



2017 Business Plan

Hampton Roads Economic Development Alliance

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Executive Summary

Vision

The Hampton Roads Economic Development Alliance (the Alliance) is a non-profit public-private regional economic development partnership committed to a more prosperous and diverse regional economy.

Mission

The Alliance operating mission is to aggressively attract, grow and retain higher wage industries, talent and jobs.

The formal mission statement further describes the Alliance purpose: To market the Hampton Roads area of Virginia and its dynamic communities as a primary location of choice for economic investment and business expansion and serve as the area's lead regional economic development organization to recruit and encourage new and expanded business development and a talented business employment pool to locate in Hampton Roads.

More specifically, the Alliance will:

- Identify and target national and international companies for recruitment to Hampton Roads
- Aggressively market the competitive advantages of Hampton Roads to the world
- Develop and promote a regional inclusive of and bolstered by its individual community brands
- Focus on achieving regional success that is broad-based and inclusive of each partner community
- Help organize, grow and strengthen higher wage industry clusters across the region
- Maintain a regional economic development information, research and resource center
- Help existing companies with their expansion needs when requested by the locality or the company
- Identify and support regional efforts that lead to a broad and diversified economic base

Strategy

The Alliance will aggressively pursue the higher wage job creation strategy developed through a broad-based and inclusive strategy and planning effort in late 2016. This strategy is based on Reinvent Hampton Roads industry cluster research and higher wage job creation model focusing on the region's current and emerging advanced industrial clusters. The Alliance strategy calls for the creation of 32,000 new higher wage industry cluster jobs that will drive the creation of 71,000 new jobs in the region overall. More specifically, it calls for the Alliance, in concert with its partners, to support the creation of 9,500 higher wage jobs through new-to-market business recruitment.

Goals and Metrics

2017 organizational stretch objectives call for completion of 15 economic development projects that will:

- Create 1,196 new higher wage jobs
- Increase regional payroll by \$65,000,000
- Increase capital investment by \$110,000,000
- Absorb 600,000 sq. ft. of existing and/or new commercial/industrial space

Key Performance Indicators

- Attain an average wage \$55,000 or 120% of the average metro wage for new jobs created
- Generate 135 qualified leads, 65 competitive projects and host 45 prospects in the region
- Maintain public revenue at or above 2016 levels
- Generate \$250,000 in new private revenue
- Maintain a private investor attrition rate of 4%

Strategic Approach and Priorities

Priority Areas of Focus

In support of the Five-Year Higher Wage Job Creation Strategy, the Alliance will launch a globally competitive development program and concentrate time, energy and resources in five priorities areas.

Competitiveness Improvement

- **Regional Business Identity and Brand.** Launch a collaborative community-based effort to better develop, strengthen, merchandise and promote the region's business identity.
- **Higher Wage Industry Cluster Growth.** Support and assist in efforts to organize, develop and accelerate growth and competitive position of the region's current and emerging higher wage industry clusters.
- **Competitive Product Strategy.** Work with partners to improve the region's competitive position in the areas of workforce, talent recruitment, site/facility development, and broadband network expansion.

Marketing and Promotion

- **Hampton Roads "Go-to-Market" program and campaign.** Design and implement marketing and communication programs to increase consideration of Hampton Roads as a business location.

Business Development and Sales Promotion

- **High Profile High Impact recruitment.** Focus company outreach toward attraction and recruitment of high profile high impact corporate targets in the target industry sectors.
- **Site Locators, Consultants and Advisors.** Elevate awareness of the Hampton Roads region through proactive outreach to site locators, consultants and industry advisors.
- **RED Team.** Leverage team strengths to deliver high value location options to business/industry clients.

Business Intelligence

- **Economic Forum.** Organize and launch the Economic Forum to refine the peer region benchmarking program and inform/education regional leadership on top-level competitive position issues/concerns.
- **Enhanced company/industry research platform.** Strengthen research capability in target sectors.

Investor Relations and Engagement

- **Investor Relations and Engagement Team.** Bring together a cross section of investors to review, analyze and understand investor benefits, and frame new investment tiers and engagement opportunities.

Measurement and Evaluation

The Alliance approach to evaluation includes three types or dimensions of assessment.

- **Monitor Progress:** Success in carrying out program activities on schedule and within budget.
- **Evaluate Effectiveness:** Determining whether efforts achieve prescribed objectives.
- **Measure Impact:** Assess positive changes in the overall environment that relate to program actions.

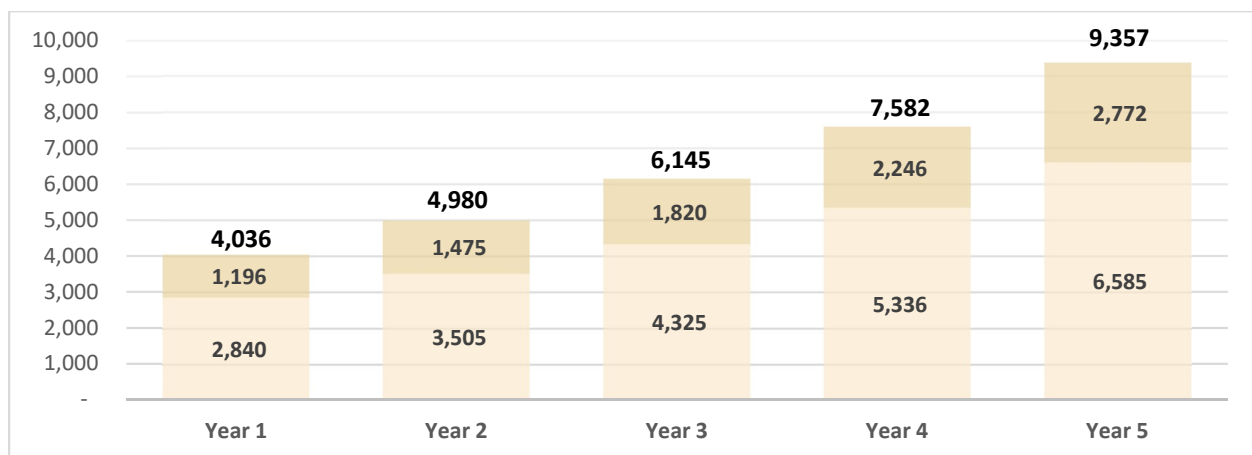
Within this context, the Alliance has developed a system of performance assessments that evaluates both historical performance and functions as a management tool to drive future actions and results. With a clear understanding of what performance areas should be measured, the Alliance has also developed a best practice approach to setting specific performance targets and goals. The overall performance framework along with detailed key performance indicators (KPIs) is attached as an exhibit in the final 2017 Business Plan.

Goals and Targets

The Five-Year Higher Wage Job Creation Strategy

The Five-Year Higher Wage Job Creation Strategy was developed through a broad-based planning effort in 2016. This strategy is based on the industry cluster research commissioned by Reinvent Hampton Roads and was developed as a model for setting job creation goals in the advanced or higher wage industrial clusters. These future goals become the performance targets for the Alliance's business recruitment and attraction program. Over five years, the plan calls for the creation of 32,000 new higher wage industry cluster jobs that will drive the creation of 71,000 new jobs in the region overall. The plan calls for 25% or 9,510 new higher wage jobs to come from the Alliance's new-to-market business recruitment and attraction with the balance coming from accelerated growth and expansion of clusters. The chart below shows how these targets are ramped up over the five-years.

Projected Five-Year Job Creation from Higher Wage Industrial Clusters



Attaining the above higher wage sector job creation goals is projected to return the region to a 2% job growth rate.

Top-Level Metrics and Performance Indicators

The following chart illustrates Alliance goals, targets and top-level Key Performance Indicators (KPIs).

Metric or Performance Measure	Threshold Goals	Target Goals	Stretch Goals
Projects Completed	6	10	15
Jobs Announced	500	720	1,196
Payroll Announced	\$22,000,000	\$36,000,000	\$65,000,000
Capital Investment Announced	\$45,000,000	\$75,000,000	\$110,000,000
Absorption of Commercial/Industrial Space	240,000 SF	400,000 SF	600,000 SF
Average Wage	\$44,000	\$50,000	\$55,000
Lead Generation	55	90	135
Project Generation	27	45	65
Prospects Hosted	18	30	45
Private Investor Attrition Rate	6%	5%	4%
New Private Sector Investor Revenue	\$150,000	\$200,000	\$250,000

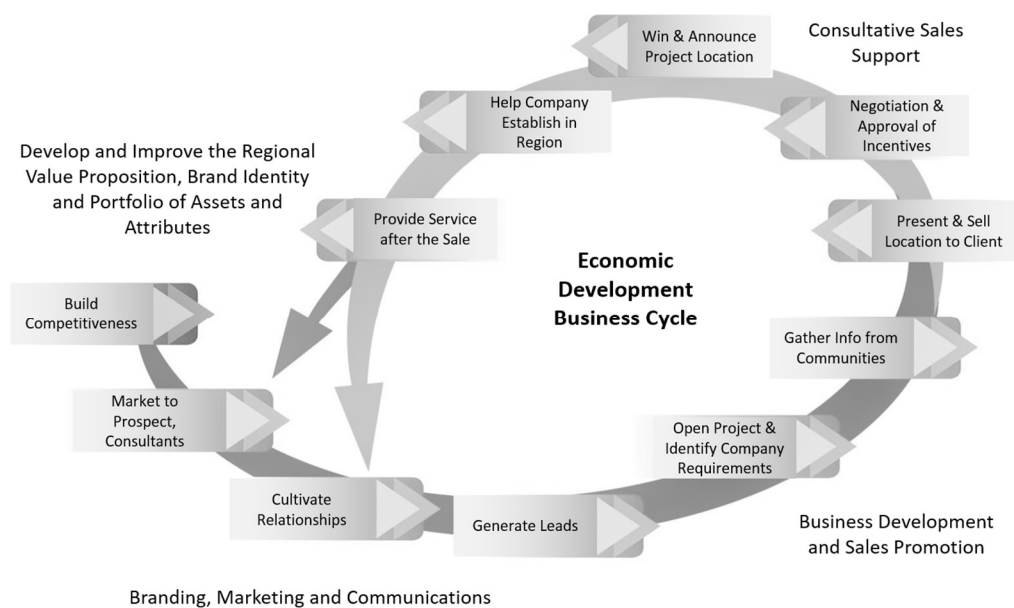
Target Industries and Sectors

Job creation efforts are focused on the priority industry sectors shown on the following chart.

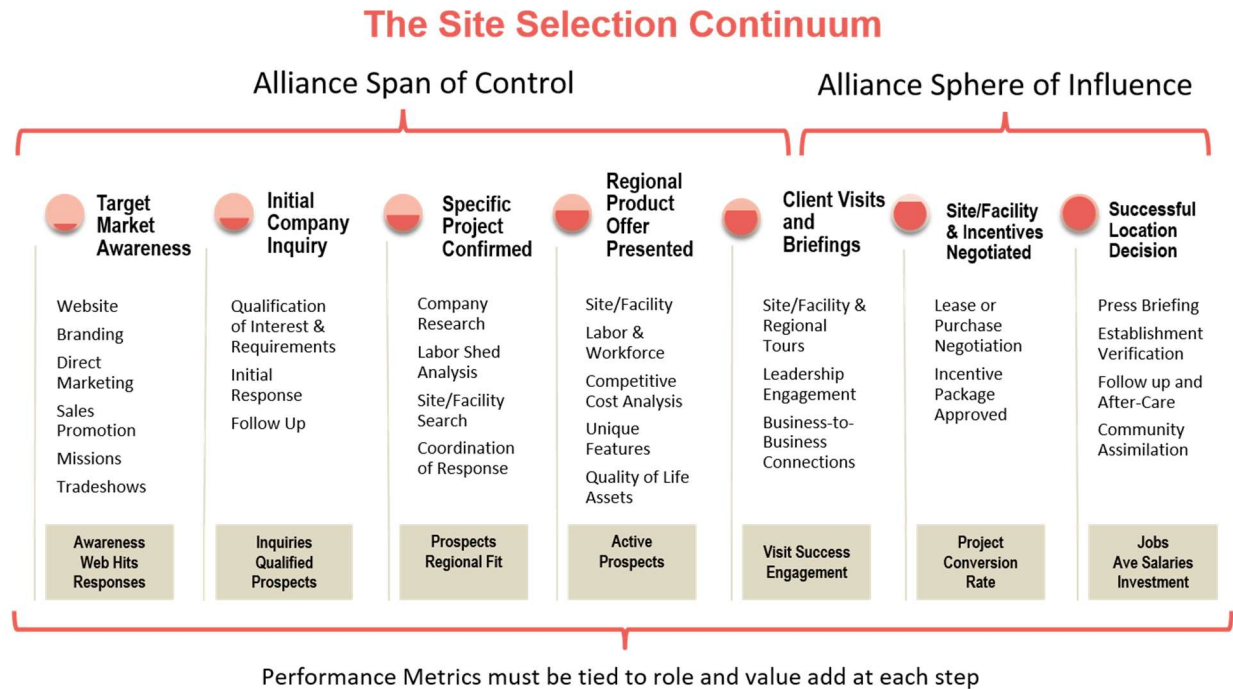
Business Services	Information, Analytics and Security	Advanced Manufacturing	Life Sciences and Healthcare	Maritime, Logistics and Supply Chain	Aviation, Aerospace and Defense
Professional Services	Cybersecurity	Advanced Manufacturing	Specialty Pharma	Port Related Operations	Defense Activities
Financial Services	Modeling, Simulation and Training	Advanced Industrial Technologies	Medical Devices	Maritime Services	Maintenance, Repair and Overhaul (MRO)
Shared Services	Software Development	Food and Beverage Processing	Biotechnology	Ship Building and Ship Repair	Aviation Related Manufacturing
Management Consulting	Game Development and Mobile App	Smart Sensors	Diagnostic Testing	Supply Chain Operations	Air Service Development
Policy Associations	Energy Solutions	Materials Science	Pharmaceuticals	Distribution and Warehousing	
Government Contracting			Clinical Trials		
Contact Centers			Bio Informatics		
			Medical Simulation		
Corporate and Regional Headquarters – Centers of Excellence – Research and Development					

Strategies, Operational Plans and Tactics

The Alliance concentrates its efforts where it can add value in the economic development business cycle.

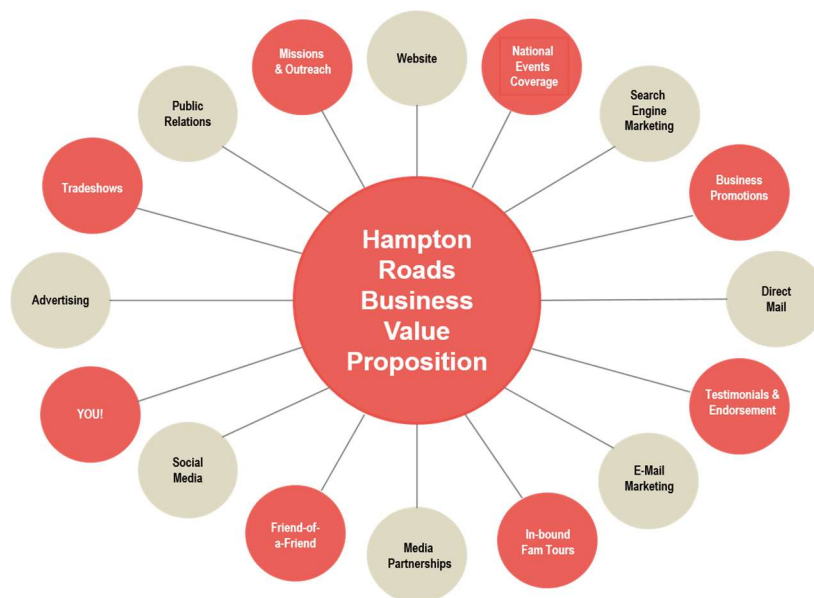


The chart below illustrates how the Alliance role shifts throughout the site selection process.



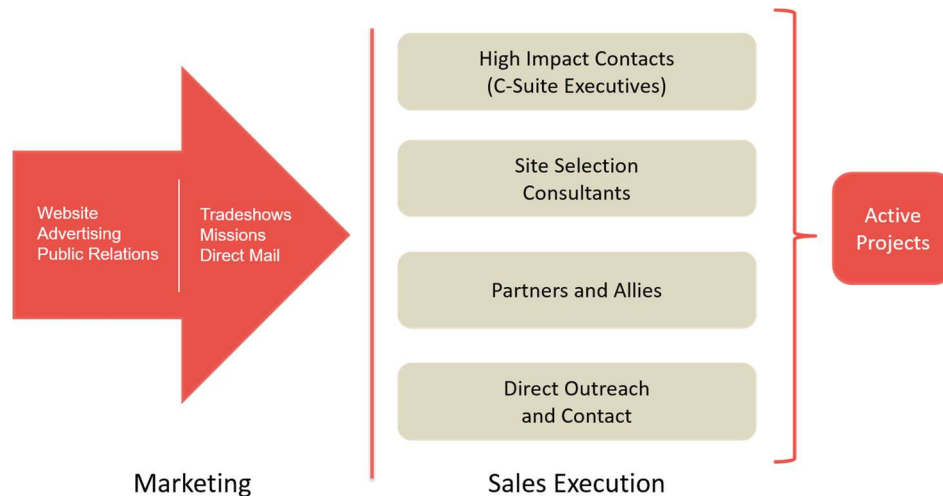
Marketing and Communications

The 2017 program year is the initial year of the Alliance’s enhanced and expanded regional identity marketing and promotional campaign. The marketing campaign is designed to create more opportunities to present the region’s locational advantages to qualified business and industry prospects. The program includes a stronger branding program along with specific marketing and promotional program enhancements. The Alliance campaign effort is focused on changing and enhancing perceptions about the Hampton Roads region. This will be accomplished by marketing through a variety of means including advertising, direct mail, and website content.



Impact measures will include new leads that come directly as a result of the marketing and promotional campaign within targeted industries. The ultimate goal of the campaign is to convert these leads into new business opportunities, new capital investment and new job creation for the region. The image below demonstrates how marketing and branding efforts drive traffic to the Alliance sales team and manifests itself in terms of inquiries, leads and prospective business and industry clients. The business development team, in collaboration with partners, works to convert the increased traffic, leads and prospects into new business investment projects.

Connecting the Dots:



Action items

- Work with Business Development, Business Intelligence and the RED Team to conduct baseline research, regional identity/brand audit and prepare regional positioning assessment and business case.
- Organize and frame the regional identity architecture to drive development a regional identity and brand strategy platform, and an overall regional marketing and communications strategy and plan.
- Design and implement direct marketing and outreach to both consultants and c-suite executives.
- Plan and execute major marketing and communications missions to top national media markets.
- Directly support and assist in the implementation of out-of-market business development missions to spread the Hampton Roads business identity message, positively change perceptions and generate leads.
- Refine and upgrade the Alliance website.
- Organize and launch a regional public relations and communications team to merchandise Alliance and partner development successes across the region, the Commonwealth of Virginia and the nation.
- Plan and executive a comprehensive regional and Commonwealth of Virginia communications program to ensure business and government leaders, stakeholders, partners and investors are educated and informed about Alliance's efforts to implement the Five-Year Higher Wage Job Creation Strategy.
- Strategically involve Alliance partners, stakeholders and investors in all efforts to help spread the message of the Hampton Roads business identity.

Business Development and Sales Promotion

The Alliance has successfully developed and maintained a proactive direct outreach and prospecting program focused on generating quality leads that can be nurtured and converted into job creation, job diversification opportunities for the region. In support of the direct outreach and prospecting program, the Alliance offers a full range of services to assist companies as they evaluate Hampton Roads as a premier and high quality location in which to locate and grow their companies. Business development activities and strategies are focused on targeted industries, and organized marketing and sales promotion efforts for both inbound and outbound promotion.

Business Recruitment and Attraction¹

Action items

- Plan and execute a comprehensive program of national and international Business Development outreach missions targeting high-profile high-impact companies in select markets.
- Plan and execute focused outreach to site selectors, consultants and advisors in key markets.
- Leverage resources by engaging and coordinating business development efforts with the Virginia Economic Development Partnership (VEDP), the Greater Richmond Partnership and others.
- Support and participate in public partners' prioritized markets and promotional activities.
- Support and participate directly in the IAMC conference in Richmond.
- Support and participate select VEDP site selector events.
- Participate in or sponsor booths at selected targeted industry trade shows/conferences.
- Support the region's communities as needed by hosting select international delegations.

Existing Industry Cluster Development, Growth Acceleration, Expansion and Retention

Helping accelerate regional business and industry growth and expansion is a key component of the Alliance's five-year higher wage job creation strategy. Maintaining and growing employment, payroll, capital investment and corporate partners foster stability in the regional economy. The Alliance will address existing industry needs principally through engagement in its cluster development and promotion efforts.

Since fierce global competition forces many companies to continually evaluate the best location for their business, the Alliance will work in close alignment with its public sector partners to conduct outreach to target sector firms and encourage/support economic growth and expansion projects. Outreach visits to these sectors provide the Alliance with valuable insight on business drivers, workforce, competitiveness, and other issues.

Business Intelligence

Business Intelligence is a core function of the Alliance. The Business Intelligence program of work encompasses four primary work streams: business development project support, organizational reporting, economic analysis and company/industry intelligence. Building on the progress made with the reorganization of the unit in 2016, the following initiatives have been identified to ensure Business Intelligence continues to be a value center in 2017.

Action items

- Support the Reinvent Hampton Roads industry cluster workforce gap analysis research project.
- Organize and launch quarterly Economic Forum meetings to refine the regional benchmarking program.
- Design and distribute four (4) issues of Hampton Roads Insight, a publication of the Economic Forum.
- Provide accurate and timely support to all Business Development RFI/RFP requests.
- Design and implement a monthly report covering regional progress and organizational performance.
- Organize and implement an enhanced industry/company research platform to analyze priority target sectors, identify company targets and produce data driven regional profiles of each industry sector.
- Maintain and enhance the Business Intelligence data inventory and research based website presence.
- Continue the Business Intelligence economic analysis program, author regular economic commentaries and coordinate distribution with Marketing and Communications.
- Conduct specialized research and prepare reports as required.

¹ The detailed business development calendar of activities will be included as an exhibit in the final 2017 Business Plan

Investor Relations and Events

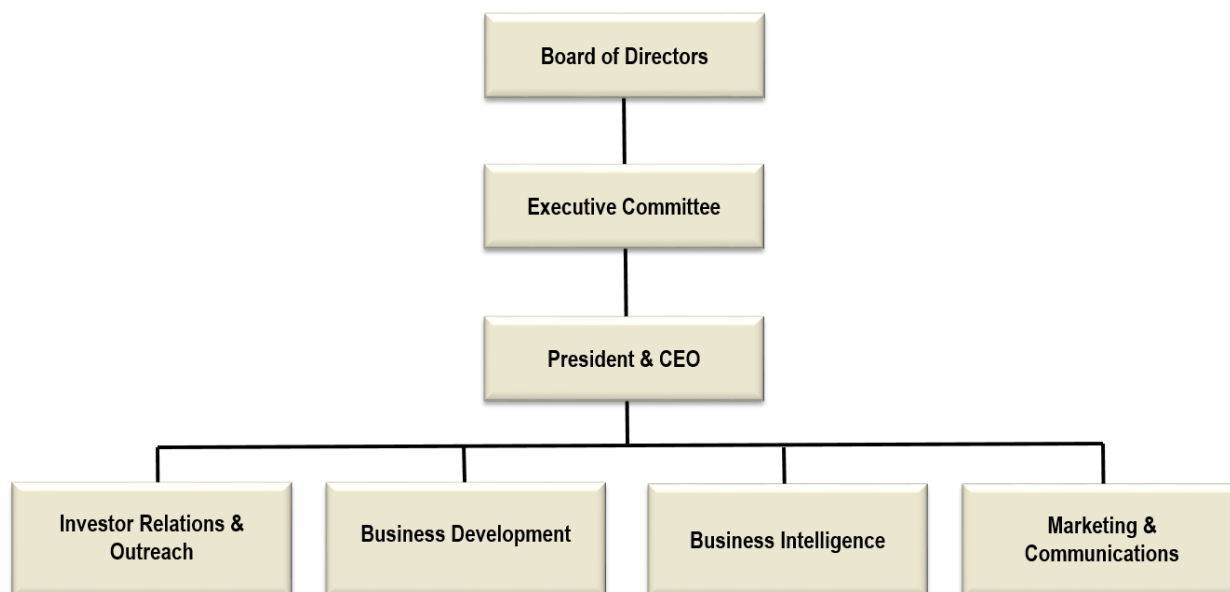
The organization's value proposition is enhanced by effectively engaging both public and private stakeholders.

Action items:

- Organize and staff the Investor Relations and Engagement Team established to review, analyze and understand investor benefits, and frame new investment tiers and engagement opportunities.
- Lead the development and implementation of a comprehensive investor engagement, recruitment and retention program that will, within five-years, generate \$1.00 per capita in annual private funding.
- Generate \$250,000 in new private revenue in 2017.
- Maintain private investor attrition below 4% during 2017.
- Plan, organize and recruit attendance for four (4) Investor Update sessions across the region.
- Plan and organize Board of Directors meeting receptions.
- Organize the 20th Anniversary Committee to plan and conduct a major anniversary event in 2017.

Management and Operations

The Alliance team is organized around the core mission of regional economic development with the operating departments of Business Development, Marketing & Communications, Business Intelligence and Investor Relations & Outreach reporting to the President & CEO. Finance and Accounting services are provided by the Hampton Roads Chamber of Commerce with their CFO working directly with the President & CEO.



Budgets and Funding

The Hampton Roads Economic Development Alliance budget for 2017 was approved by the Board of Directors at the December 8, 2016 meeting. The top-level budget is summarized in the following table. The detailed operating budget will be finalized and included as an exhibit when expenditure programming is complete in January of 2017.

	2016 Budget Actual ²	2017 Budget	Variance
Support & Revenue			
Corporate Investment	771,652	1,014,960	243,308
Municipal Investment	1,415,590	1,398,915	-16,675
Miscellaneous	10,119	25,000	14,400
Supplemental Allocation ³		599,794	599,794
Total Support & Revenue	2,197,361	3,038,669	841,308
Expenses			
Marketing and Promotion ⁴	1,566,457	807,209	-759,248
Business Development		1,209,236	1,209,236
Business Intelligence		377,758	377,758
Industry Cluster Promotion		115,619	115,619
Investor Relations	101,735	255,835	154,100
General Operations	581,435	273,012	-308,423
Total of All Expenses	2,249,627	3,038,669	789,042
Balance	-52,266	0	52,266

² Budget Actual per preliminary December 31, 2016 financial reports.

³ One-time supplemental allocation of HREDA reserve funds dedicated to launch of Five-Year Job Creation Strategy.

⁴ Major variances are due to more specific allocation of expenditures in the 2017 budget.

Exhibit A – Performance Measurement Framework

