

Office of Economic Development Quarterly



FALL 2004

Virginia Tech Showcases Resources for Economic Developers



Hokie Bird poses with the
Terascale computer
(Supercomputer)

On November 3-4, the Office of Economic Development will host tours of selected research centers for economic developers from around the state. These tours will showcase Virginia Tech's intellectual and faculty resources to industry specialists, so they can better understand how the assets at Virginia Tech can relate to their market sectors. A reception will

be held on the night of November 3rd at the Donaldson Brown Hotel and Conference Center with tours beginning the next morning, November 4th. Please visit our website at www.econdev.vt.edu for more information. Or, you may contact Doris Waddell at (540)231-5278, or via email at dwaddell@vt.edu.

A Renewed Emphasis on Rural Development in Virginia

by Chad Miller

Economic Development Specialist

Several initiatives have the potential to impact economic developers in rural Virginia. These include a new learning and research agenda from the Economic Development Administration (EDA), a new strategic plan for the Appalachian Regional Commission (ARC), and the General Assembly's legislation to create "The Center for Rural Virginia." All these initiatives will lead toward a more collaborative approach to economic development and embrace new approaches to creating jobs and wealth while improving the quality of life in rural Virginia.

In June, Professor Michael Porter of the Harvard Business School presented his EDA-funded research report on "Competitiveness in Rural U.S. Regions—Learning and Research Agenda." The purpose of this event was to set the stage for a new era of U.S. economic development policy toward rural regions.

The recommendations in Porter's report fall into four broad areas. First, rural development lacks a clear strategy, so he presented his cluster based approach as a conceptual foundation. Second, rural regions need to tie their economic development policies with metropolitan areas (e.g., outsourcing of services from labor constrained areas). Third, economic development institutions need to be redesigned. Finally, agriculture needs to be part of rural development, but not synonymous with rural. This was admittedly an exploratory study, but it will likely impact the focus of several federal agencies involved with economic development in Virginia.

In December 2003, ARC formally launched a comprehensive strategic planning process to help guide economic and community development work in the Appalachian Region over the next five years.

The current stage of the strategic planning process involves synthesizing the information gathered. In this stage, ARC will identify key issues and prioritize development strategies and activities.

The final rural-oriented initiative is the establishment of a Center for Rural Virginia, a nonprofit organization to provide leadership training and technical assistance for rural areas. Several Virginia Tech faculty have been instrumental in the development of the new Center which will serve three primary purposes: 1) conduct analysis and research on topics of relevance to rural areas; 2) provide a forum for rural advocacy; and 3) offer technical assistance to rural communities to help them form partnerships and conduct strategic planning.

Clearly, these are interesting times for those involved with rural development in Virginia.

Working Summit on Virginia's Forest Industries: A Call to Action

The forest industry in Virginia includes companies across the full spectrum from woods to goods: land owners, loggers, sawmillers, pulp and paper manufacturers, furniture, cabinet, and other manufacturers, and retailers like Home Depot. With \$25B impact and over 65,000 employees, the forest industry is the largest industry in Virginia's overall economy.

With this level of importance to Virginia and recent overseas competition, Virginia's Secretary of Commerce & Trade (Michael Schewel) and a planning group from Virginia Tech (John Dooley, Vice Provost for Outreach & International Affairs; Ted Settle, Director, Office of Economic Development; Paul Winistorfer and Earl Kline, Department of Wood Science & Forest Products; Harold Burkhart, Department of Forestry; and David Brinberg, Department of Marketing) began to discuss the need to insure the long term health and vitality of Virginia's forest industry.

These discussions culminated in the "Working Summit on Virginia's Forest Industries: A Call to Action" on May 20, 2004 at the Institute for Advanced Learning & Research in Danville. The purpose of the meeting was to convene organizations from industry, government, and education with a stake in the future of this industry. This invitational meeting with 60 participants identified five major thrust areas for future collective attention: 1) social marketing and public awareness, 2) knowledge transfer and R&D investment, 3) sustainability of the forest resource, 4) logistics and infrastructure, and 5) workforce.

Next, on August 20, 2004, Secretary Schewel convened in Charlottesville a Steering Committee to develop a specific plan of action for these five thrust areas. The Committee intends to complete its final report by October 30, 2004, enabling the stakeholders to implement these actions and strengthen this significant economic asset in Virginia.

Virginia Tech in Nepal

The Office of Economic Development along with the Pamplin College's Business Technology Center and the Department of Wood Science and Forest Products have received a U.S. State Department grant to help Kathmandu University in Nepal establish a business assistance center with linkages to Virginia Tech.



Project teams of Nepali graduate students, supported by Virginia Tech students and faculty, will help emerging Nepali small and medium businesses to improve their operations and marketing. Some of Nepal's more competitive products include herbal teas and supplements, hand-made

paper (Nepalese paper is already marketed on a world-wide basis), carpets, leather products, pashmina, spices, floricultural products like cut flower, bulbs, seeds, medicinal oils, tea, coffee, jewelry and honey.

The landlocked mountainous country is among the poorest and least developed countries in the world with 42% of its population living below the poverty line. Agriculture is the mainstay of the economy, providing a livelihood for over 80% of the population and accounting for 40% of gross domestic product. The international community's role of funding more than 60% of Nepal's development budget and more than 28% of total budgetary expenditures will likely continue as a major ingredient of growth.

The large amount of foreign aid does present opportunities for Virginia companies interested in becoming involved with large development projects. For example, there was a recent request for support of a multi-million dollar community-managed irrigation project in central and eastern Nepal. Companies interested in learning more about how they might work with Virginia Tech in Nepal and other international projects around the world should contact Chad Miller at (540) 231-8324, or via email at chadm@vt.edu.

Town of Scottsville Entrepreneurship Project

The Office of Economic Development is currently working with the Town of Scottsville, Virginia to develop a Local Innovation Program proposal to be used for community improvements. The Local Innovation Program is a component of the Virginia Community Development Block Grant Program administered by the Virginia Department of Housing and Community Development (VDHCD). For more information on this project, contact Susan Caruvana at (540) 231-2351, or via email at scaruvan@vt.edu.

The New OED Web Site

The new and improved Office of Economic Development website is up and running! For more information about our department and what we do, please point your browser to www.econdev.vt.edu.



Bringing Broadband to Business in Independence, Virginia

by Michael Armbrister
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The Town of Independence, Grayson County, Virginia, like other small rural communities, has basic Internet service provided by up to five internet service providers. Communities like Independence have been a service disadvantage to high-speed internet providers due to their relatively low traffic and population density compared to other areas in the region. Thus, benefits like an electronic village, video conferencing, voice over internet protocol, video-on-demand, telemedicine, network storage, and file sharing have not been available to the local industries and businesses. The Independence Broadband Project will provide the opportunity for the Town of Independence to construct the infrastructure, operate, and maintain a fiber optic/5.2 GHz wireless broadband internet network.

Currently, internet access for most business users in the Independence area is limited to a 56Kbps dial-up service with actual connection speeds much lower. Though higher speed T-1 lines can be leased through carriers like Sprint, the initial cost and monthly charges are prohibitive to most local businesses. The average user can expect a typical megabyte file to take as long as 20 minutes to download as compared to 11 seconds for the same file on many fiber networks. This slow speed not only affects the local users, but also reduces the ability of the municipality to attract new and emerging businesses.

With this project, a fiber backbone will be constructed along U.S. Route 58 from the Grayson County Industrial Park on the east end of town to the old Michelin Plant, which is now owned by Nautilus/Bowflex on the west end, as well as up Rainbow Circle to serve a new hotel, McAllister Mills, and Darco Southern. Fiber will also be installed to connect a separate Nautilus facility on Powerhouse Road and a nearby nursing home. With this coverage, the major industrial users as well as health care providers, educational facilities, government agencies and local businesses will be connected to the town's network via fiber or wireless 5.2 GHz radio. Once installed, 50 local businesses will have access to broadband service. The network will have the capability to create a competitive advantage for future economic growth, provide advanced medical services, serve remote businesses, provide greater e-government for the town and county, and promote community service opportunities such as a possible community center with technology-based adult education capabilities. The completed network will provide the opportunity for citizens to take advantage of distance learning, video conferencing, telecommuting, and telemedicine.

The Town of Independence will have complete ownership of the entire network and will purchase, using grant funds, the equipment needed to operate the network. The network will be "open," meaning internet service providers can lease bandwidth from the town and provide services as needed to local businesses. The town will simply own the infrastructure and will not provide any services over the network. It is the intention of the town to contract with a service company to provide network maintenance.

The total start up cost of this project is expected to be \$457,332. The project has already received funding in the amount of \$138,472 from the Appalachian Regional Commission (ARC); \$80,000 from the Virginia Department of Housing and Community Development (DHCD); \$65,000 in local funds from the town's Economic Development Fund, the Independence Industrial Development Authority, and Grayson County; and \$100,000 from the Virginia Tobacco Indemnification and Community Revitalization Commission. The Independence Broadband Project is still in the design stages for the fiber backbone; however, wireless deployment is scheduled to begin in September 2004.

UPCOMING EVENTS

September 29-October 1, 2004

Virginia Economic Developers Association

Fall Conference and Annual Meeting

Location: Richmond Omni Hotel, Richmond, Virginia

<http://www.vedanet.org/>

October 14-20, 2004

EXPO CHIHAC 2004

Centro Banamex

Location: Convention Center, Mexico City

<http://www.conted.vt.edu/arcam/events.html>

October 17-20, 2004

Virginia Institute for Economic Development (VIED)

Location: Sheraton Park South, Richmond, VA

For more information, contact Susan Caruvana, Virginia Tech Office of Economic Development at (540) 231-2351 or via e-mail at scaruvan@vt.edu.

www.conted.vt.edu/vied

November 3-4, 2004

Virginia Tech Research Center Showcase

Location: Virginia Tech Campus, Blacksburg, VA

For more information, contact Doris Waddell, Virginia Tech Office of Economic Development at (540) 231-5278 or via e-mail at dwaddell@vt.edu

November 16-17, 2004

Virginia Industrial Development Authorities Institute

Location: Hotel Roanoke and Conference Center, Roanoke, VA

For more information, contact Susan Caruvana, Virginia Tech Office of Economic Development at (540) 231-2351 or via e-mail at scaruvan@vt.edu.

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