

Background

This Economic Development Strategic Plan (“Plan”) provides direction and focus to Hanover County’s economic development program. The goals and objectives structure the operational activities for the Department of Economic Development. Economic Development is not an initiative of one department, rather a broader organization-wide culture supported by sound policy, inter-departmental cooperation, superior customer service, and continuous improvement to enhance the economic prosperity of our business community.

These goals and objectives are also dependent on other County-sponsored activities that may affect the local business climate, such as land-use policies as defined by zoning regulations, the Code of Virginia, the Comprehensive Plan, tourism development investments and workforce readiness initiatives. The Hanover County Board of Supervisors should review the results of this Plan annually and make revisions as necessary.

As part of this Plan, the Department of Economic Development developed a set of performance measures which should be evaluated annually to determine if the Plan is meeting its goals. These performance measures are typically provided as part of the Department’s annual report to the Board of Supervisors. The premise of this Plan is that Hanover County desires a strong economic base to ensure the viability and sustainability of Hanover County’s premier quality of life. Given the dynamic and competitive nature of the larger economy, Hanover County must proactively nurture and develop its business sector to continue to thrive long-term as a balanced community, and thus must make an ongoing commitment to policies and initiatives that reinforce the County’s profitable climate for business investment.

Mission: To attract, grow, and retain businesses in Hanover County in a manner that contributes to our premier quality of life while fostering a profitable climate for business investment.

Goal Summary

- 1 Enhance the Business Climate
- 2 Increase Business Investment
- 3 Create High-Quality Jobs
- 4 Expand Existing Businesses
- 5 Form New Businesses
- 6 Promote Tourism

Goals

1 Enhance the Business Climate

- **Objective 1.A.** – Regularly gather and respond to business community feedback.
- **Objective 1.B.** – Circulate public information critical to business decision-making, including federal, state, regional, and local programs, resources and incentives.
- **Objective 1.C.** – Manage active marketing channels to promote business investment.
- **Objective 1.D.** – Promote opportunities for the simplification/cost reduction of government approval processes, such as rezoning and other processes that impact business investment.
- **Objective 1.E.** – Endorse expanded public infrastructure investment in key business areas.
- **Objective 1.F.** – Advocate for the development of high-speed Internet in business areas.
- **Objective 1.G.** – Facilitate business community involvement in local policy-making.



2 Increase Business Investment

- **Objective 2.A.** – Increase county tax base derived from commercial sources.
- **Objective 2.B.** – Encourage and assist private landowners to ready commercial sites for sale and lease.
- **Objective 2.C.** – Identify opportunities for public-sector role in developing new commercial sites.
- **Objective 2.D.** – Recruit new business investment through effective marketing.

3 Create High-Quality Jobs

- **Objective 3.A.** – Expand the number of jobs.
- **Objective 3.B.** – Increase the number of jobs with above-average wages.
- **Objective 3.C.** – Increase the number of jobs within Target Clusters (Finance / Insurance, Healthcare, Information, Logistics, Management of Companies, Manufacturing, Professional / Technical and Real Estate).

4 Expand Existing Businesses

- **Objective 4.A.** – Assist in the progress of networking among businesses to promote collaboration.
- **Objective 4.B.** – Encourage investment in expansion by existing businesses.
- **Objective 4.C.** – Advocate for workforce initiatives that result in relevant skills training.
- **Objective 4.D.** – Network with local businesses and business associations.
- **Objective 4.E.** – Support and promote agricultural businesses.

5 Form New Businesses

- **Objective 5.A.** – Sponsor start-up space for STEM-H (science, technology, engineering, math and health) Phase 1 business ventures.
- **Objective 5.B.** – Encourage entrepreneurial skill development through skills training and networking opportunities.
- **Objective 5.C.** – Facilitate the development of mentor networks.

6 Promote Tourism

- **Objective 6.A.** – Bolster hotel development.
- **Objective 6.B.** – Support existing tourism venues.
- **Objective 6.C.** – Promote the development of additional tourism assets.



Summary

Successful economic development results from the cooperation and coordination of many stakeholders working together to promote a profitable environment for business investment. The purpose of this Plan is to provide Hanover County with goals and objectives for its economic development efforts. This Plan enables the focused allocation of limited staff and financial resources on programs and initiatives that have the best odds of delivering the highest value to the Hanover community.

Process

The Hanover County Board of Supervisors has a goal to update this Plan every five years. To be effective, an economic development strategic planning process should:

- Involve all relevant stakeholders
- Synthesize stakeholder priorities into a shared vision
- Establish parameters of what is realistically achievable
- Concisely articulate — in inspiring terms — what Hanover wants to become
- Define what success looks like when it is achieved and set an expectation timetable for realization of that vision
- Outline an operational framework for proactive goals, actions, and programs
- Prioritize the resources and efforts of the economic development resources (funding, staff and partnerships)

The development of this Plan has involved five phases:

- **Phase 1 (Spring 2014):** Establishing the EDA as the primary Plan working group, creating a landing page for process/updates/drafts (hanovervirginia.com/strategicplan/), identifying relevant stakeholder groups and inviting them to participate (presenting ideas, perceptions, vision, goals).
- **Phase 2 (Summer 2014):** Sending survey invitation cards to the business community, encouraging stakeholder groups to finalize responses, draft Plan outline, work with the Greater Richmond Partnership and Richmond Region Tourism to conduct assessment analyses, close the business community survey and gather results.
- **Phase 3 (Fall 2014):** Process business community survey results, hold EDA feedback meetings with stakeholder groups desiring to present, process community assessment analyses, draft Plan document.
- **Phase 4 (Winter 2015):** Finalize survey analysis, draft Plan document, compile stakeholder submittals, process feedback.
- **Phase 5 (Spring 2015):** Present draft Plan to EDA, present draft Plan to Board, process subsequent feedback, finalize Plan and recommendations, present to BOS and request adoption.

Stakeholder Groups

Stakeholder groups who responded with feedback for the Plan include: business respondents to the 2014 Hanover Business Community Survey, Richmond Region Tourism, Ashland Main Street Association, Town of Ashland, Greater Richmond Association for Commercial Real Estate, Greater Richmond Partnership, Hanover Association of Business and Chamber of Commerce, Greater Richmond Chamber of Commerce and the Hanover Business Council.

Details

Goal 1: Enhance the Business Climate

Rationale

When businesses prosper in Hanover they generate many tangible and intangible benefits for our community. Hanover's business-friendly reputation should start with positive messaging inviting investors to make profits in our community. That messaging should be supported by synchronized governmental policies, staff and processes.

Great customer service is particularly critical when interacting with the business community. A successful business will take extraordinary measures to avoid alienating a customer. Without customers, a business cannot succeed, and the fair expectation of the business community is that Hanover County manages its own resources in the same manner.

Hanover County government should always maintain the highest standards of customer service. While efforts to improve the business friendliness of the county have been noted in recent years, continuous improvement should be sustained over time. Any perception of lack of business friendliness deters potential investors.

In order to be the preferred location for existing business expansions and to attract new business investment, Hanover must continue to evaluate its internal processes and procedures. In addition, communication and engagement with its commercial sector client base is critical to future economic growth and diversity.

Key focus areas are:

- Continuously provide customer-focused service at all staff levels.
- Reduce or simplify development policies and processes that constrain commercial development efforts.
- Support commercial development review processes that are efficient and clear to business investors.
- Optimize tax policies and interpretations to encourage commercial investment.
- Consistently provide outreach to existing businesses to seek their feedback and participation.

Goal 1 Objectives/Action Items

Objective 1.A. – Regularly gather and respond to business community feedback.

- Manage a cycle of surveying the business community every three years.
- Conduct existing business interviews on a regular basis.

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- Focus business interview efforts on priority industry cluster.
- Surveys to identify existing industry needs and perceptions of local business climate.

Objective 1.B. – Circulate public information critical to business decision-making, including federal, state, regional, and local programs, resources, and incentives.

- Maintain working knowledge of relevant federal, state and regional programs.
- Distribute program and incentive information effectively to the business community.

Objective 1.C. – Manage active marketing channels to promote business investment.

- Well-managed and informative website.
- Well-managed social media channels.
- Helpful promotional and informational items.
- Well-managed outbound marketing trips and contacts.

Objective 1.D. – Promote opportunities for the simplification/cost reduction of government approval processes, such as rezoning and other processes that impact business investment.

- Implement a streamlined rezoning process alternate designed to meet the needs of property owners, with deferred design and study requirements (deferred to site plan approval phase). This would be an alternate from current rezoning process that is calibrated to professional development teams.
- Evaluate the opportunities for a reduction of rezoning costs for Target Cluster business attraction and expansion prospects.
- Evaluate the opportunities for a reduction of rezoning costs for property owners rezoning to commercial zoning uses limited to Target Clusters.
- Evaluate all current commercial development policies, procedures, and fee structures to identify opportunities for improvement and to assure regional competitiveness).
- Enhance the commercial development coordination with internal advocacy/ombudsman role.

Objective 1.E. – Endorse expanded public infrastructure investment in key business areas.

- Consider opportunities to provide incentives related to public infrastructure costs (water/sewer/roads) for Target Cluster business attraction and expansion prospects. Fund annually an “Infrastructure Opportunity Fund” that projects can apply to on a competitive basis, applicants could be new or existing companies from the Target Clusters showing number/type/salaries of jobs created.

- Retool the Economic Development Zone (EDZ) program to have priority funding for job creation grant awards, waiver/funding for public infrastructure costs.
- Support capital improvement investments in targeted development areas.

Objective 1.F. – Advocate for the development of high-speed Internet in business areas.

- Support the development of high-speed Internet nodes in commercial corridors.
- Support private expansion of high-speed internet services county-wide to enable entrepreneurial activities, telecommuting, and home-based businesses.

Objective 1.G. – Facilitate business community involvement in local policy-making.

- Conduct economic development orientation workshops for all Board members.
- Annually tour other successful projects in region.
- Process business feedback to help elected officials improve business climate.

Goal 2: Increase Business Investment

Rationale

Business investment is the activity that best reveals the overall competitiveness of the local community relative to other contenders for the desired investment of new capital. A community is unlikely to win the race for that potential business investment if the other geographic options are more competitive. What is euphemistically referred to by the industry as “site selection” is really about eliminating site options. Sites are aggressively culled to a shortlist of only the most attractive sites to be presented to business investment prospect. Communities are weighed and measured quickly and comprehensively in this age of readily-available data sets.

In order to be effective, business investment attraction efforts must not just sell what Hanover has or its niceties, but rather effectively explain how those attributes are relevant to the potential business investor and to what they are doing and/or their businesses needs. Both business prospects being recruited and existing businesses considering expansion are seeking a competitive investment rationale. The positive attributes of Hanover must be reframed and explained in terms of being a viable and credible solution to the business model problem the investment prospect is trying to solve. Hanover is only relevant to the investment prospect if we fulfill their needs. Hanover needs to answer for the investment prospect why it makes business sense to invest here. To attract new business

investment from either new or existing business, Hanover County needs:

- Strategy: Know what customers want, what we have to sell, and what we aspire to attract (and how).
- Product: Attractive, zoned, well-located, commercial sites and buildings for sale/lease with necessary infrastructure.
- Infrastructure: Local government must plan for, and have invested in, the right infrastructure in the right place.
- Credibility: Potential capital investors must feel that their investment will be respected .
- Relationships: Working relationships must be maintained with the development community.
- Outreach: Hanover must actively market itself to be heard in the crowded marketplace.

Goal 2 Objectives/Action Items

Objective 2.A. – Increase tax revenues derived from commercial sources.

Objective 2.B. – Encourage and assist private landowners to ready commercial sites for sale/lease.

Objective 2.C. – Identify opportunities for public-sector role in developing new commercial sites.

Objective 2.D. – Recruit new business investment through effective marketing.

- Enhance return-on-investment for Hanover in the Greater Richmond Partnership (“GRP”).
- Create Hanover-specific performance metrics for GRP investment.
- Promote lead generation efforts with the Virginia Economic Development Partnership.
- Network effectively with regional commercial brokerages to cultivate leads.
- Cultivate direct relationships with site selection decision-makers and channels.

GOAL 3: Create High-Quality Jobs

Rationale

Job creation should make sense for our future as a community. Hanover’s wages are 15% to 43% less than the other localities within the Greater Richmond Partnership (GRP), and Hanover’s average wage growth has noticeably lagged compared to the region, state, and the country. As businesses are recruited, knowledge-based jobs should be the top priority, as they have higher wages.

Hanover can be very competitive for professional services, creative and knowledge-based services

and finance operations because Hanover does not assess a Business Professional and Occupational License (BPOL) tax. This is unique among the GRP four communities, with whom Hanover competes for Target Cluster investments within the region. However, Hanover lacks the “Class A” real estate product that these businesses traditionally prefer, so those investments often go elsewhere — along with their higher-wage jobs. While Hanover’s economic base is growing steadily, Hanover is still falling behind the region on wage growth — mainly due to the lack of real estate needed to attract knowledge-based jobs from these Target Clusters.

Consider the current business and technology trend that enhanced power capabilities and redundant fiber are a critical need of many of the sectors with higher wage jobs. Data centers, advanced manufacturing and food processing (in addition to Supply Chain Management) represent the majority of the types of companies that are looking to expand or locate in the GRP region. High-speed Internet is needed to recruit and develop knowledge-based/higher-wage jobs. Without the right public infrastructure in place, these projects often bypass Hanover for better infrastructure situations.

Workforce automation is a growing trend that can threaten communities that have larger growth among low-skilled and low-wage jobs. Currently Hanover has an increased concentration of lower-wage jobs as compared to our regional partners which puts Hanover more at risk from automation. Lower-wage jobs typically equate lower-skilled jobs, and these jobs are more prone to elimination by workplace automation deployments. We need to be in the business of creating high-wage/high-skilled jobs that move our community forward.



Goal 3 Objectives/Action Items

Objective 3.A. – Expand the number of jobs.

Objective 3.B. – Increase the number of jobs with above average wages.

- Focus specifically on recruitment of commercial investments that result in higher-wage jobs.
- Evaluate incentives that encourage the creation of high quality jobs within the Target Clusters that deliver the appropriate return on investment.

Objective 3.C. – Increase the number of jobs within Target Clusters.

Goal 4: Expand Existing Businesses

Rationale

Existing businesses are the lifeblood of the Hanover economy, and most new jobs created in the US are created during the expansion of existing businesses. Supporting these expansions should be the cornerstone of Hanover’s economic development strategy. Business expansions happen when profitable opportunities are realized, and the business grows its network of suppliers, vendors, employees, and capital providers. A local ecosystem of business success must be continually nurtured. Through long-range efforts and investments, a thriving existing business ecosystem can be nurtured that will assist existing businesses to thrive while attracting new business investments. The primary goal of a Business Retention and Expansion (“BRE”) program should be increasing business profitability and productivity and thereby increasing business longevity enable their expansion. BRE efforts cultivate strong business support networks and a business-friendly environment for companies in all stages of growth. Local businesses growing profitably is the best evidence of a positive business climate.

Goal 4 Objectives/Action Items

Objective 4.A. – Assist networking among businesses to promote collaboration.

- Promote the formation of industry cluster groups.
- Encourage participation in area business associations and trade groups.

Objective 4.B. – Encourage investment in expansion by existing businesses.

- Identify revenue diversification strategies for at-risk companies.
- Survey real estate needs and deficiencies from business expansion opportunities.
- Inventory all available programs that might benefit local businesses.
- Promote exporting as a priority for existing businesses.

Objective 4.C. – Advocate for workforce initiatives that result in relevant skills training.

- Business attraction prospects (and many business expansion prospects) directly inquire about the documented capacity of a region’s workforce pipeline before making their final decisions.
- Work with Hanover County Public Schools, the Community College Workforce Alliance, and Workforce Investment Board resource networks to help guide local leaders in the direction most appropriate for existing and forecasted workforce needs and to develop effective workforce training programs.
- Document the available workforce development services.

- Promote work-based training, industry certification achievement, adult continuing education and registered apprenticeship training programs.
- Work with Hanover County Public Schools to identify and develop career pathways and aid in their promotion through public/private partnerships, internships and apprenticeship programs.
- Encourage partnerships between businesses and local colleges where the businesses can send student/apprentices to courses tailored to train them for that industry's needs.



Objective 4.D. – Network with local businesses and business associations.

- Hold regular meetings with priority business list (at-risk, high-profile, etc.).
- Conduct business walks through commercial nodes to meet businesses.
- Maintain ongoing dialogue with business community stakeholders.
- Manage ongoing business visitation programs.

Objective 4.E. – Support and promote agricultural businesses.

- Promote the viability of agricultural and forestry-related industries.
- Work with relevant federal, state and regional agricultural programs.
- Support the operation of local farmers markets.

Goal 5: Form New Businesses

Rationale

The vast majority of all business in Hanover County are small businesses. The economy at all levels is dynamic, with firms constantly exiting the marketplace. It is imperative that Hanover continually encourage the formation of new businesses so that — even with their high rate of failure — new

companies are started here and prosper. The odds of success for any entrepreneur increase when they are surrounded by support networks. These networks – comprised of family, mentors, industry peers, etc. – offer information, counsel, capital, leads and access. Often small business owners learn best from peers who are going, or who have already gone, through similar stage of business growth. Hanover should make focused efforts on creating and promoting entrepreneurial support networks that facilitate the creation and growth of start-up, second-stage, and high-impact businesses.

Goal 5 Objectives/Action Items

Objective 5.A. – Provide start-up space for STEM-H (science, technology, engineering, math and health) Phase 1 business ventures.

- Make a new three-year funding commitment to the Dominion Resources Innovation Center (DRIC).
- Optimize partnerships with VA Biotech Park, local community, regional innovation ecosystem.

Objective 5.B. – Encourage entrepreneurial skill development through skills training and networking opportunities.

- Survey start-up resources sources and best practice information from regional colleges/ universities, government agencies, business investor groups, local training centers, business concept accelerators, and local business associations.
- Offer business capacitation classes to coach fundamentals and specific skill sets.
- Provide learning resources (seminars, on-line tools, video segments) ranging in topics such “how to create a business plan” to “social media marketing”, etc.
- Develop a business plan regimen process/toolset for would-be entrepreneurs.
- Cultivate local networks of angel investors to encourage early-stage capital sources.

Objective 5.C. – Facilitate the development of mentor networks.

- Develop a mentorship network of start-up businesses by Hanover business owners, retirees.
- Match qualified mentors with those needing specialized guidance.
- Encourage the development of local qualified small business coaches.

Goal 6: Promote Tourism

Rationale

More than 7 million people visit the Richmond Region annually, contributing more than \$2 billion to the local economy. Tourism generates more than 20,000 jobs in the Richmond Region. If not for tourism spending, Richmond Region households would pay an additional \$585 per year in taxes. Tourism has a major impact on a wide range of businesses within our community. Millions of tourists visit Hanover County each year, and a very small percentage drop by the visitor centers in Ashland and Bass Pro Shops. Recorded visits to both visitor centers rose above 25,000 in 2014 which is the largest increase in the past five years. Richmond Region Tourism supplied the following tourism SWOT analysis for Hanover County in July 2014:

Goal 6 Objectives/ Action Items

Objective 6.A. – Bolster hotel development

- Support corporate investment and expansion efforts to augment hotel bed demands.

Objective 6.B. – Support existing tourism venues

- Promote marketing efforts.
- Encourage ongoing update investments.
- Network venues with regional marketing and promotion initiatives.

Objective 6.C. – Promote the development of additional tourism assets

- Recruit additional year-round tourism products.
- Promote the development of new sports tourism assets/activities.
- Develop County-owned sports tourism facilities to augment tournament recruitment efforts.

Strengths

- Kings Dominion and Bass Pro Shops
- Location on I-95
- Many historic and Civil War sites
- Town of Ashland
- Tomatoes
- Craft brewery and winery
- Amtrak stop, Randolph Macon College
- Cycling trails and community

Weaknesses

- Lack of hotel product
- Lack of consistent signage
- Lack of sports tourism product
- Expansive geography

Opportunities

- Outlet mall
- Sports tourism with infrastructure
- Culinary (farm-to-table, agri-tourism)
- New hotel development
- Existing hotel upgrades
- B&Bs and AirBNB
- Virginia Railway Express

Threats

- I-95 congestion
- Clearly identify economic development problems
- Lack of hotel product results in loss of transient occupancy tax and increased visitor spending
- Hanover's tourism product supports hotels elsewhere in the Region