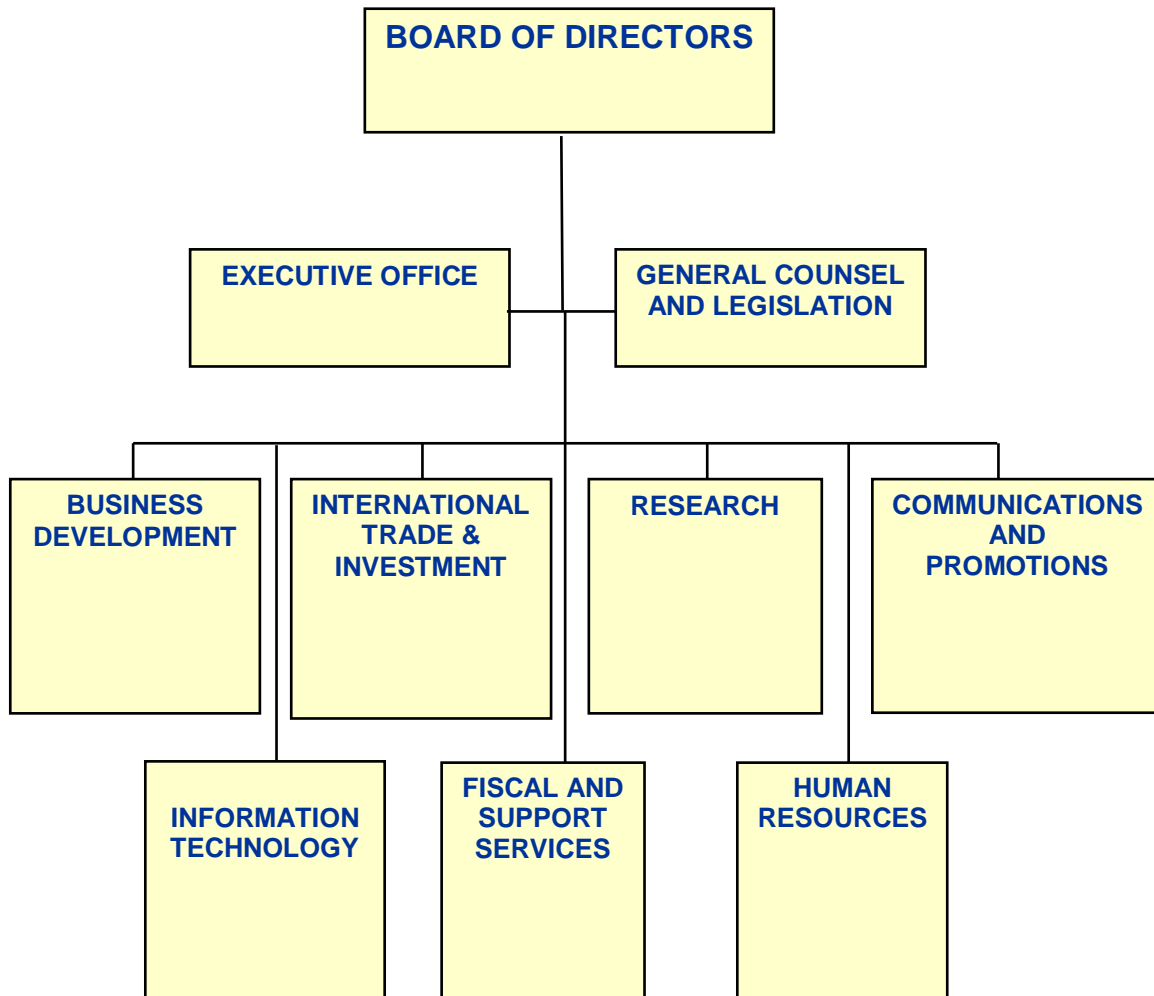
***VIRGINIA ECONOMIC DEVELOPMENT PARTNERSHIP
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MISSION STATEMENT

To enhance the quality of life and raise the standard of living for all Virginians, in collaboration with Virginia communities, through aggressive business recruitment, expansion assistance, and trade development, thereby building the tax base and creating higher income employment opportunities.

***VIRGINIA ECONOMIC DEVELOPMENT PARTNERSHIP
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ORGANIZATION CHART



VIRGINIA ECONOMIC DEVELOPMENT PARTNERSHIP
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PERFORMANCE MEASURES

Investment	\$1.8 Billion
Jobs	11,350
New Active Projects	276
Virginia Decision Rate	35%
Companies Assisted or Attended a Trade Event	250
Client Impact Statements	Impact Score Base Data After July 1, 2007
Virginia Leaders in Export Trade (VALET)	% of Sales Increase Base Data After July 1, 2007
Accessing International Markets (AIM)	Market Entry Validation Base Data After July 1, 2007

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SUMMARY MARKETING PLAN

WHAT'S NEW FOR FY2008

The following are various initiatives and strategies that will be implemented in this fiscal year:

Marketing

- Implement the Site Selection Consultant's Strategy
- Implement the Polymers/Plastics/Chemicals and Fabricated Wood Products Initiative
- Identify a target company in one of the six Initiatives and "go-to-market" with a University partner
- Implement the Executive Pulse software to support VEDP's existing industry program by providing localities with standard management tool
- Contract with Lead Generation Consultant focused on Federal agencies and contractors
- Identify an International business sector and implement a "go-to-market" strategy targeted toward an Internationally-headquartered company
- Launch the Virginia International Trade Alliance (VITAL), a working public-private partnership to prepare and implement Virginia's International Strategy
- Implement the new model for Europe, decreasing costs for an office and staff and converting resources to marketing and lead generation
- Publish "What I Wish I Knew About Exporting Before I Got Started"
- Roll out a Global Logistics branding campaign
- Contract for Search Engine Optimization of VEDP's web presence in Google, Yahoo, and MSN
- Research a consultant database, develop a contact program, and create specific outreach marketing events to attract and educate consultants on Virginia's value proposition
- Implement a Targeted Call Program directed at Vertical Market Companies that have previously shown interest in Virginia

Support

- Support the Governor's Advisory Group working on ways to compete for "Mega" projects
 - Refine the Incentives' Return on Investment calculation to gauge their effectiveness in the marketplace
 - Analyze corporate prospects to determine their readiness for capital expansion
 - Prepare Appropriations Act mandated study on Virginia-headquartered insurance companies (Genworth)
 - Test and operate VEDP's disaster recovery co-location site
 - Centralize VEDP's digital storage and server hardware through the use of Storage Area Network and blade server technology
 - Develop an employee training program on: remote connectivity, e-mail usage, corporate web-sites, information portals, hardware usage, and security
 - Implement ARC GIS Server to provide web-based mapping capabilities to VEDP's staff and its allies
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BUSINESS DEVELOPMENT

In FY2008, Business Development will execute marketing efforts to major market sectors (verticals), marketing through focused initiatives, project management, and implementation of a regional alliance strategy. Major market outreach strategies include domestic U.S. marketing missions, industry specific conferences, and special events. Through direct calls, Governor's missions, special events, and its proactive use of the Governor's "bully pulpit," the division will continue to position Virginia to selected companies and encourage their consideration of Virginia for new capital investment and job creation. Emphasis on target industry sectors will include Advanced Manufacturing, Transportation, Security and Services, and Science and Research.

The division will continue its strategic initiative focus on outreach to site selection consultants, and will continue its marketing initiatives focused on modeling and simulation, business solutions, global logistics, energy, plastics and composites, and wood products.

Project management will occur through alignment of the division staff's skill sets and areas of expertise, to ensure the best use of the marketing teams and talents. This year will build on the successful synergy and collaboration of the division's marketing managers, project managers, and associate managers, with partners from other divisions. Opportunities for professional development are also embedded in the organization's operational plans.

In a broadened regional alliance strategy, Business Development will continue its leadership role to work with Virginia's regions and localities on asset-based and target sector marketing. The regional strategy is implemented by staff liaisons who become a point of contact for local and regional developers and a voice for their regions at VEDP; who communicate the VEDP vision and strategy; who build relationships and leverage state partners in regions; who understand and facilitate strategies for collaborative marketing of assets, and for addressing gaps; and who understand and facilitate communication of marketing partnerships.

INTERNATIONAL INVESTMENT

The International Investment team within the Division of International Trade and Investment will conduct 16 marketing missions in 12 countries to recruit foreign-owned firms to Virginia. Staff will focus Virginia's marketing message around the VEDP's vertical sectors. The Investment team will involve both regional economic developers and private sector service providers in its marketing initiatives. The investment team will also contribute to and staff investment-related components of the Virginia International Trade Alliance (VITAL).

INTERNATIONAL TRADE

The International Trade Division's performance measures for FY2008 consist of the following: The Trade Division will generate sales for and/or provide technical assistance to 250 clients. The Trade Division will graduate 15 companies from its Virginia Leaders in Export Trade (VALET) Program, documenting obtained international sales. The Trade Division will continue establishing the Accessing International Markets (AIM) Program to graduate 20 companies annually from the Program. The Trade Division will conduct 18 trade events around the world. The Trade team will also contribute to and staff trade-related components of the Virginia International Trade Alliance (VITAL).

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RESEARCH

The Research Division will provide a broad range of critical services in support of VEDP's marketing and outreach activities. Division staff will be full participants in the planning, research, and execution of outreach efforts for VEDP's established four vertical industry markets and specific marketing initiatives. An array of updated targeted industry brochures and data content for the VEDP website will be prepared in cooperation with the Communications and Promotions Division. Industry sector and firm-level business targets will be presented to the International and Business Development Divisions for their follow-up.

Efforts will continue to improve the accuracy and completeness of our real estate database, VirginiaScan, including adopting more rigid protocols for ensuring ally verification of data. Internal improvements to our recently-deployed custom proposal product system will enable even more efficient and timely project fulfillment activity to occur, and distributes this capability beyond the Research Division to both the International and Business Development Divisions. Staff will be taking steps to improve the visual appearance and formatting of prospect proposals to succinctly convey needed information to our clients.

Staff will be working to develop a usable, integrated database of major Virginia employers which will support the work of the existing business and industry initiative. Content for the Allies Information Exchange will be regularly evaluated and updated and new features and information regularly communicated via email to our allies. The new *Economic Development Handbook for Local Elected Officials* will continue to be distributed to allies. Division staff will collaborate with the VEDP regional liaison representatives to participate in a series of regional forums to communicate VEDP's strategies to our regional allies and to evaluate the alignment of VEDP's strategies with those at the regional level. Fiscal performance information showing the return on investment for Virginia incentives will be more widely distributed and packaged to support our public relations and legislative strategy.

COMMUNICATIONS AND PROMOTIONS

Electronic marketing, public relations, direct marketing, and trade show and event promotion remain primary activities of the Communications and Promotions (C&P) Division. Due to minimal available funding, advertising will be restricted to targeting vertical sectors. C&P's public relations effort has been fully funded, allowing successful proactive programs such as media tours to continue. C&P will continue to oversee VEDP's web presence at YesVirginia.org.

In conjunction with the other VEDP divisions, C&P will research website best practices and make revisions as appropriate. Ally communication is enhanced with the publication of four issues of Commerce Quarterly. C&P will also organize the semi-annual VEDP/Ally meetings, as well as contact events for regional economic development marketing organization directors. C&P will support outreach marketing by providing appointment-setting services to traditional marketing missions; however, initiative-based, business sector direct marketing will be introduced at our Verizon-supported VEDP Call Center. C&P will manage VEDP's trade show presence, marketing events, and the Governor's foreign and domestic marketing missions. Finally, C&P will initiate comprehensive prospect follow-up and database updating to improve project flow rates.

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INFORMATION TECHNOLOGY

The Information Technology (IT) Division operates and maintains the Partnership's information systems, including the geographic information system (GIS) and the presentation and video-conferencing facility. The state-of-the-art presentation facility is supported by GIS data layers developed in-house or obtained from local, state, federal, and commercial sources.

Rapid access to these data and their presentation in an appealing and understandable format is essential to Virginia's superior position in the marketing of sites, buildings, and other information products. In addition, the division operates and maintains VirginiaScan, a shared, web-enabled site selection, workforce, mapping, and data management tool. This tool is shared with regional and local economic development allies, many of whom are utilizing VirginiaScan as their primary web based marketing tool for industrial sites and buildings. Providing GIS mapping capabilities on VirginiaScan directly benefits VEDP's economic development allies.

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BUDGET SUMMARY

FY08 and FY07 Revenue Sources

	FY08	FY07	\$	%
	Dollars	Dollars	Change	Change
Revenue				
COV Appropriations	\$ 17,240,701	\$ 18,803,038	\$ (1,562,337)	-8.3%
Carry Forward Funds	2,709,077	996,016	\$ 1,713,061	172.0%
Participation Fees	120,000	163,000	\$ (43,000)	-26.4%
Mission Reimbursements	25,000	44,000	\$ (19,000)	-43.2%
Interest	200,000	100,000	\$ 100,000	100.0%
Total Revenue	<u>\$ 20,294,778</u>	<u>\$ 20,106,054</u>	<u>\$ 188,724</u>	<u>0.9%</u>

Notes on FY08 and FY07 Revenue Sources

COV Appropriations

\$1,000,000 reduction in Pass Through Payments funding for Volvo Center for Excellence, which was moved to Carry Forward, \$500,000 reduction in Advertising, \$100,000 reduction in China/India Marketing, and \$37,663 increase in State payroll funding estimate.

Carry Forward Funds

\$1,000,000 increase for Volvo (see above), \$406,361 increase in Operations, \$323,000 increase for Advertising funds not spent in FY07, and a \$16,300 net decrease in other small project funding.

Interest

Interest rates have increased substantially during FY07, which is expected to continue into FY08.

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BUDGET SUMMARY

FY08 and FY07 Budget Comparison

	FY08 Dollars	Staff	FY07 Dollars	Staff	\$ Change	% Change
Division Budgets						
Business Development	\$ 3,617,043	28	\$ 3,527,403	28	\$ 89,640	2.5%
International Investment	1,795,097	8	1,916,192	10	(121,095)	-6.3%
International Trade	3,450,243	22	3,475,141	22	(24,898)	-0.7%
Research	2,188,753	18	2,158,744	18	30,009	1.4%
Communications and Promotions	2,949,474	8	3,106,901	8	(157,427)	-5.1%
Information Technology	2,137,065	16	2,050,114	15	86,951	4.2%
Administration	2,757,103	15	2,471,559	15	285,544	11.6%
Pass Through Payments	1,400,000	-	1,400,000	-	-	0.0%
Total Division Budgets	\$ 20,294,778	115	\$ 20,106,054	116	\$ 188,724	0.9%

Notes on FY08 and FY07 Division Budgets Comparison

All Divisions

All divisions had increases in payroll costs and in rent costs.

International Investment

\$100,000 reduction for China/India marketing.

Communications and Promotions

Reduction of \$177,000 in Advertising Funds. Last year's Advertising budget consisted of \$500,000 in General Funds and \$500,000 in Carry Forward funds. This year all Advertising is coming from Carry Forward funds. \$323,000 from FY07 and \$500,000 in new funds.

Information Technology

\$50,000 has been included for the Executive Pulse software to support the Existing Industry initiative.

Administration

\$100,000 increase in payroll costs, which includes \$28,000 for the additional bonus pool; \$30,000 increase in marketing budget; increase in facility maintenance budget of \$35,000; and \$100,000 increase in rent.

Pass Through Payments

Pass Through Payments for both years include \$1,000,000 for the Volvo Center for Excellence (funds carried forward to FY08 since this item was not paid in FY07 as planned), \$100,000 to the Virginia Commercial Space Flight Authority and \$300,000 to EMTASC, a modeling and simulation effort in Hampton Roads.

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Business Development

Budgeted Expenditures

Compensation	\$ 2,771,672
Advertising and Promotion	31,700
Missions, Shows, and Events	75,000
Travel	316,450
Services	133,332
Supplies and Materials	11,300
Grants and Pass Through Payments	-
Fixed Asset Purchases and Rents	241,567
Other Expenditures	<u>36,022</u>
Total Budget	<u><u>\$ 3,617,043</u></u>

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BUSINESS DEVELOPMENT

The Business Development Division is a customer-focused professional marketing team providing solutions to business clients. The mission of the Business Development Division is to recruit new domestically-based companies to Virginia and to work with Virginia's regions, localities, and VEDP's International division to secure new payroll and capital investment in Virginia. The Business Development Division focuses on major *vertical markets* that are growing; understands, identifies, and leverages the supply chain for these sectors, and matches these with appropriate regional and local strengths and needs. The Business Development Division utilizes professional marketing and project management staff to promote and position Virginia in an aggressive outreach program that includes a variety of marketing activities and over 90 specific events which include geographic marketing missions, industry conferences, site-location consultant calls, direct and electronic marketing campaigns, special events such as in-state prospect hosting, and other strategic initiatives to key business sectors. Many of these activities are carried out in partnership with local and regional allies.

Business Development Project Managers quarterback specific projects to an ultimate business decision for Virginia. Managers respond confidentially to client needs, identify public and private resources such as financial, environmental, logistic and other professional services firms, to answer the client's questions, gather competitive marketplace intelligence, coordinate site visits to evaluate Virginia's product, and coordinate allies' efforts to close the deal. Through its Business Development Finance Director, division staff can also develop financing alternatives and advise in structuring financing transactions to meet corporate capital goals.

Strategic initiatives are discreet, definable sectors that are undergoing transformation or have the ability to transform regions, that are growing in a sustainable manner, can be effectively targeted, and can be effectively measured. These initiatives provide opportunities for championed leadership with cross-division implementation and have a defined life cycle. Three initiatives are in operation and others will be added this year.

VEDP's *regional strategy* is implemented by staff liaisons who become a point of contact for regional/local developers and a voice for their regions at VEDP; who communicate the VEDP vision and strategy; who build relationships and leverage state partners in regions; who understand and facilitate strategies for collaborative marketing of assets, and for addressing gaps; and who understand and facilitate communication of marketing partnerships.

Successfully implementing the Business Development goals requires integrated coordination with other VEDP divisions. This includes (a) the Communications and Promotions Division to plan and execute marketing missions, trade shows, special events, media tours, and development of industry-specific collateral materials; (b) the Research Division to articulate the Virginia position; to prepare customized location proposals and business presentations; develop policies and new programs to support economic development activities in particular regions; and provide economic development expertise as requested to assist allies, particularly in rural communities; (c) the Information Technology Division, to design and create project support in the form of GIS data and use of a sophisticated client presentation center; (d) the International Trade and Investment Division by collaboratively serving common business clients; and (e) the Executive Team by integrating the focus areas' university relationships and existing business. Business Development supports the existing industry function through coordination of a systematic Governor's call program to identified companies.

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GOAL #1: Aggressively position Virginia and its communities to U.S.-based prospects and consultants to generate active projects.

OBJECTIVE: Increase the number of qualified prospects that will consider Virginia as a location for growth.

STRATEGIES:

1. Target business sectors and specific companies in those sectors that exhibit systematic growth opportunities, or that are ready to expand and that best meet Virginia's diverse local and regional strengths. Major markets include Advanced Manufacturing, Transportation, Security and Services, and Science and Research.
2. Plan and conduct a comprehensive marketing outreach program toward site selection consultants.
3. Effectively utilize the Governor's Office at least quarterly to contact targeted companies in key business sectors.
4. Participate actively in targeted business sector professional associations to network effectively with decision-makers.
5. Implement and measure results for targeted businesses through conferences, marketing missions, and special events.
6. Leverage Virginia's higher education institutions, particularly the research and development focus areas, in outreach marketing efforts.
7. Identify and leverage private sector companies and partners to generate prospect activity.

GOAL #2: Increase Virginia's market share of business activity in selected initiative areas.

OBJECTIVE: Maintain implementation of three marketing initiatives and add at least two more initiatives to strategic business sectors in partnership with selected pilot communities.

STRATEGIES:

1. Identify economic impact and activity in targeted sectors of Modeling and Simulation; Virginia Business Solutions; Global Logistics; Energy; Plastics & Composites; and Wood Products.
 2. Set measurable goals for results of initiative implementation.
 3. Identify selected pilot communities for each initiative.
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4. Identify and leverage federal, state, regional, and private sector partners to support the initiatives.
5. Implement marketing strategy within established framework of initiative model.
6. Benchmark results and share best practices of initiative strategy.

GOAL #3: Effectively manage projects resulting from domestic and international marketing activities by strategically utilizing necessary resources.

OBJECTIVE: Make the best use of all resources available, including VEDP staff, state agencies, local resources, VirginiaScan, and various state and federal programs to attract new and expanding businesses to Virginia.

STRATEGIES:

1. Serve as the facilitator to bring appropriate state resources to the table at the appropriate time.
2. Propose appropriate state incentive programs to prospects when needed and at a minimum level sufficient to close the deal.
3. Involve and collaborate with other VEDP divisions or state agencies as appropriate to address specific questions or issues with prospects, and/or to assist in preparation of responses to questionnaires, preparation of proposals, etc.
4. Proactively collaborate with local and regional economic development allies to utilize all resources at the local level to successfully attract new jobs and investment.
5. Effectively identify and utilize federal contacts and resources to support key initiatives.
6. Identify resources and provide financing alternatives to businesses considering locating to or expanding in Virginia.

GOAL #4: Implement a focused regional alliance strategy by sharing the project and industry expertise of staff with local and regional allies to assist them in effective marketing and to facilitate capacity building.

OBJECTIVE: Increase the knowledge base of local and regional economic development professionals to help them successfully position their communities to attract new capital investment and jobs and serve as a voice for the regions within VEDP.

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STRATEGIES:

1. Provide leadership to Virginia's economic development professionals by sharing in-house expertise and knowledge of industry sector trends and location requirements through one-on-one visits and through building relationships across regional boundaries to share best practices.
2. Assign staff to serve as liaisons to identified macro-regions, to understand the assets and liabilities of the regions, and to provide a conduit for communication between the regions and VEDP.
3. Identify and leverage state resources in each region to assist positioning the regions into appropriate target markets.
4. Provide consistent and timely feedback to local and regional allies regarding their competitive standing on specific projects, offering explanations for any change in their competitive standing.
5. Solicit constructive feedback from local and regional allies on ways to improve Business Development's process and marketing, prospect handling and related activities.

GOAL #5: Provide superior customer service with measurable results.

OBJECTIVE: Improve the capabilities of all Business Development staff by providing opportunities for skills improvements through training classes, mentoring opportunities, self-study, and service to the profession.

STRATEGIES:

1. Encourage Business Development staff to attend basic economic development courses and the Economic Development Institute, and obtain professional certification through accredited economic development organizations.
 2. Provide the division at least four staff training opportunities on essential economic development and business practices, sales and marketing practices, negotiations, presentations, technical software, etc., needed to work effectively with prospects and allies.
 3. Encourage Business Development staff to volunteer service to the profession through committee membership of the Virginia Economic Developers Association, the Southern Economic Development Council, and other professional associations.
 4. Ensure that all interactions with Virginia allies, prospects, suspects, and leads are positive and constructive.
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5. Empower and support staff to utilize tools and take ownership of areas of expertise in support of VEDP's goals.
6. Conduct systematic surveys of client satisfaction and analyze results for use in improving customer relations and developing new programs and policies.
7. Develop systematic tracking methods to benchmark and evaluate specific target marketing efforts.

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International Investment

Budgeted Expenditures

Compensation	\$ 676,933
Advertising and Promotion	106,300
Missions, Shows, and Events	134,500
Travel	270,200
Services	320,850
Supplies and Materials	22,484
Grants and Pass Through Payments	-
Fixed Asset Purchases and Rents	240,230
Other Expenditures	<u>23,600</u>
Total Budget	<u><u>\$ 1,795,097</u></u>

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INTERNATIONAL INVESTMENT

The mission of the International Investment program is to aggressively market Virginia to internationally-owned companies in order to secure their business facilities in Virginia, thereby generating job creation and capital investment.

Foreign investment has long been a priority for Virginia. VEDP maintains proactive investment offices in Japan, South Korea, Hong Kong and Europe. The agency's trade offices in Mexico and Brazil offer investment assistance as needed. VEDP maintains an aggressive marketing program to attract foreign companies to Virginia, as staff in Virginia and the overseas offices make direct calls on foreign-owned companies. Through ongoing marketing analysis, VEDP expects to continue to increase the level of foreign investment in Virginia.

The International Investment team will concentrate its time and resources on generating international investment projects for Virginia. It will quarterback each project, involving the Business Development staff in the fulfillment of project parameters to result in successful international business locations for Virginia.

GOAL: **Market Virginia to internationally-owned companies in order to secure their business facilities in Virginia, thereby generating job creation and capital investment.**

OBJECTIVE #1: **Create an increasing flow of internationally-owned companies considering Virginia as a business location.**

STRATEGIES:

1. Increase the number of active international proposals by 10%.
 2. Undertake innovative marketing outreach activities in international markets to generate increased investment opportunities.
 3. Conduct an aggressive direct client marketing effort, by both international and Richmond-based staff, to generate increased prospect visits to Virginia. Conduct 16 marketing missions to Europe, 6 to Asia, and 7 to the Rest of the World (ROW) covering the markets of Canada, India, France, Germany, United Kingdom, Spain, Sweden, Italy, China, Japan, and Korea.
 4. Partner with regional economic development organizations, and appropriate international allies from Virginia's private sector, in coordinating marketing events in targeted markets.
 5. Conduct international marketing initiatives along targeted VEDP vertical markets as appropriate (e.g. advanced manufacturing, R&D, etc.)
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6. Secure additional foreign direct investment in Virginia by quarterbacking projects of internationally-owned companies new to Virginia and assisting existing foreign-owned Virginia companies to expand.
7. Launch Virginia International Trade Alliance (VITAL), which will draw on affinity groups in the following areas to increase foreign investment in Virginia: a Plan for China; a Plan for India; Sales Offices; Mergers & Acquisitions; Policy; Brand Virginia; Global Logistics; and Foreign-owned Firms. VITAL engages Virginia's private-sector players in its work plan.
8. Conduct Governor's Trade and Investment missions as requested.

OBJECTIVE #2: Improve processes and resources internal to the VEDP to make marketing efforts more effective.

STRATEGIES:

1. Collaborate with Domestic Investment staff and regional economic development allies to successfully work international projects to locate to or expand within Virginia.
 2. Work with Communications & Promotions Division to produce marketing materials and websites in Japanese, Chinese, German, French, and Spanish.
 3. Work with Research to reformat site studies to meet current demands of international prospects, producing clear, concise business proposals in a more timely manner.
 4. Undertake a comprehensive analysis of the supply chains of existing foreign-owned firms to identify prospects for investment into Virginia.
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International Trade

Budgeted Expenditures

Compensation	\$ 2,010,074
Advertising and Promotion	50,250
Missions, Shows, and Events	144,545
Travel	285,600
Services	620,774
Supplies and Materials	44,200
Grants and Pass Through Payments	-
Fixed Asset Purchases and Rents	246,900
Other Expenditures	<u>47,900</u>
Total Budget	<u><u>\$ 3,450,243</u></u>

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INTERNATIONAL TRADE

Virginia business prospers through global trade. The International Trade Division supports companies across Virginia in their international sales activities with a variety of programs and services. From a team of international trade representatives strategically located throughout the world to a network of six statewide offices, the International Trade Division offers international marketing tools to companies large and small. Programs include:

Virginia Leaders in Export Trade (VALET) Program: The VALET program selects 15 Virginia companies annually into a two-year intensive international sales program. State resources are leveraged with private-sector contributions to take Virginia companies from being export-ready to accelerating their international sales.

Accessing International Markets (AIM) Program: The AIM Program is a one-year international sales expansion program for companies entering a new export market. The program accepts 20 companies each year and provides them with a comprehensive export education program.

International Trade Missions: Fifteen trade events are conducted annually to promote Virginia products and services in global markets. Typically, over 75 companies participate in these business trips. The International Trade Division provides comprehensive matchmaking and logistical assistance with international events around the world.

Global Network: This program provides in-country market research in 25 countries around the world at little or no cost to Virginia companies. Often, this research precedes participation in a Trade Event, the VALET Program, or the AIM Program.

Consulting on Export Marketing: Experienced International Trade Managers, located in six offices throughout Virginia, and in five countries around the world, help Virginia companies obtain international sales.

The International Trade program is based on the premise that successful international sales are obtained by working with individual companies, one-on-one. To achieve this, the program has three components: 1) increase awareness among the Virginia business community on the importance and benefits of exporting; 2) provide all necessary tools for selling into international markets, from market research to assistance with completing documentation; and 3) enable these companies to participate in trade activities and events that lead to market entry, expansion, and increased international sales. A website (ExportVirginia.org) provides key information, lists programs, services, upcoming events, and accepts payment for international trade events.

GOAL: Increase the volume of exports of manufactured goods and services and the number of Virginia companies exporting.

STRATEGIES:

1. Recruit 15 companies annually into the VALET Program (a two-year program in duration), thereby servicing 30 companies on an on-going basis.
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2. Develop an alumni network of VALET Program graduates.
 3. Recruit 20 companies annually into the AIM Program (a one-year program in duration), thereby servicing 20 companies on an on-going basis.
 4. Provide one-on-one export counseling to the Commonwealth's businesses.
 5. Recruit Virginia companies to participate in 15 scheduled international trade missions and shows.
 6. Support and participate in all Governor-led trade missions.
 7. Launch a Global Network that will provide Virginia companies with access to in-country market research in 25 international markets, which will be tailored to their product or service at little to no cost.
 8. Provide matchmaking and agent/distributor search services to approximately 50 Virginia companies visiting VEDP's overseas trade offices annually.
 9. Launch the Virginia International Trade Alliance (VITAL), a public-private joint initiative of VEDP's International Trade and Investment Division. This first-ever assembling of Virginia's international business community will raise funds and prepare a work plan for the trade issues of service exports, emerging markets, specific plans for China and India, policy issues, and the branding of Virginia.
 10. Publish *Beyond Virginia*, an electronic newsletter to be delivered once every two weeks.
 11. Publish a *Beyond Virginia Calendar*, which is designed to showcase the diverse range of Virginia products that are found throughout the world and to serve as a marketing tool for the International Trade Division.
 12. Publish *What I Wish I Knew About Exporting Before I Got Started*, an export handbook, geared at helping those who are currently exporting, or those who are just getting started.
 13. Publish, promote, and distribute international trade data and analyses on Virginia exports via the website www.ExportVirginia.org.
 14. Maintain memberships and active participation in Virginia's international trade organizations.
 15. Co-sponsor, with the Virginia Chamber of Commerce, the Virginia Conference on World Trade and prepare to take over ownership of the Conference in FY09.
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Research

Budgeted Expenditures

Compensation	\$ 1,706,889
Advertising and Promotion	1,000
Missions, Shows, and Events	7,800
Travel	38,464
Services	208,500
Supplies and Materials	29,700
Grants and Pass Through Payments	-
Fixed Asset Purchases and Rents	165,400
Other Expenditures	<u>31,000</u>
Total Budget	<u><u>\$ 2,188,753</u></u>

VIRGINIA ECONOMIC DEVELOPMENT PARTNERSHIP

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RESEARCH

The Research Division primarily supports the efforts of the Business Development and International Divisions by preparing information for national and international business prospects to evaluate and justify a project location decision for Virginia. Key activities include maintenance of a comprehensive web-based site and building inventory, community and regional economic and demographic profile database; delivery of custom prospect proposals; and other project assistance activities designed to encourage a company expansion and investment in Virginia. The Division provides content data used for producing VEDP's various collateral and online marketing materials and annual economic development reference publications and legislatively requested reports.

The Research Division tracks global and domestic capital flows and determines major industry vertical targets that align well with Virginia's regions and array of assets to help focus VEDP's outreach marketing efforts. Specific target companies with expansion potential are also identified and validated for follow-up by our market facing divisions. VEDP economists are responsible for conducting fiscal impact analyses related to potential state incentives considered for use in business development activities, assembling general comparable business information on other states, and tracking announced capital investment and employment activity within Virginia. Division economists have developed a new Return on Invested Capital model to illustrate the state's realized fiscal return on VEDP's projects in which discretionary incentives were used. Realized revenue returns are based on actual company hiring and capital investment performance, with results from the model updated quarterly. The Division is engaged with management in recommending VEDP fiscal year Performance Measures and in modifications and additions to those measures that better reflect VEDP's direct efforts in fulfilling its mission.

Further, the Division aspires to provide thought leadership for VEDP that assesses Virginia's competitive standing in the market, and recommends strategic and directional approaches for enhancing Virginia's economic performance. In so doing, the Division monitors key competitor states' use of incentives programs and other important program initiatives, makes suggestions for enhancing Virginia's incentives offerings, examines our overall tax and other business cost competitiveness, explores other ways to make the state more competitive for business investment, and handles other special research initiatives as needed.

GOAL#1: Provide general research and guidance to the VEDP Administration and Executive Team in support of the VEDP mission.

OBJECTIVE #1: Prepare materials and documents to support effective goal and direction setting by agency management and the VEDP Board.

STRATEGIES:

1. Provide division directors and the Executive Director's Office with information to establish vertical industry performance measures, international investment performance measures, and overall agency performance measures on a fiscal year basis.
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2. Develop fiscal impact data on a quarterly and annual basis generated by VEDP-assisted project locations in Virginia that clearly describes the value of VEDP's activities on the fiscal health of Virginia.
3. Provide information on project announcements, fiscal impact, and other materials needed for quarterly VEDP Board meetings.

OBJECTIVE #2: Prepare materials and information that supports effective performance monitoring and decision making by agency management.

STRATEGIES:

1. Support agency efforts to develop a clear and focused message on the value of economic development and VEDP to relevant stakeholders such as the General Assembly, local government officials, other economic development allies, and the public.
2. Develop and generate regular reports on the fiscal impact of VEDP's use of project incentives which demonstrates the return on investment associated with use of these incentives.
3. Explore options and opportunities for alternative funding sources to conduct VEDP operations or marketing activities.
4. Participate in inter-divisional efforts to prepare annual reports on the operations of VEDP, the use of state incentives, and other studies and reports as required by the General Assembly.
5. Assist the Legislative/Counsel's office in tracking performance in implementing the Governor's Economic Development Strategic Plan.
6. Provide staff support to a Governor's Advisory Group working on ways that Virginia can be more competitive for major economic development projects requiring significant state incentives or financing support.
7. Conduct special studies, white papers, and other research as directed or necessary to enable the fulfillment of the VEDP mission and which can highlight key areas requiring state policy action to improve Virginia's competitive position.

GOAL #2: Support efforts to increase capital investment and job creation through business recruitment and expansion.

OBJECTIVE #1: Prepare materials and data to support VEDP's efforts to secure national and international companies to locate or expand operations within Virginia with a primary emphasis on VEDP's established vertical industry markets.

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STRATEGIES:

1. Provide relevant research data to produce comprehensive and incisive marketing materials in cooperation with the Communications and Promotions Division, such data to be used in web content, development of new general collateral and industry-specific materials which convey a strong value case for business investment in Virginia, and to also include information on the state's available business incentives, local taxation, and procedures for establishing a business in Virginia.
 2. Prepare customized site and building location proposals, comprehensive prospect proposals, and responses to consultant-generated Requests For Information for use by Business Development and International Division staff in client discussions.
 3. Take steps to improve the visual appearance and formatting of our prospect proposals using more pictures, graphics, charts, and summaries to concisely convey critical business and decision-making information to our clients on the value of a Virginia location.
 4. Working with other divisions, develop content for four vertical industry market messages and for defined market initiatives to include modeling and simulation, distributed services (business solutions), global logistics, energy, and wood products in FY2008, such messages to be integrated into supporting marketing brochures and materials including multi-media delivery as appropriate.
 5. Develop vertical market industry studies for the relevant internal teams to understand the industries within those established verticals, the driving site selection factors associated with those industries, the locational advantages that Virginia offers, and the gaps that need to be addressed at the state and regional levels for Virginia to maximize its success in these markets.
 6. Prepare a monthly overview of economic and business trends in the U.S., Virginia, and major overseas markets for distribution to VEDP staff, and for posting on the Allies Information Exchange website.
 7. Maintain and distribute relevant information used to compare business cost factors in Virginia with other national and selected international locations; using newly-acquired data resources, develop more comparative cost data at the sub-state regional level in support of our various regional initiatives.
 8. Serve as advisors to the Business Development and International Divisions regarding site and building recommendations, community and regional recommendations, incentive packaging, and other project assistance materials and activities.
 9. Monitor usage and operational issues associated with the newly-launched Custom Product Delivery System; make adjustments as appropriate in coordination with Business Development and International Divisions.
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10. Continue to regularly evaluate existing research products, processes, formats, and methods of delivery and implement improvements as needed to remain accurate, relevant, and responsive to clients' needs.

OBJECTIVE #2: Develop and maintain VEDP databases and research resources to ensure timely and complete responses to new and expanding companies.

STRATEGIES:

1. Maintain a statewide web-enabled searchable database of available sites and buildings (VirginiaScan) for recommendation to business prospects, in coordination with the Information Technology Division and with online updating capability by community allies.
 2. Monitor community ally usage of VirginiaScan and take steps to improve data quality and completeness in areas where shortcomings are identified; institute more rigid protocols for ally review of their data and remove those properties from the system which are not ally verified.
 3. Maintain a community profile database and other economic and demographic data for the state, regions, MSAs, cities, and counties, with access available through the Allies Information Exchange website for online updating by allies. Review format and content of these products to ensure they are reader-friendly and market relevant.
 4. Maintain and update business databases on foreign affiliated companies operating in Virginia, headquarters operations based in Virginia, and corporate research & development operations in Virginia; involve regional and community allies in helping to ensure completeness of these databases.
 5. Develop data on Virginia businesses from various private and public sources, including the VEC, and integrate such data in a manner that results in a comprehensive statewide business database that, at a minimum, includes the top major employers in every locality in Virginia, which can be used to support a Statewide Existing Industry Program. Support efforts to implement the new ExecutivePulse business retention and attraction software system on a statewide basis.
 6. Review and update the Virginia labor productivity model to ensure its continued usefulness and value and integrate the relevant findings into our marketing materials and proposals.
 7. Maintain community and other appropriate economic development ally contact information and post electronically in a database accessible to VEDP staff and through the Allies Information Exchange website.
 8. Maintain an ongoing database of announced and planned capital investment and employment by Virginia companies and publish an annual report of such activity on a
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calendar year basis, but also produce needed internal reports on a fiscal year, and Governor's Administration basis.

9. Maintain an ongoing database of announced facility closures and employment layoffs by Virginia companies.
10. Improve the accessibility of data generated by and maintained within the Research Division and with other VEDP divisions, principally by incorporating more automation of various databases and developing increased website interface and intranet capability; all improvements to be done in cooperation and coordination with the IT Division.
11. Maintain and effectively present current labor force data used in marketing Virginia, including quarterly estimates of underemployment by region; participate as appropriate on state initiatives (e.g. VCCS, Special Advisor on Workforce Development, Virginia Workforce Council) to improve content and accessibility of workforce data and training capabilities.
12. Secure access to logistics expertise for VEDP to help achieve project locations in Virginia, through engaging a recognized firm in the industry.
13. Maintain a comprehensive resource center including key periodicals, reference materials, and databases necessary to support the business attraction and general economic development activities of VEDP, and maximize availability of this information to VEDP staff.

OBJECTIVE #3: Develop and maintain economic data and related models to support decisions on use of business incentives, and monitor the incentives programs and usage by our key competitor states.

STRATEGIES:

1. Acquire and maintain appropriate data necessary to run fiscal impact models used in project analysis, project tracking, and benchmarking of historical project activity.
 2. Review and update VEDP's fiscal impact models as necessary to ensure the best achievable modeling for making effective decisions on project incentives.
 3. Maintain and refine a Return on Invested Capital model to gauge the effectiveness and investment performance of Virginia's discretionary incentives over time; distribute the results and integrate the findings into an overall message that can be used in VEDP promotional materials and a legislative awareness strategy.
 4. Conduct project fiscal impact analyses as needed to support decision making on use of incentives for VEDP and Tobacco Commission business projects, for consideration of new programs, and for special projects.
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5. Review and update as appropriate VEDP's fiscal models to determine the agency's economic development impact.
6. Track the usage and magnitude of major business incentive programs by our key competitor states; integrate findings into studies to suggest relevant policy changes Virginia should consider.
7. Recommend new approaches for the use and development of business incentive and financing programs for Virginia's economic development efforts; continue to advocate for implementation of the specific venture capital study submitted last year.
8. Undertake research papers on a variety of topics which impact Virginia's competitive standing and recommend positions Virginia should take in order to maximize success.

OBJECTIVE #4: Identify high-value growth industry sectors and companies that are an appropriate match for Virginia and its regions.

STRATEGIES:

1. Prepare general analysis of projected growth industry sectors and companies as determined from business expansions, corporate profit, and capital investment trends; also recommend selected key target industry vertical markets for focused VEDP outreach and prepare specific in-depth studies for use by marketing staff in their attraction efforts.
 2. Generate current listings of corporate prospects which, based on analysis, appear to be positioned for capital expansion projects and are worthy of follow-up by VEDP project managers; this will be a combination of a semi-annual compilation, and ongoing individual company recommendations throughout the year.
 3. Explore opportunities for developing alternative outsourced data and custom company market intelligence to help improve lead generation effectiveness and overall efficiencies.
 4. Continue work on developing regional economic studies, such as using industry and occupational cluster analysis, to gauge regional capacity, labor, and other attributes to help align VEDP's marketing efforts with competitive advantages of specific regions; capture current information from regional organizations on their current business targets and strategies.
 5. Provide presentations to Business Development and International Divisions as appropriate on industry trends and forecasts, and participate in established vertical industry market teams and market initiatives providing research support as required to achieve objectives for the initiatives.
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6. Continue collaborative work with the VCCS and the VEC, as appropriate, to fully understand projected occupational and workforce skills gaps that may exist, especially in regions that have experienced significant job displacement.

GOAL #3: Increase support for local and regional economic development efforts.

OBJECTIVE #1: Assist communities in promoting marketable real estate product.

STRATEGIES:

1. Complete the close-out of active loans through the Virginia Shell Building Initiative including finalizing financial records and reporting on overall program impact.
2. Track prospect inquiries for stated site and building preferences/criteria through webCRM analysis and convey back to allies.
3. Garner new site and building product knowledge to position staff to provide ongoing consultative assistance to both communities and VEDP Project Managers.
4. Counsel community and regional allies and other state entities, as requested, on issues related to new site and building development.
5. Identify potential sites, buildings, and regions that best meet the various targeted industry criteria for use in developing and preparing proactive marketing materials.
6. Develop materials and content on available sites and buildings in distressed Virginia communities to be featured on the VEDP website.

OBJECTIVE #2: Strengthen local/regional economic development organizations through ongoing community outreach efforts in coordination with other VEDP divisions.

STRATEGIES:

1. Conduct, in collaboration with regional liaison representatives within VEDP, a series of regular regional research forums for local and regional practitioners to review economic and business trends and outlook, and to evaluate the alignment of VEDP's activities and strategies with regional and local economic development strategies.
 2. Conduct ongoing community sites and buildings visits in all regions of Virginia in collaboration with regional assistance staff in the Business Development Division; continue to train and counsel local/regional allies on the features of VirginiaScan, with special attention to online database content updating procedures and inclusion of photos/digital images to enhance community presentation on the website.
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3. Regularly review material content on the Allies Information Exchange website and make content improvements as necessary.
 4. Conduct quarterly VEDP orientation programs for new local and regional economic development staff, appointed local officials, and other appropriate allies.
 5. Provide individual advice and technical assistance to the economic development staff and local elected officials and IDAs/EDAs throughout Virginia with special emphasis on the rural and distressed areas, as requested.
 6. Participate as speakers in economic development related educational offerings, such as VEDA conferences, professional development courses, the Virginia Tech Institute for Economic Development, and the Institute for Industrial Development Authorities. Encourage staff to take a leadership role in VEDA and its various committees.
 7. Strengthen awareness and knowledge by local elected officials of the basic components of the economic development process at local and regional levels through interaction at the annual meetings of the Virginia Municipal League (VML), the Virginia Association of Counties (VACo), and the Local Government Officials Conference (LGOC).
 8. Maintain and distribute the newly-updated version of the *Economic Development Handbook for Local Elected Officials* as a resource tool for use by VEDP and its allies in strengthening support for economic development by local elected officials.
 9. Investigate the feasibility of developing an interactive CD format *Economic Development Primer and Virginia Practitioner's Guide* as a resource tool for new-to-Virginia economic development practitioners and community volunteers.
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Virginia Economic Development Partnership
FY2008 Operating Plan

Communications and Promotions

Budgeted Expenditures

Compensation	\$ 763,946
Advertising and Promotion	1,396,308
Missions, Shows, and Events	395,000
Travel	189,450
Services	120,422
Supplies and Materials	9,515
Grants and Pass Through Payments	-
Fixed Asset Purchases and Rents	67,733
Other Expenditures	<u>7,100</u>
Total Budget	<u><u>\$ 2,949,474</u></u>

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COMMUNICATIONS AND PROMOTIONS

VEDP's Communications and Promotions Division is a key element in planning and executing the Partnership's overall marketing initiatives. Traditionally, this has included a major national advertising program targeting senior corporate management. However, limited funding will restrict the program to vertical sector advertising.

Communications and Promotions will implement a public relations plan to ensure placement of favorable articles in major business and trade publications, and coordination of economic development announcements.

Division staff work with other VEDP divisions to maintain, update, and promote VEDP's Internet presence. This includes both an interactive marketing website (YesVirginia.org) and a site specifically designed to facilitate communications with Virginia's ally community (VirginiaAllies.org). Communications and Promotions will continue to identify website best practices and apply those to YesVirginia.org. Division staff will work with IS staff to perform Search Engine Optimization practices to ensure favorable results within Google, Yahoo and MSN search engines. Communications and Promotions also produces requisite marketing brochures and collateral materials, develops and executes strategic marketing initiatives toward targeted industry sectors, and manages marketing special events and industry show participation. In addition, Communications and Promotions organizes domestic and international proactive marketing missions. The division also coordinates the Governor's foreign and domestic marketing missions.

GOAL #1: Provide marketing support for VEDP business sector initiatives.

OBJECTIVE #1: Support selected initiatives with media advertising.

STRATEGIES:

1. Due to budget limitations, brand-building advertising targeted against senior corporate management is essentially suspended.
2. Advertising programs will be developed to specifically support VEDP initiatives in the plastics, modeling and simulation, global logistics, and business solutions sectors. Additional sectors will be evaluated.

OBJECTIVE #2: Maximize utilization of interactive electronic marketing techniques.

STRATEGIES:

1. Refine and operate Internet website to attract business location and trade prospects and provide information on the desirability of a Virginia business location.
 2. Perform Search Engine Optimization practices on YesVirginia.org, ensuring maximum results on Google, Yahoo and MSN search engines.
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3. Monitor and respond to web-generated inquiries. Identify potential leads and forward to Business Development or Trade or to state agencies, as appropriate.
4. Promote communication with Virginia's allies through the Ally Information Exchange website.

OBJECTIVE #3: Develop a public relations program to target decision-makers through "free" media placements in mainstream business publications, economic development trade magazines, and vertical industry publications, as well as television, radio and internet news outlets.

STRATEGIES:

1. Develop and execute an annual public relations plan.
2. Produce news releases for statewide, national, and international distribution on project announcements and trade developments in coordination with the Governor's Office.
3. Produce *Commerce Quarterly* four times per year to communicate with the local and regional allies, statewide media, and General Assembly members.
4. Conduct proactive media program with trade media and vertical industry publications, and promote media tours of the Commonwealth for members of the working press.
5. Plan special events for Governor and Secretary of Commerce and Trade for major announcements in coordination with localities and companies.
6. Support initiatives with specific public relations programs.

GOAL #2: Produce ongoing prospect flow with proactive marketing outreach initiatives.

OBJECTIVE #1: Develop targeted marketing initiatives to reach decision-makers in selected vertical industry sectors.

STRATEGIES:

1. Identify vertical industries with strong growth potential in coordination with Research and Business Development divisions.
 2. Market to selected vertical targeted industries using direct marketing techniques to reach key decision-makers while developing new techniques for future marketing initiatives.
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VIRGINIA ECONOMIC DEVELOPMENT PARTNERSHIP FY2008 OPERATING PLAN

3. Develop industry-specific marketing materials.
4. Provide targeted industry information on website.

OBJECTIVE #2: Generate appointments with decision-makers and provide an avenue for ongoing contact with VEDP's existing prospect database.

STRATEGIES:

1. Organize eight marketing missions to targeted domestic and international geographic locations using a methodology that encompasses both repeat and newly-identified primary markets.
2. Arrange seven individual project manager call trips in targeted secondary markets.
3. Provide telemarketing support for seven selected domestic industry trade shows in an effort to improve lead generation results.
4. Develop direct marketing strategies to assist outreach for VEDP business sector initiatives.
5. Provide telemarketing support for special events and projects to increase attendance and improve lead generation results.

OBJECTIVE #3: Produce prospect-generating industry show presence.

STRATEGIES:

1. Maintain exhibits that are consistent with Virginia's brand and other marketing communications.
2. Exhibit at qualified domestic and international industry shows.
3. Provide telemarketing follow-up for all show and conference leads.
4. Conduct post-show mailing to generated show contacts to further introduce Virginia.

OBJECTIVE #4: Utilize event marketing to attract prospects and build relationships conducive to a project decision for Virginia.

STRATEGIES:

1. Organize hospitality events for prospects utilizing Virginia marquee resort locations such as Colonial Williamsburg.
 2. Coordinate hospitality events for prospects in conjunction with Virginia's top sporting events such as LPGA Michelob Ultra Open, Presidents Cup, and NASCAR.
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3. Work closely with Business Development and International to develop hospitality events for prospects in conjunction with exclusive entertainment/sporting events, i.e. Boston Red Socks vs. New York Yankees, NCAA Basketball Tournament, and British Open.
4. Organize semi-annual VEDP/Ally Meeting and regional directors' retreat.

OBJECTIVE #5: Develop outreach marketing program designed to reinforce Virginia's brand with existing prospect database and for project identification.

STRATEGIES:

1. Identify suspects and company contacts in the prospect database.
2. Develop telemarketing campaign designed to update and maintain contact with prospect database, thereby increasing follow-up effectiveness and project identification.
3. Coordinate targeted marketing campaign for ongoing contact and brand building with existing prospect database utilizing electronic marketing and direct mail.

GOAL #3: Work in close concert with the Governor's Office and the Office of the Secretary of Commerce and Trade to promote continued economic development success.

OBJECTIVE #1: Employ the power of the Governor's Office for building relationships with prospects.

STRATEGIES:

1. Coordinate the Governor's presence at prospect events with the Secretary of Commerce and Trade's office.
 2. Arrange for all logistics, accommodations, and travel for the Governor's foreign and domestic marketing missions.
 3. Provide mission advance for the Governor's foreign and domestic marketing missions.
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Virginia Economic Development Partnership
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Information Technology

Budgeted Expenditures

Compensation	\$ 1,389,245
Advertising and Promotion	-
Missions, Shows, and Events	-
Travel	16,150
Services	116,750
Supplies and Materials	22,500
Grants and Pass Through Payments	-
Fixed Asset Purchases and Rents	569,490
Other Expenditures	<u>22,930</u>
Total Budget	<u>\$ 2,137,065</u>

Note: It should be noted that Information Technology supports the Virginia Tourism Corporation as well as the Virginia Economic Development Partnership. Using the number of personnel in VTC, the equivalent value of this service is \$610,000.

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INFORMATION TECHNOLOGY

The Information Technology (IT) Division provides integrated information systems support to both the Virginia Economic Development Partnership and the Virginia Tourism Corporation. IT operates and maintains all network and telecommunications infrastructure, a geographic information system (GIS), and presentation and video-conferencing facilities. The 250 node personal computer network and telecommunications infrastructure supports 25 facilities, four web services (YesVirginia.org, ExportVirginia.org, VirginiaAllies.org, and VirginiaScan) and all VEDP applications, databases, and programs critical to the economic development marketing process.

The state-of-the-art presentation facility is supported by GIS data layers developed in-house or obtained from local, state, federal, and commercial sources. Rapid access to these data and their presentation in an appealing and understandable format is essential to Virginia's superior position in the marketing of location sites and its products and services for export.

In addition, the IT division provides technical and marketing support to the regional and local economic development organizations through, and maintenance of, VirginiaScan, a web-enabled marketing (industrial site development, enhancement, building, selection, and workforce) and data management tool. Currently, VirginiaScan is used as a web-enabled marketing tool by at least nine regional and ten local economic development organizations. An extension is planned to include web-based mapping functionality for both external and internal users.

GOAL #1: Develop and maintain the technological infrastructure to fulfill the VEDP/VTC missions.

OBJECTIVE #1: Enhance and maintain communications systems to increase productivity through electronic exchange of data, documents, voice, images, and ideas.

STRATEGIES:

1. Enhance remote access to VEDP/VTC's local area network (LAN) from the regional and overseas offices by reviewing existing telecommunications infrastructure and making recommendations for upgrades as technology improves (particularly in the rural areas).
 2. Enhance reliable data exchange through a wide area network (WAN) and/or web-enabled applications, in concert with state, federal, regional, and local government agencies.
 3. Extend the VEDP Nortel phone network to include local and regional offices where cost effective.
-

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4. Expand the capacity and efficiency of the VEDP/VTC LAN to meet ongoing requirements of the staff. Adhere to the Commonwealth's Enterprise Infrastructure Policies, Procedures, Standards and Guidelines during any upgrade.

OBJECTIVE #2: Provide hardware and software tools to the VEDP/VTC staffs to maximize their effectiveness.

STRATEGIES:

1. Maintain a three to four-year update cycle on desktop and laptop hardware.
2. Maintain software on the most recent, fully compatible version; ensure all servers operate on at least Windows 2003 and desktops operate on Windows XP or better.
3. Plan and deploy an upgrade of our state-of-the-art presentation and video conferencing facility.
4. Centralize digital storage and server hardware through the use of SAN (Storage Area Network) and blade server technology
5. Continue support, development, and maintenance of VEDP intranet applications and enhance access for overseas and regional VEDP/VTC staffs.

OBJECTIVE #3: Protect the technology investment within VEDP/VTC.

STRATEGIES:

1. Test and operate our disaster recovery co-location facility. Integrate this facility with our existing e-mail network to provide fail-over and redundancy of the VEDP communications network.
 2. Use virtualization software to provide fail over capability and reduce recovery time
 3. Maintain anti-virus software and adhere to the security plan for virus protection.
 4. Administer the SPAM blocking software used to monitor the agency's e-mail.
 5. Maintain and monitor security systems to track computer usage and to prevent unauthorized access to VEDP/VTC data.
 6. Maintain, adhere to, and document data back-up and disaster recovery plans.
 7. Update all VEDP/VTC risk assessment, disaster recovery, and contingency planning to include terrorism consequence management plans.
 8. Receive a "clean" management letter from the Auditor of Public Accounts, no deficiencies noted, with respect to systems issues.
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9. Comply with all VITA policies, procedures, and standards for assessing security risks, determining appropriate security measures, and performing security audits of government databases and data communications.
10. Actively participate in any VITA-mandated IT security audits and the VITA Continuity of Operations Project (COOP).

OBJECTIVE #4: Train VEDP/VTC staff in the use of hardware and software applications that are specific to the VEDP/VTC missions.

STRATEGIES:

1. Continue to work with Human Resources staff to enhance and update the IT module for the new employee orientation training.
2. Develop and provide a comprehensive employee training program on the various information services offered. Topics should include remote connectivity, e-mail usage, corporate web-sites, information portals, hardware usage, and security. Provide training before June 30 of each year.
3. Provide relevant staff training on the use of the Presentation and Video Conferencing Facility when appropriate.
4. Continue the "train-the-trainer" IT liaison program utilizing representatives from each Division of VEDP and VTC. Have at least four training and discussion sessions per year.

GOAL #2: Support the VEDP/VTC missions through the development and maintenance of geographically-referenced data, analytical tools, and presentation tools.

OBJECTIVE #1: Provide geographic information and analytical tools to support business attraction and expansion, exporting and tourism opportunities.

STRATEGIES:

1. Maintain catalogs of databases and geo-referenced data as required by Commonwealth policy.
 2. Continue in-house maintenance and update of VEDP/VTC priority data layers (including, but not limited to, the following: industrial sites and buildings, sewer/water infrastructure, electric transmission infrastructure, power generation facilities, schools, institutions of higher education, corrections facilities, airports, golf courses, railroads, landfills, Enterprise Zones, fire and rescue, and hospitals) and integrate these layers with VBMP data.
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VIRGINIA ECONOMIC DEVELOPMENT PARTNERSHIP FY2008 OPERATING PLAN

3. Continue to work with state and local agencies to maintain data layers (landfills, airports, Enterprise Zones, schools, institutions of higher education, corrections facilities, fire and rescue, hospitals, golf courses, wineries, sewer/water facilities, industrial sites/buildings, and power generation facilities).
4. Implement ARC GIS Server to provide web-based mapping capabilities to both internal staff and economic development allies.
5. Revise the existing "Map Central" web page and coordinate with Business Development and other divisions to determine which core custom maps should be included and updated routinely.
6. Continue the integration of VEDP/UTC data with GIS data from state, federal, regional, and local government agencies.
7. Formulate and implement a demographic data layer in conjunction with the Research department.
8. Improve the site selection tools and electronic interface between GIS data and VEDP Business Development and Research staffs.
9. Maintain GIS software at the most current version needed to support user requirements. Specifically, upgrade to version 9.2 of ARC GIS during FY2008.
10. Continue identification and acquisition of other data and imagery products, especially those layers related to telecommunications.
11. Provide and update custom maps for websites, brochures, and publications as requested.

GOAL #3: Support the VEDP mission through the development and nurturing of relationships with economic development allies.

OBJECTIVE #1: Enhance and maintain the relationships with economic development allies to ensure data validity and consistency.

STRATEGIES:

1. Continue enhancement and upgrades to VirginiaScan Phases two and three (web-enabled site selection tool, mapping tool, and interactive data maintenance tool, respectively).
 2. Continue implementation of VanillaScan (web-enabled page server) to support development of site selection tools on regional and local economic development organization websites.
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3. Continue technical support and collaborate with Communications and Promotions and Research Divisions to enhance the Virginia Allies Information Exchange website.
4. Extend the statewide Extranet to provide state, local, regional, and federal agencies access to VEDP data when necessary.
5. Deploy Executive Pulse in concert with local economic development groups.

OBJECTIVE #2: Enhance and maintain relationships with economic development allies through technical assistance.

STRATEGIES:

1. Work with state, local, regional, and federal agencies to share and exchange data and ideas that are necessary to the VEDP mission. Utilize the remote web editing capability of ArcGIS Server to facilitate updating of features by staff at the local level.
 2. Meet with at least one GIS organization to contrast and compare GIS best practices.
 3. Continue to provide technical assistance on IT and GIS functions to state, local, and regional agencies in conjunction with the Research Division.
 4. Survey the local and regional organizations concerning development challenges and gauge interest for a website development workshop.
 5. Continue to provide “standard” and occasional “custom” graphics products to state, local, and regional agencies in conjunction with the Research Division.
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Virginia Economic Development Partnership

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Administration

Budgeted Expenditures

Compensation	\$ 1,772,983
Advertising and Promotion	7,350
Missions, Shows, and Events	28,000
Travel	87,450
Services	137,250
Supplies and Materials	47,070
Grants and Pass Through Payments	-
Fixed Asset Purchases and Rents	600,000
Other Expenditures	<u>77,000</u>
Total Budget	<u><u>\$ 2,757,103</u></u>

Note: It should be noted that the Fiscal Office and Human Resources within Administration support the Virginia Tourism Corporation (VTC) as well as the Virginia Economic Development Partnership. Using the number of VTC personnel, the equivalent value of this service is \$327,000.

Note: It should be noted that the Virginia Economic Development pays the rent for the Virginia Tourism Corporation (VTC). Using the number of VTC personnel in the Richmond Office, the equivalent value of this service is \$440,000.

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ADMINISTRATION

The Administration Division consists of the Executive Office, Human Resources, and Fiscal and Support Services. Its primary function is to provide leadership and an organizational framework within which the marketing and marketing support functions work to fulfill the Virginia Economic Development Partnership (VEDP) mission. The administrative functions of Human Resources and Fiscal and Support Services also provide the Virginia Tourism Corporation (VTC) and the Virginia National Defense Industrial Authority (VNDIA) with administrative support in accordance with Memoranda of Agreement.

The Executive Office provides leadership and organizational vision by ensuring consistent adherence to the VEDP mission, establishes VEDP performance measures, monitors their results, and supports a commitment to ethical values. It also communicates to community, political, and business leaders the importance of economic development and the activities in which VEDP has engaged on their behalf. The Executive Office includes the Executive Director, Deputy Director, and General Counsel/Legislative Director. The General Counsel provides guidance on policy matters, legal issues, and business incentives; coordinates VEDP's legislative program; and produces, in conjunction with the Research Division, VEDP's Annual Report, the Secretary of Commerce and Trade's Incentives Report, and provides input for any other reports required by the General Assembly.

The Human Resources (HR) Division recruits quality, high-caliber employees to enhance VEDP's workforce to ensure that the VEDP mission is carried out and the goals and objectives met. HR maintains up-to-date HR policies and procedures; provides guidance on benefit packages available to VEDP/VTC employees; manages an automated human resources system providing reports with which to analyze employment trends; ensures appropriate market driven, internally equitable compensation levels for VEDP employees; encourages diversity in the workplace; and prepares numerous compliance reports for the state and federal governments.

The Fiscal and Support Services Division provides the following services to VEDP: budget development in accordance with state directives; operating plan development; fiscal policies and procedures; maintenance and evaluation of a system of internal controls; financial operations to ensure that all VEDP obligations are met both to outside vendors and to VEDP employees; accurate and timely financial reports to management for decision making; procurement services; facilities and fleet management; and other administrative functions to support the VEDP mission.

GENERAL COUNSEL AND LEGISLATION

GOAL #1: Develop and direct VEDP's legal issues, legislative initiatives, and economic development policies to position Virginia as an advantageous and continuously improving business location.

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OBJECTIVE #1: Ensure that VEDP is legally protected and complies with all relevant laws and regulations to successfully carry out the Partnership's marketing mission.

STRATEGIES:

1. Meet periodically with division directors and staff to review legal and policy issues and projects.
2. Respond in a timely fashion to significant legal and policy issues presented by VEDP staff.
3. Brief and prepare VEDP Board members on legal and policy issues, render informal advice, and review agendas, minutes, resolutions, and other documents before meetings.
4. Participate when appropriate in projects with VEDP staff, prospects, allies, and local or regional economic developers.
5. Review contracts, leases, agreements, policies and procedures, and human resources and fiscal practices for compliance and protection, and coordinate with the Attorney General's office as necessary.

OBJECTIVE #2: Develop legislation, written economic development policies, and studies as requested by the Executive Director or mandated by the General Assembly and/or the Governor, within the prescribed deadlines, or as may be appropriate or proactively helpful to strategically position Virginia or a region.

STRATEGIES:

1. Draft, review, and/or revise legislation and guidelines affecting VEDP or Virginia's state, local, or regional economic development efforts.
 2. Author and coordinate or contribute to the production of studies mandated by the General Assembly or the Governor on economic development and related issues, or other studies as needed. Participate on study commissions as requested or as appropriate.
 3. Develop policy, testify before the General Assembly, speak before various groups, write articles, and provide information on economic development issues.
 4. Develop positive relations with General Assembly members and staff, both personally and for the Executive Director, creating opportunities for education and exchange of information and ideas.
 5. Propose legislation that will better position Virginia to attract certain industries.
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6. Participate in the development of every new Governor's economic development strategic plan.
7. Develop program to establish relations with federal elected and appointed officials, and examine programs and marketing possibilities within the federal government.
8. Brief and advise the VEDP Board, staff, and allies on legislative issues to generate support and cooperation.

GOAL #2: Coordinate Virginia's business incentives to ensure a sensible, consistent, competitive approach that brings a healthy return on investment to Virginia and its communities.

OBJECTIVE #1: Advise VEDP staff and local/regional economic developers and government officials, as well as the private sector, on the development and use of incentives in accordance with applicable law and policy, ensuring effective protection of public investments.

STRATEGIES:

1. Draft and/or review and revise performance agreements or memoranda of understanding.
2. Study and analyze incentives offered by Virginia and other states and localities within or without Virginia.
3. Participate in negotiations with prospects, local developers, and counsel as appropriate.
4. Direct the proactive development of new incentive programs, processes and policies to target specific industries (e.g., aerospace), assets (e.g., sites with infrastructure or workforce training), or regions (e.g., rural, distressed).
5. Proactively monitor locality and company compliance with incentive agreement terms and ensure the recapture of funds where performance has not been met.
6. Engage in public speaking and publish articles (and other forms of education) regarding Virginia's policies on the use of incentives.

OBJECTIVE #2: Work with companies and state agencies (e.g., Department of Housing and Community Development (DHCD), Department of Business Assistance (DBA), Virginia Department of Transportation (VDOT), and Department of Mines, Minerals and Energy (DMME)) that utilize or administer incentive programs to ensure complete communication and coordination and, thereby, the effective use of these programs.

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STRATEGIES:

1. Serve as a point of contact between state agencies and localities and/or companies to discuss, negotiate, and coordinate use of incentive programs including Semiconductor Manufacturing Incentives, Enterprise Zones, Workforce Services, Industrial Road and Rail Access, Recycling Tax Credits, and Solar Photovoltaic Manufacturing Incentive Grants.
2. Participate in the development and operation of incentive programs administered in state agencies.
3. Prepare and distribute annual Incentives Report on behalf of the Secretary of Commerce and Trade.

OBJECTIVE #3: Coordinate VEDP's incentive programs.

STRATEGIES:

1. Direct and administer the Virginia Investment Partnership and Virginia Economic Development Incentive Fund programs. Assist with the administration of the Governor's Opportunity Fund, including carrying out negotiations with prospects where appropriate; concluding, reviewing, and approving performance agreements; and recommending periodic changes to the VIP and GOF legislation or guidelines.
2. Form, organize, and maintain nonprofit, nonstock Virginia corporations as needed to facilitate various incentive strategies, including the Virginia Semiconductor Educational Endowment, the Virginia Shipbuilding and Carrier Integration Center, the Virginia University Research Partnership, and others that may arise. Serve as liaison to these groups.

HUMAN RESOURCES

GOAL #1: Ensure that VEDP is staffed with the highest caliber employees to successfully support its mission and meet its goals and objectives.

OBJECTIVE #1: Enhance recruitment methodology.

STRATEGIES:

1. Identify and target qualified applicant pools.
 2. Maximize utilization of identified external as well as internal on-line recruitment resources to increase exposure and minimize advertising costs.
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3. Explore non-traditional workforce resources.
4. Maintain EEO/Affirmative Action Plan, achieve plan goals, and eliminate identified problem areas.

OBJECTIVE #2: Ensure that staffing position descriptions and employees' performance expectations support the VEDP operating plan.

STRATEGIES:

1. Meet with division directors annually to review work plans and determine optimum staffing patterns.
2. Ensure that employee expectations support the divisions' performance measures.

OBJECTIVE #3: Ensure that VEDP's benefits package provides a competitive edge in recruitment and retention of employees.

STRATEGIES:

1. Conduct a comprehensive orientation program providing an overview of benefit programs.
2. Conduct seminars, augmenting internal instructors with external subject matter experts, as appropriate.
3. Maintain current benefits information on Human Resources intranet.
4. Maximize utilization of interactive web forms to provide employees with direct access to pertinent records and data.

OBJECTIVE #4: Administer a performance-based incentive reward system for eligible employees.

STRATEGIES:

1. Ensure that employees are evaluated on established performance measures and that incentive reward recommendations are fully documented by August 1 of each year.
2. Convene formal review committee to ensure VEDP internal equity as well as budgetary compliance and make final recommendations to the Executive Director by September 1 of each year.
3. Obtain final approval of Executive Director and distribute awards by October 15 of each year.

OBJECTIVE #5: Administer a fully-integrated Human Resources information system.

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STRATEGIES:

1. Provide senior management with monthly staffing and position control reports.
2. Evaluate system effectiveness to facilitate data manipulation and reporting capabilities.
3. Implement upgrades, as appropriate, to maximize system capabilities and output.

OBJECTIVE #6: Ensure that all staff are properly trained to perform their jobs successfully.

STRATEGIES:

1. Meet with Division Directors annually to assess training needs of employees.
2. Coordinate cost-effective training utilizing in-house resources when available.

FISCAL AND SUPPORT SERVICES

GOAL #1: Provide VEDP with annual budget development management.

OBJECTIVE #1: Execute annual appropriations development instructions within required deadlines.

STRATEGIES:

1. Coordinate annual budget development process.
2. Assist VEDP management in identifying financial priorities for developing VEDP's requests for additional funds.
3. Monitor annual budget actions through the administrative and legislative processes.
4. Prepare appropriate budget schedules and presentations in accordance with administration and legislative requests.

GOAL #2: Provide VEDP with a comprehensive financial management process for decision making.

OBJECTIVE #1: Provide directors and managers with instructions and historical financial data to assist them in producing an annual operating plan prior to the beginning of each fiscal year.

VIRGINIA ECONOMIC DEVELOPMENT PARTNERSHIP

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STRATEGIES:

1. Publish VEDP operating plan development instructions no later than mid-April each year.
2. Analyze historical spending patterns of the current and prior fiscal years.
3. Provide training and assistance to directors and managers.
4. Review draft operating plan with Board of Directors' Finance Committee prior to submitting to Board for approval.

OBJECTIVE #2: Provide senior management with monthly financial management reports by the 10th of each month.

STRATEGIES:

1. Monitor a monthly financial reporting cycle that ensures the VEDP transaction recording process is closed, reconciled, and reported timely.
2. Perform periodic transaction reviews to ensure transactions are recorded properly before the month-end close.
3. Prepare Executive Financial Summary and Cash Report for the Executive Director's review.

GOAL #3: Provide VEDP with a comprehensive system of internal controls.

OBJECTIVE #1: Receive "clean" management and internal control letters from the annual Auditor of Public Accounts audit.

STRATEGIES:

1. Maintain Financial Policies and Procedures Manual to ensure VEDP assets are secured and transactions are accurate and occur within specified guidelines.
2. Implement and maintain a comprehensive system of internal controls modeled on the State Comptroller's Agency Risk Management and Internal Control Standards (ARMICS).
3. Conduct VEDP staff training.

OBJECTIVE #2: Perform annual Fiscal Policies and Procedures Manual updates.

STRATEGIES:

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1. Review policies and procedures and audit reports to compare to existing policies and procedures annually.
2. Distribute selected procedures to fiscal and program staff for review and evaluation annually.

GOAL #4: Provide VEDP with appropriate treasury functions to ensure adequate operating cash and reconciled cash balances.

OBJECTIVE #1: Invest available cash balances within reasonable risk factors appropriate to public funds' cash management practices.

STRATEGIES:

1. Monitor Local Government Investment Pool (LGIP) account for excess operating cash balances.
2. Review weekly balance activity to ensure adequate operating cash.

GOAL #5: Provide VEDP with procurement, facilities and fleet management, and other administrative services in support of VEDP's mission.

OBJECTIVE #1: Maintain policies and procedures and monitor internal controls with respect to the procurement of all VEDP goods and services.

STRATEGIES:

1. Review policies and procedures annually to ensure they provide an adequate purchasing structure.
2. Participate in State-sponsored procurement initiatives, such as eVA and Small Women and Minority (SWAM) owned businesses when advantageous to VEDP procurement objectives.

OBJECTIVE #2: Provide facility and fleet services to ensure a safe working environment and to fulfill VEDP transportation needs.

STRATEGIES:

1. Coordinate the cleaning services with the landlord to ensure VEDP employees have a clean working environment.
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2. Coordinate building security with the landlord to ensure VEDP employees have a safe working environment.
3. Ensure transportation assets are maintained and are adequate to fulfill demands of a marketing organization.

OBJECTIVE #3: Prepare and maintain a Continuity of Operations Plan (COOP) to ensure VEDP's continued ability to fulfill its mission after an incident.

STRATEGIES:

1. Direct the preparation and maintenance of the VEDP COOP to ensure mission critical functions continue in the event of an incident.
2. Coordinate the recovery of mission critical functions in the event of an incident.

Virginia Economic Development Partnership
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Pass Through Payments

Budgeted Expenditures

Compensation	\$ -
Advertising and Promotion	-
Missions, Shows, and Events	-
Travel	-
Services	-
Supplies and Materials	-
Grants and Pass Through Payments	1,400,000
Fixed Asset Purchases and Rents	-
Other Expenditures	-
	<hr/>
Total Budget	<u><u>\$ 1,400,000</u></u>
