



METRO RICHMOND | ANNUAL REPORT

EXPORTS | 2017

INITIATIVE

Prepared by the L. Douglas Wilder School of Government and Public Affairs
Center for Urban and Regional Analysis (CURA)

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TABLE OF CONTENTS

INTRODUCTION 1
 The Importance of Exports 1
 The Importance of Strategic Focus in Boosting Exports 2
 Report Structure 3

AN OVERVIEW OF MREI 4
 The MREI Process 4
 MREI Partners 4
 The Goal of MREI 5

PROGRAMS, INTERNAL METRICS AND FEEDBACK 6
 MREI Programs 6
 Program Internal Metrics 8
 Attendee Feedback 9
 Interviews 10

TRACKING MREI PROGRESS 12
 Survey of Businesses 12
 Respondent General Profile 13
 Benchmark #1: New Foreign Markets 16
 Benchmark #2: First Time Exporters 17
 Benchmark #3: Product Innovation 19

CONCLUSION 20

FOREWORD



“MREI is an effective, coordinated effort to improve the Richmond MSA’s GDP by assisting local companies and introducing them to the benefits of exporting goods and services internationally. This program has raised the profile of exporting throughout the region.”

- **Barry Matherly**

President and CEO
Greater Richmond Partnership (GRP)



“I am pleased with the participation and outcomes after the first year of MREI programming. This initiative has distinguished exporting as an integral strategy for economic development across the Richmond metro area.”

- **Renee Chapline**

President and CEO
Virginia’s Gateway Region (VGR)



“MREI represents a terrific growth opportunity for our region’s businesses. It is also an excellent example of how our region can work together to achieve goals that benefit all of us. We’re proud of the role that the VCU Wilder School was able to play in convening key regional stakeholders and in collaborating with GRP and VGR.”

- **Dr. John Accordino**

Dean
L. Douglas Wilder School of
Government and Public Affairs

The Importance of Exports

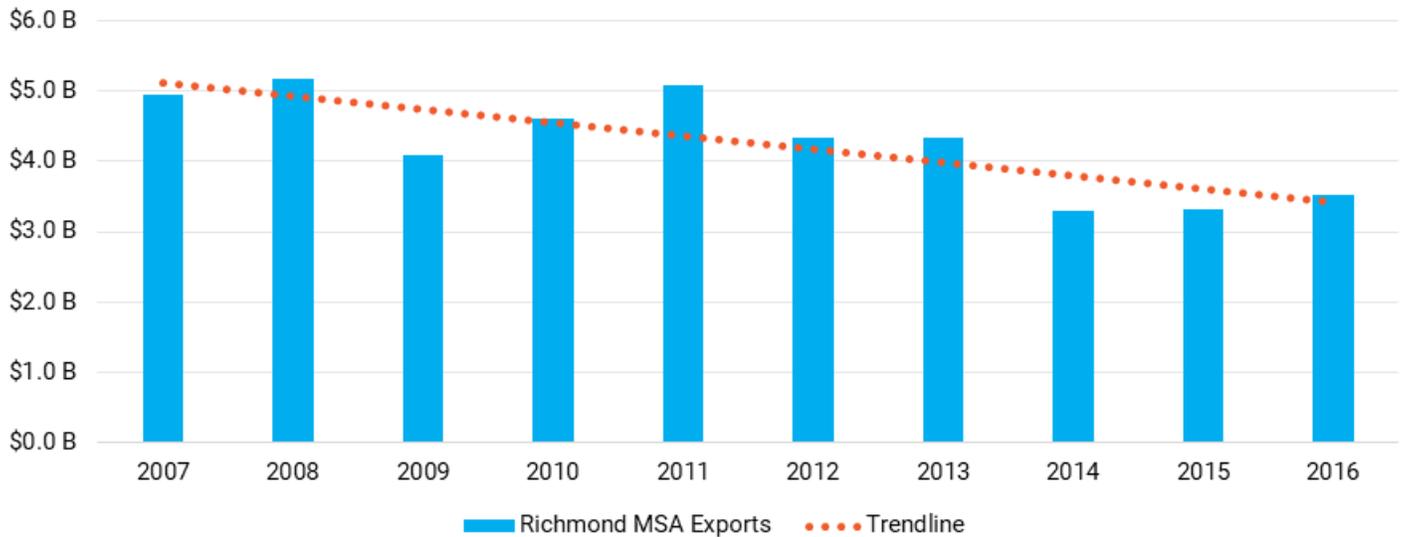
Exports form the backbone of the global economy. International trade accounts for 60 percent of gross domestic product (GDP) globally.¹ The US is the largest commercial service exporter and the second largest goods exporter in the world. By exporting goods and services to new markets across the globe, the US creates jobs, wealth, and opportunity, while diversifying the national economy.

Exporting is an essential tool—nationally and regionally—for boosting GDP and strengthening the economy. When the product and service innovations taking place in American cities are paired with advances in e-commerce and global distribution, the result is opportunity. A small tech startup in Raleigh can develop software solutions for markets in Shanghai. A mid-sized manufacturer in Detroit can supply products to shops in Dublin. And a large corporation in New York can provide financial services to clients in Dubai. When a company in an American city delivers goods and services to new markets abroad, there is economic benefit at every scale: from nations and metropolitan areas to companies and innovators.

Just as a small startup in Raleigh, a manufacturer in Detroit, or a large corporation in New York can benefit from exporting, so can a wide variety of companies in the Richmond Metropolitan Statistical Area (MSA). Companies that export enjoy higher productivity (revenues per employee), allowing them to pay higher wages than their non-exporting counterparts. Exporters produce and patent more product innovations, grow more quickly, and have higher market values than their non-exporting counterparts. Moreover, businesses that diversify their portfolios by exporting fortify themselves against the cyclical fluctuations in revenues that can batter businesses that rely exclusively on the domestic market. In fact, US companies that export are nearly 8.5 percent less likely to go out of business than non-exporting companies, according to the Institute for International Economics.

¹ US Department of Commerce – International Trade Administration (ITA) US Trade Overview 2016

Figure 1: Richmond MSA Exports in 2016 \$'s (2007-2016)



The Importance of Strategic Focus in Boosting Exports

The benefits of exports to businesses and the economy are clear, but regional and local economic development efforts have historically lagged in promoting and supporting existing businesses in the exports arena. The Richmond region is no exception, despite possessing many important assets that can play a positive role in business success in the international market. This is reflected in the downward trend in the dollar value of Richmond exports in the last decade (Figure 1). Compounded by the Great Recession, the region's exports have contracted from record highs of over \$5 billion in 2008 and 2011 to just \$3.5 billion in exports in 2016—a more than 30 percent drop in just five years.

This recent downward trend reflects a troubling pattern. While product, service, and distribution innovations continue in the region, the process of connecting with markets outside the US can often seem daunting to first-time exporters. Building capacity for increased order fulfillment; navigating complex international laws and regulations; targeting foreign markets; landing clients with different cultures, languages, and needs; and physically moving goods to other countries provide concrete challenges to businesses considering initiating or expanding the export of goods and services.

Richmond businesses have benefited from the assistance of federal and state level initiatives—including nationally recognized programs such as Virginia Leaders in Export Trade (VALET). However, there had historically been little coordination between these groups. MREI now helps to fill that gap for Richmond businesses by complementing local, state, and federal programs and promoting strategic collaboration between all export efforts in the Richmond region.

Prior to MREI, Richmond businesses wishing to export had no dedicated regional organization to provide assistance. State and federal export programs were of high quality, but promoting exporting across such a large swath of geography with limited staff proved difficult. MREI intends to magnify the efforts of our existing export experts by leveraging long-standing economic development relationships to reach local businesses to promote the benefits of exporting and advise on available assistance. MREI now serves as an accessible on-ramp for those wishing to export from the Richmond region, but who need assistance to navigate barriers and identify exporting resources.

Report Structure

The purpose of this report is to provide a summary of MREI's efforts in its first year of operation, showcasing the initiative's purpose, strategy, and results. The report is divided into four primary sections:

- 1. An Overview of MREI:** This section recaps the MREI process, introduces the project partners and their roles in the initiative, and outlines the goals of the program.
- 2. Programs, Internal Metrics, and Feedback:** This section covers MREI's programs to improve Richmond's exports ecosystem as well as annual metrics. This section also summarizes feedback from program attendees located within the Richmond MSA.
- 3. Tracking MREI Progress:** This section explains the findings from the MREI business survey. The survey serves as the basis for MREI benchmarking as a measurement for achieving program goals.
- 4. Conclusion:** This section reviews common themes from partner, business, and program participant input.

MREI

**WE'LL SHOW THE WORLD
WHAT RICHMOND
IS MADE OF**

The MREI Process

Consumer incomes in emerging global markets are growing—creating new opportunities for Greater Richmond companies to export goods and services. But to realize local benefits from these opportunities, business leaders need to know why and how to export. That is why MREI exists: to communicate the many benefits of exporting, to guide companies and organizations through the process of “going global,” and to connect them with the resources to make it happen. MREI has three roles:

- Strengthening Metro Richmond’s exports ecosystem
- Increasing exports outreach
- Regularly monitoring exports progress

MREI Partners

Partners in an innovative business network, the first of its kind in the MSA, contributed to form MREI. The Greater Richmond Partnership (GRP) and Virginia’s Gateway Region Economic Development Organization (VGR) serve as the two primary implementation partners. These two regional entities offer designated staff members to organize events and oversee outreach efforts. The Center for Urban and Regional Analysis at VCU (CURA) has served as a convener of this initiative, especially during stakeholder engagement. CURA continues to regularly monitor export progress and program feedback. Additional initial technical assistance was provided by the Brookings Institution, with financial sponsorship provided by JPMorgan Chase as well as the Virginia Economic Development Partnership (VEDP).



Implementation Partner: Greater Richmond Partnership (GRP) is the lead regional economic development organization for the City of Richmond and the counties of Chesterfield, Hanover, and Henrico.



Implementation Partner: Virginia’s Gateway Region EDO (VGR) exists to enhance the economic development opportunities for the cities of Colonial Heights, Hopewell, and Petersburg, and the counties of Chesterfield, Dinwiddie, Prince George, Surry, and Sussex.



Monitoring Partner: Center for Urban and Regional Analysis (CURA) functions as an academic service provider specializing in policy and program evaluation, decision support systems, and strategic planning.



Technical Assistance: The Brookings Institution provided technical assistance and best practices for implementing and evaluating export initiatives.



Financial Sponsor: Virginia Economic Development Partnership (VEDP) is the state-level economic development organization. Its International Trade division offers quality export promotion and education programming, as well as financial support and a toolbox of export assistance products to MREI.



Financial Sponsor: JP Morgan Chase has partnered with the Brookings Institution to support the Global Cities Initiative and has provided generous funding to MREI.

The Goal of MREI

The Metro Richmond Exports Initiative is a strategic partnership that aims to aggressively boost exports in the Richmond MSA by 40 percent by 2020. It is a comprehensive initiative developed to align with the statewide five-year program launched in 2015 with financial support from Virginia Economic Development Partnership and JPMorgan Chase. As the partnership's initial report stated, "MREI acknowledges how important it is that these kinds of efforts are planned over a medium-long term; it will take some time for businesses to learn to look outward, to the world, to grow their businesses, as companies in other export-oriented countries already do."

The goal to increase exports by 40 percent is measured around three main indicators that are benchmarked in this report:

- Number of exporting companies that enter new foreign markets (NTM)
- Number of companies that begin exporting for the first time (NTE)
- Product innovations and patents

These indicators, developed by CURA in conjunction with GRP and VGR, monitor the results of the program collected through a survey of businesses in the metro area.

GOAL

**INCREASE RVA'S
EXPORTS 40%
BY 2020**



PROGRAMS, INTERNAL METRICS, AND FEEDBACK

MREI is founded on the idea that regional export is dependent on the effectiveness of the regional export ecosystem. An “export ecosystem” consists of individuals, organizations, and institutions that encourage, support, and assist a business in choosing to—and successfully engaging in—exporting. The term ecosystem is useful because it describes the interconnected network of stakeholders that shape Richmond’s exporting landscape. The MREI partnership—GRP, VGR, and CURA—strengthens the export ecosystem by working in tandem with VEDP programs and stakeholders.

Engagement outreach is the key to raising awareness. In order to increase export outreach, MREI joined forces with 30 local economic development professionals. One professional stated, “My businesses need to learn more about exporting [and] be curious enough to reach out to me.” Traditionally, the onus to explore exporting opportunities in the region have been placed solely on exporting business, who may or may not reach out to local economic development groups for assistance. MREI seeks to flip the traditional paradigm and market exporting opportunities to businesses.

MREI Programs

Many potential exporters in the Richmond region aren’t sure where to begin when it comes to exporting. MREI strives to mitigate this issue by identifying potential exporters, then providing promotional and educational programing that connects local businesses to resources, education, and answers. The following is a brief description of MREI programs and events organized by GRP and VGR.

Exporting 101

Exporting 101 is a seminar created in partnership with the Community College Workforce Alliance (CCWA). The 12-hour course is designed for businesses exploring exporting opportunities. Course objectives include learning how to:

- Identify the best international markets for your products or services
- Clear customs
- Avoid legal and financial pitfalls
- Manage terms of payment and currency fluctuations
- Use export assistance programs available to Virginia-based companies

There is a nominal cost to attend which can be mitigated through a limited number of reimbursement scholarships.

ExporTech™

ExporTech™ is an export assistance program designed to help companies enter or expand in global markets. Participants are taken through a structured export strategy development process that assists them in identifying the steps to take to accelerate growth through exporting. It is the only national program where each company develops a written export plan, that is vetted by a panel of experts upon completion. In 2017, four Richmond MSA businesses participated in the three-month program. Each company received personalized research assistance provided by a team of interns from VCU. Presentations, personalized coaching and direct Q&A sessions with top service providers that specialize in export knowledge were provided at all three sessions.

MREI Lunch + Learn Series

Export champions and leaders speak on export-related topics such as banking challenges, shipping, legal issues, and government-based commercial services during lunch provided by MREI. In the first fiscal year of the initiative, 153 people attended six Lunch + Learn sessions held throughout the Richmond MSA.

Virginia Conference on World Trade

MREI provided scholarships for first-time attendees to participate in Virginia's world-class conference on global trade. Attendees gained insight from global consultants, exporting assistance program representatives, supply chain leaders, and other industry experts. Business leaders had the chance to network with hundreds of business peers seeking to capitalize on overseas growth opportunities. First-time attendees located in the MREI footprint qualified for a grant to waive the conference registration fee. MREI sponsored 17 first-time attendees in 2016 and another 10 in 2017.

Trade Missions

VEDP organizes several international trade missions each year in which Virginia businesses travel to a target market to attend customized meetings with potential customers or partners, arranged by VEDP's in-country consultants. These meetings are pre-qualified based on the company's export market objectives. Companies can travel together with VEDP's schedule of trade missions or independently to the country of their choice. MREI has a number of registration grants available to qualifying companies that are ready to go on a trade mission.

International Tradeshow Assistance Program

Administered by VEDP, this program allows approved businesses to be reimbursed up to \$10,000 for expenses associated with exhibiting at a qualified international trade show. Qualified businesses working with MREI have direct access to this program.

Pitch Panel

Thanks to generous support from JPMorgan Chase, MREI will be hosting the Export Pitch Panel in January 2018. This is a competition where businesses describe their export plan to a panel of judges to vie for one of five \$5,000 awards. With the support of the Small Business Development Center, finalists will be given an opportunity to refine their pitch during a private workshop. Winners will be judged based on their plan, their service or product, country targeted, and ability to perform.

Program Internal Metrics

Effective marketing is a key first step in providing export outreach. This section tracks metrics related to MREI’s ability to spread the word about its programs through digital, traditional, and mass media means.

The most visible resource is the new MREI website, which is increasingly becoming a portal to connect resources to businesses looking to learn about or begin exporting their product or service. Launched in June 2017, there have been more than 3,200 page views, with the average user spending more than three minutes on the site. New users make up 60 percent of visitors, but 40 percent are return visitors; repeat visits suggest that users are finding the site’s content valuable.

Table 1: Website Analytics (Since June 2017)

Category	Value
Page Views	3,273
Unique Users	631
Pages Per Session	3.1
Average Session Duration	3:34

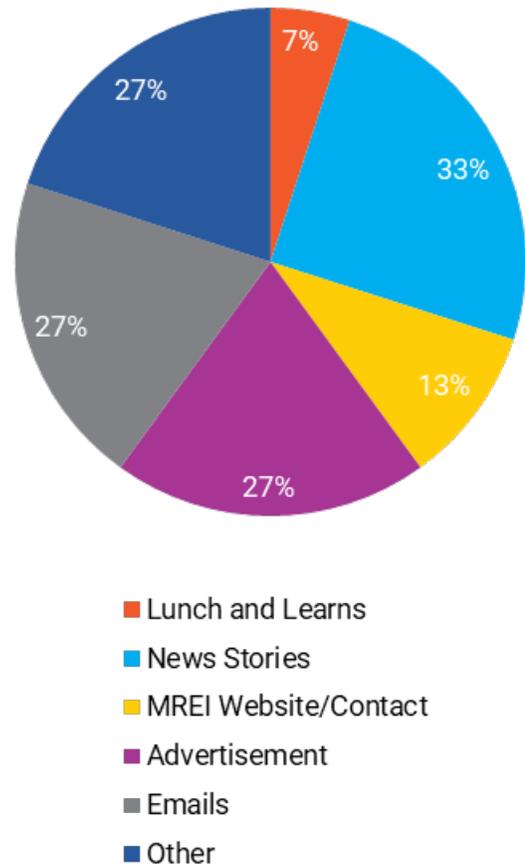
Targeted business outreach shows over a 20 percent contact rate. 1,830 out of 8,985 MREI emails were opened or responded to during the first fiscal year of this program. These emails provide information about trade shows, upcoming educational programs, and other regional events with a focus on exporting. In fact, 12 additional export-related events were held over the course of the fiscal year, such as the Export Finance and Banking forum presented by the US Small Business Administration’s Office of International Trade and the Trade Mission Open House in coordination with VEDP’s trade mission program.

Published media stories are particularly beneficial to spreading the word regarding MREI. These write-ups help to share MREI’s message—within the Richmond region and beyond—that Richmond is providing assistance to increase its capacity to export. Headlines in local media included:

- Metro Richmond Exports Initiative to Promote Economic Growth
- Metro Richmond Exports Initiative Strategy to Promote International Trade
- Richmond-Area Project Aimed at Increasing Exports
- Metro Richmond Exports Initiative Looking for Chesterfield Companies

Establishing awareness became a strength of the MREI program through marketing and a robust online presence. When surveyed, “How did you become aware of MREI?” the majority of respondents said stories in the news. However, the distribution of contact methods to end-users appears well-rounded (Figure 2). Although attending Lunch + Learn sessions presupposes awareness, a few discovered MREI at such events.

Figure 2: How Did You Become Aware of MREI?



MREI is more than a media endeavor, but these efforts help bring business leaders together with export process professionals. Educating

business leaders on exporting and providing export guidance and support primarily happens face-to-face at the events and programs outlined in the previous section. Thanks to a successful digital outreach campaign and media coverage, there were 341 unique attendees at MREI events (Table 2), a number of which attended multiple events.

Table 2: Event Statistics

Category	Count
Event Attendees	341
Business Associations/Economic Development Organizations Engaged	34
Service Providers Engaged	40
Published Media Stories	7
Success Stories Written or Presented	12

Attendee Feedback

Participants in MREI programming were encouraged to provide feedback in the form of an online survey. By recording this feedback from program participants, MREI can adapt programming in the future to target specific perceived shortcomings and build upon strengths. Below is a summary of responses that highlight feedback from MREI program participants.

In Export 101, what worked well?

- “Overall, the amount of information provided”
- “The full circle information provided (besides financing)”
- “Helped us getting new contacts in West African countries”
- “Information regarding financial resources”
- “Meeting Connections/ Networking”

What were several good takeaways from Exporting 101?

- “As a service provider, I did not think I could export but after this event I plan to add this to our business plan”
- “Helped in getting new market”
- “That most of those in attendance do not need financial assistance or were unaware of what P.O. Financing is.”

- “Learning from the SMEs and others.”
- “Information regarding financial resources”
- “Seeing the challenges other companies are having”
- “I found a Thrive [Greater Richmond Small Business Development Center program] mentor”

What suggestions would you have for improving the program?

- “Bring in SMEs from Asia, specifically ASEAN countries”
- “Program should try to get tax relief for exporters to be able to compete [with] other countries”
- “Not sure I enjoyed the speakers, one turned out to be a great resource, the other was not sincere about offering to meet again.”
- “More info on customs tariffs and freight forwarders”
- “If the audience is more familiar with exporting - introduce topics which are not basic but informative.”
- “Gear the program more toward industrial manufacturing rather than retail.”
- “More step by step programming”

If you do not feel ready to export after this program, why?

- “Currently unsure of exact market impact.”
- “More info on customs tariffs and freight forwarders”
- “We already export and very little of the information was useful toward the industrial sector with the exception of financial resources. Information regarding marketing, technical standards and codes would be very helpful.”
- “Financing issues for new equipment needed to export”
- “I’m not prepared yet. I have the idea, but not the process.”

What program would you like to see in the future that is currently not offered by MREI?

- “If there is a lack of knowledge around the pitfalls of manufacturing in China and financial facilities available to importers/exporters maybe that would be a topic of interest.”
- “More education on exporting documentation”
- “Freight forwarders, process, and reasonable fees”
- “One on one assistance with the guidance and transition into exporting”
- “Information regarding marketing and technical standards and regulations would be helpful.”
- “Since we are already exporting prior to this, maybe a round table discussion from those already exporting to help those not yet exporting”
- “Advanced exporting”
- “Exporting 201, 301, 401 etc.”

Interviews

In-depth discussions were held with Richmond-area business leaders, public organizations, and local economic development professionals. From these discussions, strengths, weaknesses, opportunities, and threats were identified to improve program offerings and outcomes moving forward. Participant feedback on their MREI experiences helped refine the program and enhanced our understanding of the Richmond area’s unique economic environment.

Strengthen Metro Richmond’s Exports Ecosystem

“Other MSAs have no real forum or networking”

Themes were compiled from discussions regarding MREI’s first objective. Conversations on Richmond’s export ecosystem highlighted MREI’s strengths, including increasing awareness about opportunities in exporting through the facilitation of the exporting process and the establishment of a social and traditional media presence.

In particular, one of the most frequent talking

points from these interviews is the regional need for a facilitator that can reduce risk and unfamiliarity around exports. One economic development professional indicated risk-averse businesses, “don’t like to make investments they can’t capitalize on.” This calls for a regional convener, and the timing could not be more opportune. According to the Department of Commerce, Richmond exports are at a 10-year low of \$3.33 billion. That’s a significant drop since an export high of \$5.16 billion in 2008—a time when the cascading effects and magnitude of the Great Recession was only beginning to be felt. The convener role is needed to connect small- and medium-sized businesses with the majority of the world’s population and the opportunity therein, particularly in the service sector.

In today’s heightened political climate, the need for businesses to take risks, communicate, and maintain ties with other nations grows, and it must be done with an eye to each nation’s culture. Speaking with regional chambers of commerce reinforces the benefit of international relations. Understanding the customs of different cultures is integral to successful export growth. “A cultural gaffe could end the deal before it even starts,” said one expert.

Increase MREI Outreach

“Five years ago the partnership between GRP and VGR would not have been considered”

The programs put together could not have been accomplished without regional cooperation and partnership. This evolution in the Richmond regional economic landscape indicates how exports are increasingly becoming a shared objective of tradespeople, investors and financiers alike. “There has been a significant shift in attitudes toward exporting, even from as recently as a few years past,” said Grace Festa of GRP in a focus group. “We now have many partners that recognize the importance of sharing exporting resources with businesses. Our partners include traditional export service providers, but more notably, we count on business associations and economic developers

Survey of Businesses

In an earlier comprehensive Brookings study of MSAs, Richmond ranked 62nd out of 381 MSAs across the nation in total value of exports for 2014. This is informative for a comparative analysis among regions; however, the data are based on “origin of movement” as opposed to “origin of production,” meaning that we only know how goods were shipped, but cannot track where they were manufactured. Thus, there are limitations in assessing the export ecosystem in any given MSA. MREI aims, on the other hand, to provide a more geographically reliable effort to identify and strengthen the export ecosystem by monitoring progress on specific exports metrics.

In order to track improvements made in the metro area, CURA, in collaboration with the Survey Evaluation and Research Lab at VCU, developed a survey distributed to over 3,000 business addresses sampled from the 2015 QCEW dataset for Virginia. Instead of relying on origin of movement, this survey accurately reveals origin of production and more accurately reflects exports in the Richmond region.

This annual survey provides the basis for tracking the impact of MREI’s outreach. By performing a regular and regulated survey annually, it is possible to benchmark MREI’s goals and identify strengths and opportunities that inform future strategies. The results of the survey are divided into four sections:

Respondent General Profile – This section tracks basic statistics regarding businesses in the Richmond region. Where are businesses located? What industries are they in? How many employees do they have? Do they currently export? Where are they exporting?

Benchmark #1: Number of Exporting Companies That Enter New Foreign Markets (NTM) – This section addresses the expansion of current exporters’ efforts. Have they expanded to new markets in the past year? Do they plan to expand to additional markets in the near future?

Benchmark #2: Number of Companies that Begin Exporting for the First Time (NTE) – Covers businesses that are new to the exporting process. Have any businesses started exporting for the first time this year? What would encourage businesses to export? What perceived barriers are in the way for first-time exporters?

Benchmark #3: Product Innovations and Patents – Measures business’ development of new goods and services—a key indicator of the ability to export. Were there product innovations? Are these companies exporting innovations?

Respondent General Profile

The key to understanding a business is location. While all respondent businesses are located in the Richmond region, the profile, goals, and interest in exporting may be different between a business in the City of Richmond and a similar business in Powhatan County. A majority of responses came from the City of Richmond (35.4 percent). Additionally, a large volume of responses came from the surrounding counties including Chesterfield (20.8 percent), Hanover (17.7 percent), and Henrico (16.7 percent). Smaller cities and more rural counties naturally had fewer respondents, as they have fewer businesses.

Figure 3: Where Respondent Businesses are Located

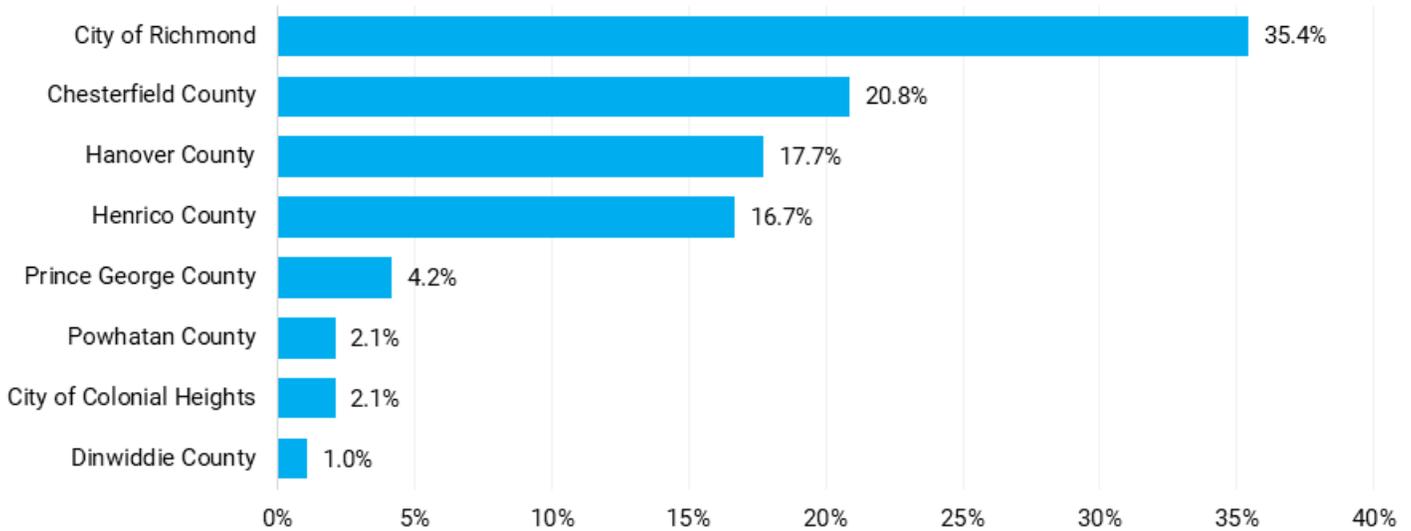
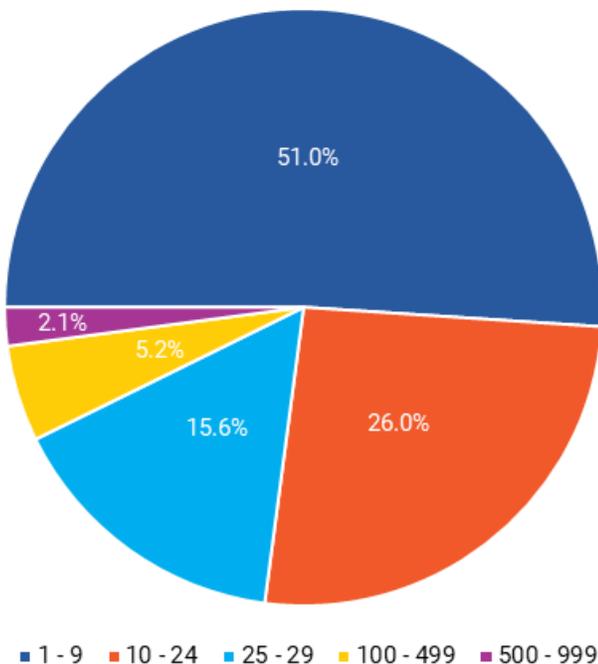


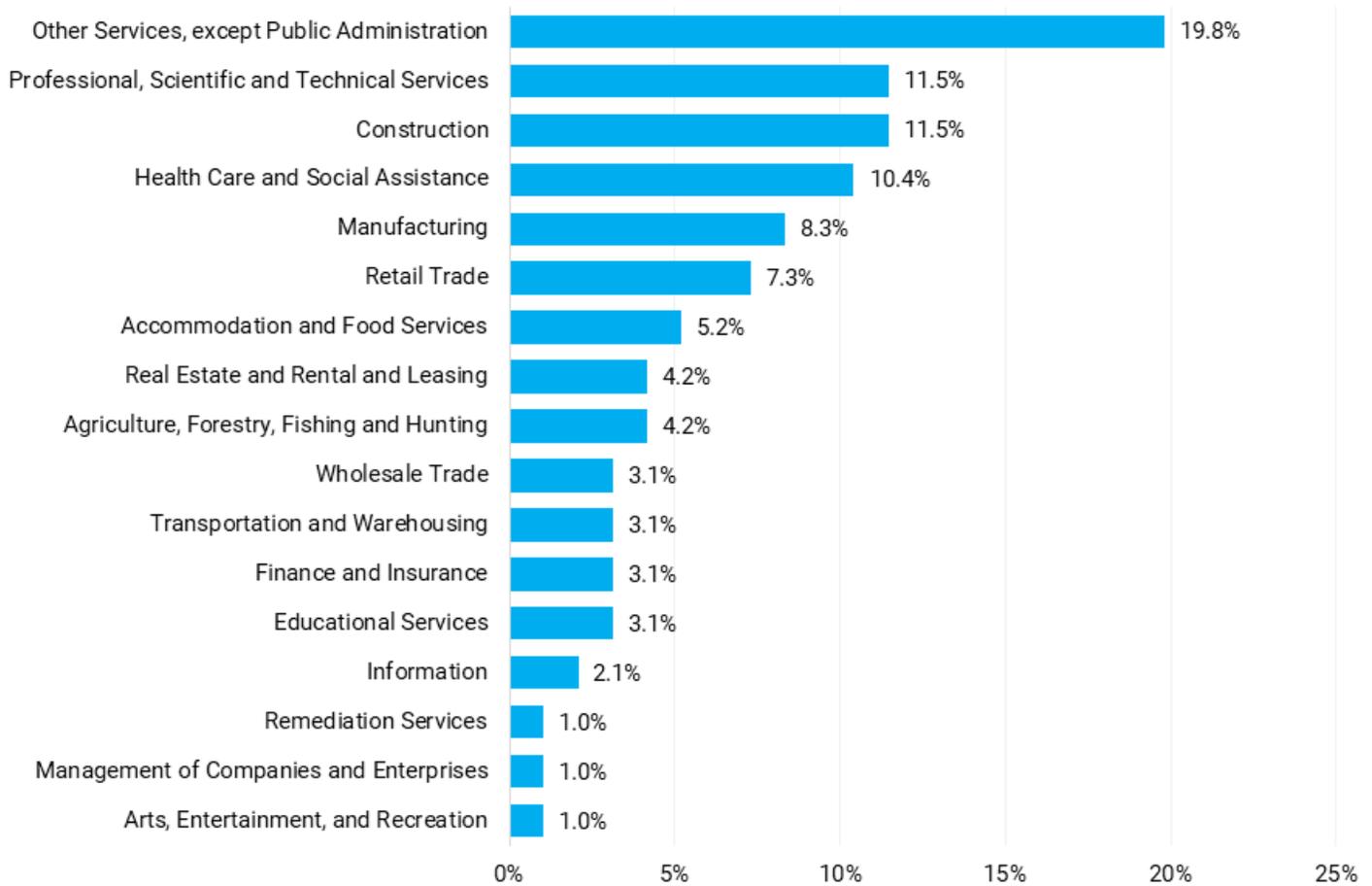
Figure 4: Number of Employees at Your Business



Most respondents to the survey were smaller businesses. 92.6 percent of all respondents employed fewer than 100 people. No respondent businesses employed more than 1,000 people.

This survey seeks to understand what it is that businesses in the region do. Respondents self-identified their businesses' industry utilizing the North American Industry Classification System (NAICS). Other Services, except Public Administration received the most responses (19.8 percent) while Professional, Scientific and Technical Services as well as Construction were the second most popular responses (11.5 percent). Manufacturing, a key exporting industry, comprised 8.3 percent of respondents. Please see Figure 5 for full results.

Figure 5: What Industry Is Your Business In?



In order to benchmark the overall goal of MREI, we must first understand the baseline for current exporting companies. According to survey data, only 9.4 percent of companies in the region currently export. Of those that exported in 2016, most exported only goods (66.7 percent), some exported services (22.2 percent), and the fewest exported both goods and services (11.1 percent).

Figure 6: Businesses That Export

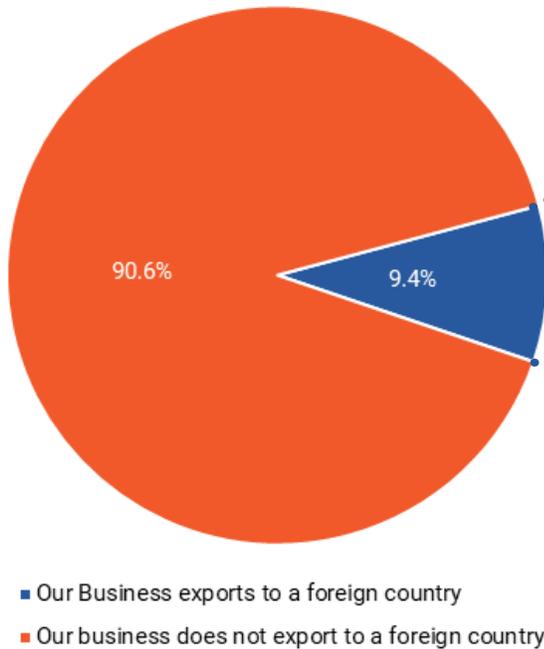
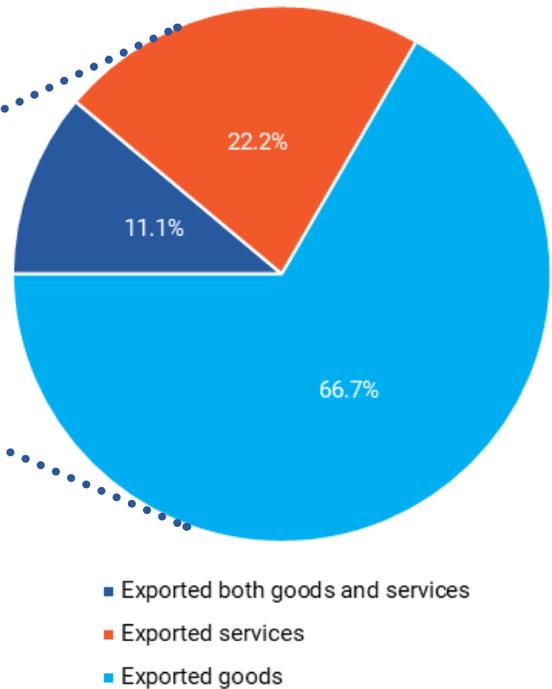


Figure 7: Businesses That Export Goods, Services, or Both



Those business that currently export were asked to provide their top five markets in order of sales volume. Predictably, the foreign North American markets of Canada and Mexico were the most often cited. However, businesses in the Richmond region export to every international business continent.

Perhaps most notably, the majority of respondents who export is comprised of seasoned exporters. 78 percent started before 2005, and no new exporters (2015 or 2016) are present among respondents.

Figure 8: Where Richmond Exports

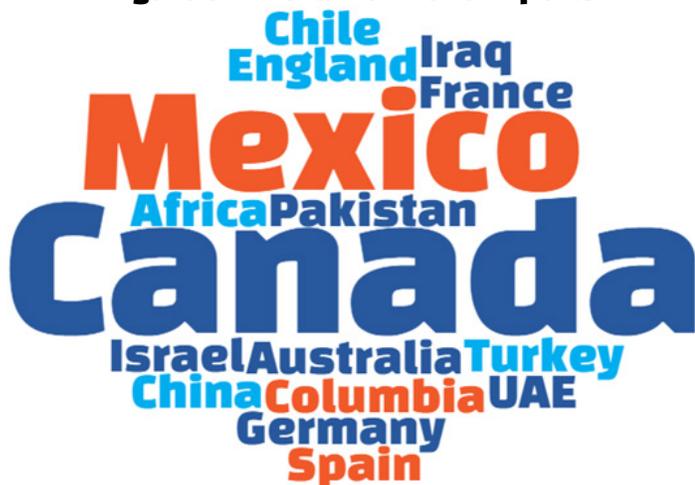
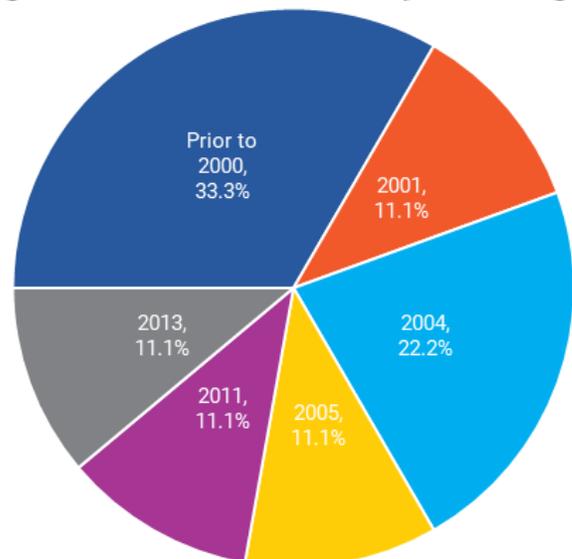


Figure 9: What Year Current Exporters Began



Benchmark #1: Number of Exporting Companies That Enter New Foreign Markets (NTM)

While only 9.4 percent of Richmond region businesses identified as exporters, those who did showed strong growth. 44.4 percent of exporting companies reported opening exports to new markets in 2016. Once potential exporters initiate the process to one market, opening additional foreign markets is common.

Of all respondent companies, 4.5 percent were planning to open a new market in the near future (2017-2018). While some of this growth to new markets is reflected in Figure 10 by those who currently export, Figure 11 also includes non-exporters who intend to export for the first time in the near future. Encouraging first-time exporters is key to growth.

Figure 10: Current Exporters that Opened a New Foreign Market in 2016

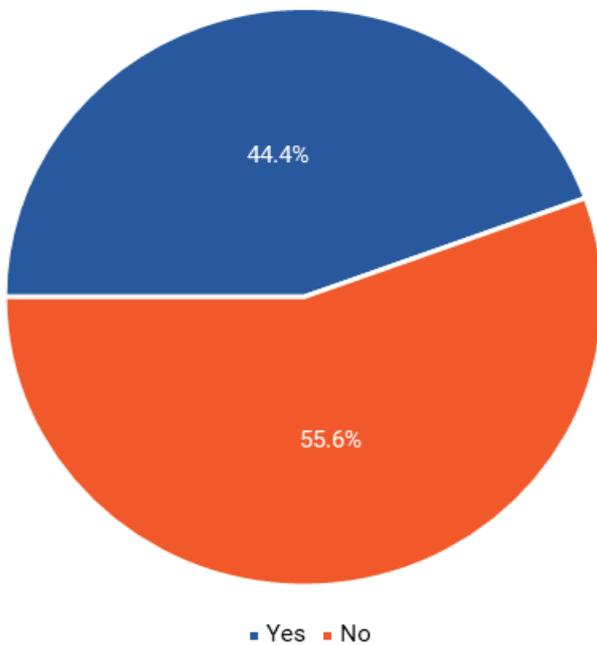
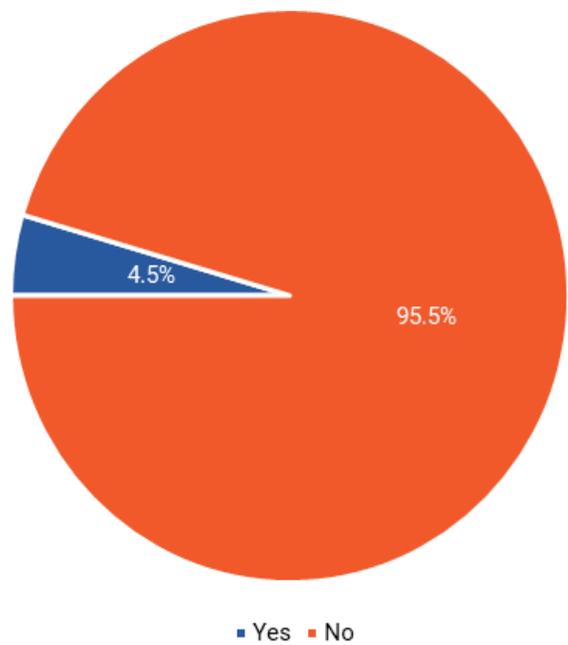


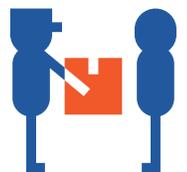
Figure 11: Companies Planning on Opening a New Market in the Near Future (2017-2018)



IN 2017 AND 2018:

**Richmond companies
plan to export to
13 NEW COUNTRIES**

**One company alone plans to
OPEN 5 NEW MARKETS**



Benchmark #2: Number of Companies that Begin Exporting for the First Time (NTE)

As noted in the Respondent General Profile section of the survey, no businesses reported having started exporting in 2016. However, businesses did provide information on why they were reluctant to export, their interest in export assistance, and the nature of assistance that they required.

A large plurality (44.2 percent) of businesses stated that their product or service could not be exported. This category cuts a wide swath, and there may be many reasons a business would answer this way. Is export not possible because it is perceived to not be in demand in international markets? Are there innovations required to make the product exportable? Are customs an issue and therefore exporting is not financially feasible? Just because goods and services are not exported does not necessarily mean that they cannot be exported. Understanding the nuance of this response in the future will be critical to increasing exports in the Richmond region.

Figure 12: Reasons Companies Do Not Export

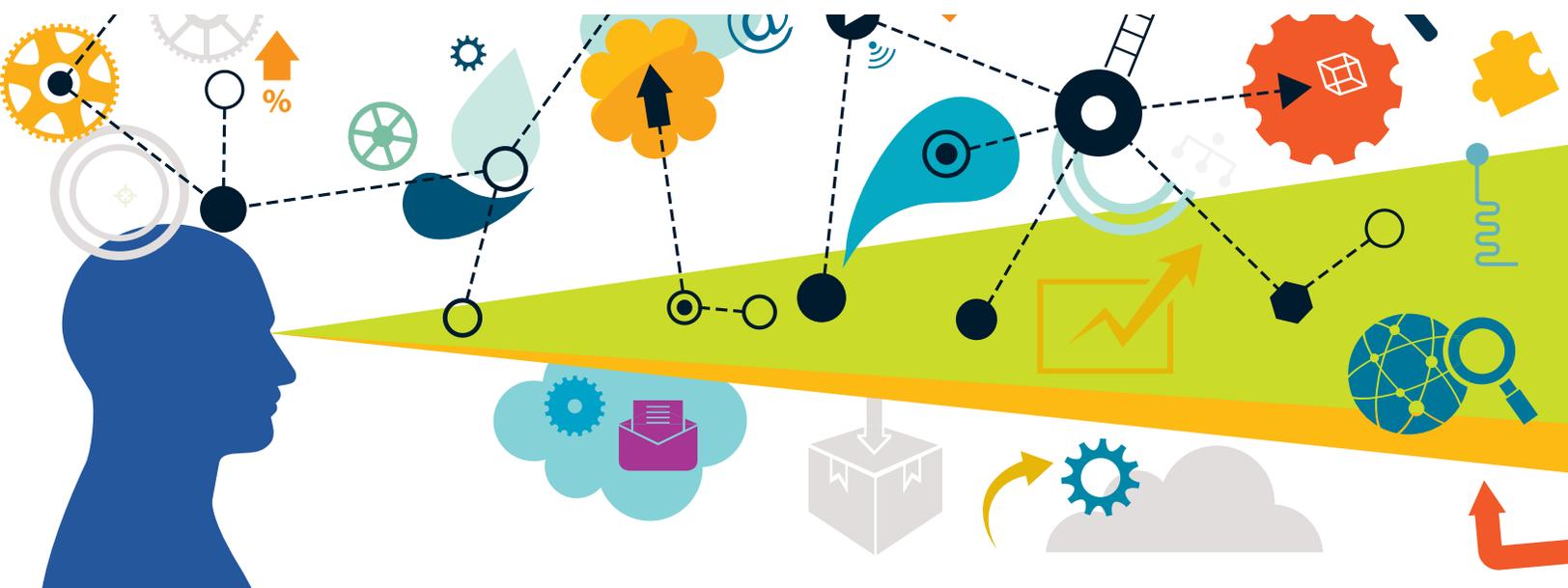
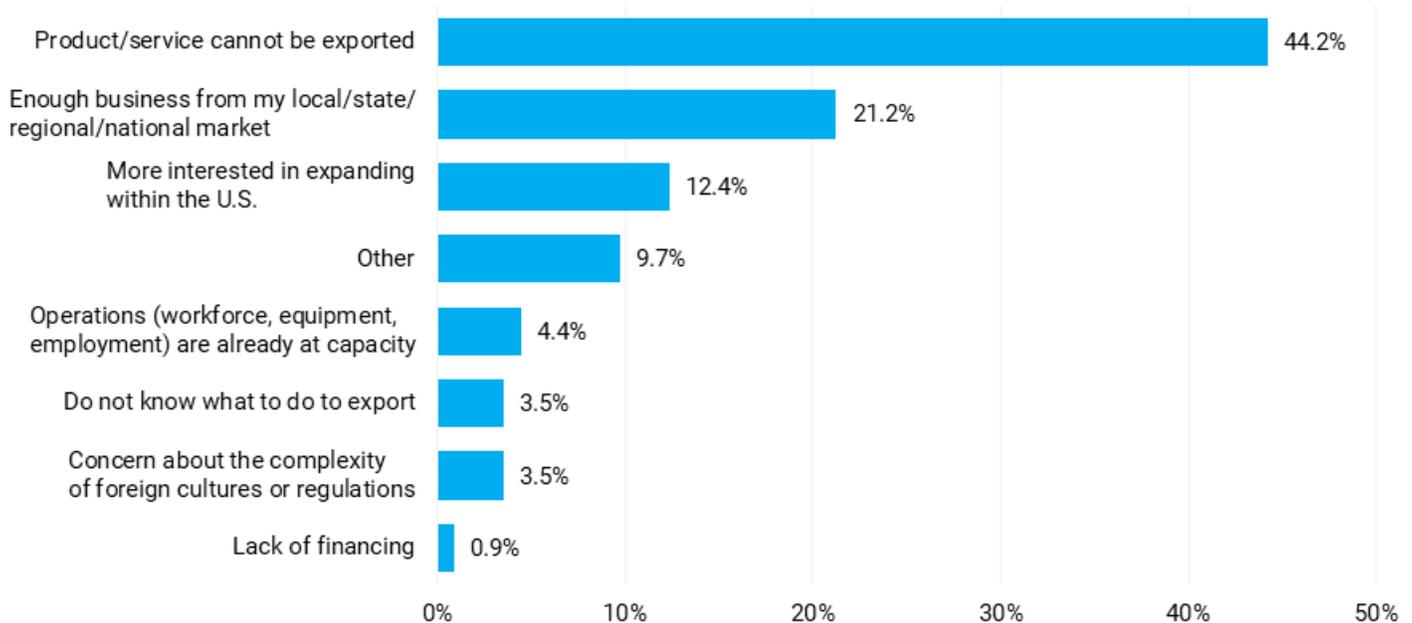
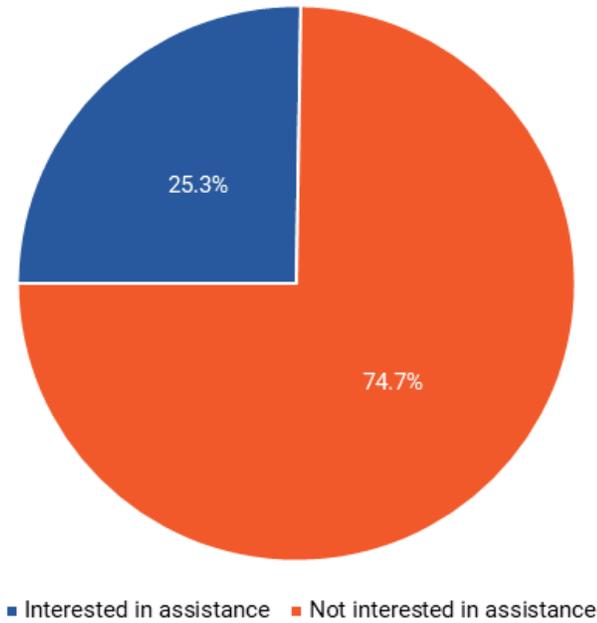


Figure 13: Businesses Interested in Export Assistance



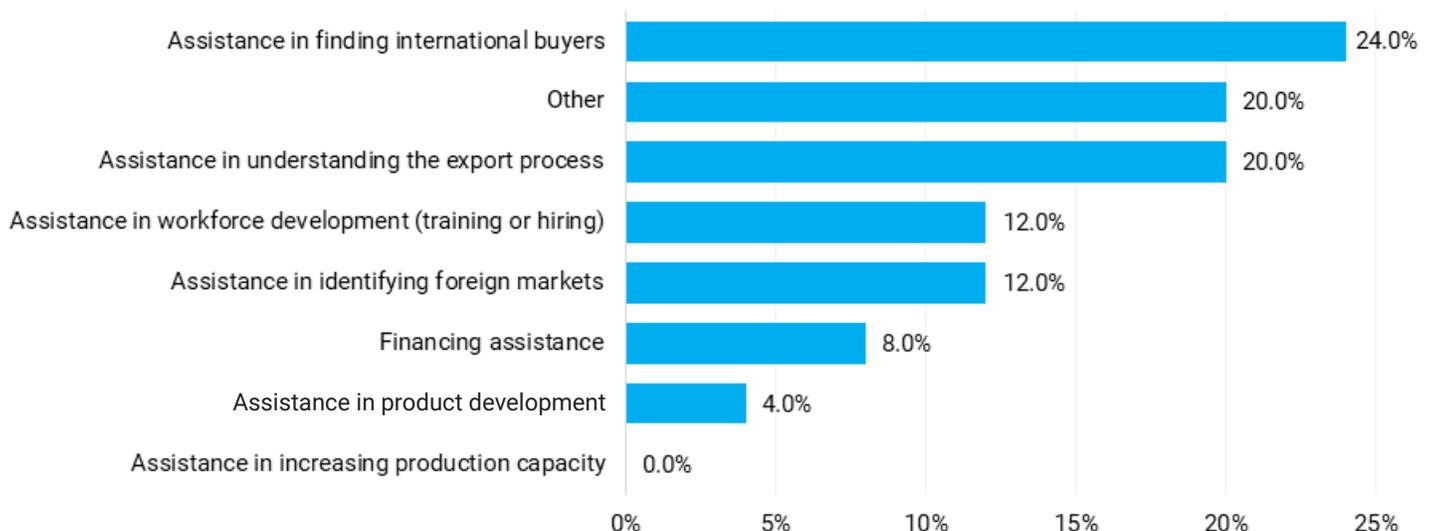
Of all businesses that responded, just over a quarter were interested in export assistance. This quarter of the population of businesses represents an opportunity for MREI’s programming efforts.

While one-quarter may seem like a low percentage, the nationwide percentage of companies that do export is less than one percent, according to the US Department of Commerce International Trade Administration. “Many businesses could benefit from learning more about these international opportunities and resources available to help.”¹ MREI provides the opportunity to learn more about export opportunities to a large number of interested businesses.

¹ International Trade Administration Fact Sheet

Respondent businesses provided information on what kind of assistance would encourage them to reconsider their ability to export. Notably, even members of the 44.2 percent who claimed their product or service could not be exported provided information on what type of assistance would encourage them to reconsider. 12.0 percent of businesses required assistance in finding foreign markets, and nearly 25 percent of businesses requested assistance in finding international buyers. MREI provides access to VEDP programs to assist in not only identifying foreign markets but also in finding buyers in identified target markets. 20.0 percent requested assistance in understanding the export process, which MREI also provides programs and services to achieve. 12.0 percent of businesses require assistance in workforce development (training or hiring) for which MREI currently does not have a targeted program. However, close connections with economic development professionals make referrals to workforce development experts in the region possible. Notably, Other was noted by one-fifth of businesses. Understanding these non-specific needs can go a long way towards increasing the Richmond region’s export capacity.

Figure 14: Export Assistance That Would Encourage Companies to Reconsider Exporting



CONCLUSION

MREI adds a strategic focus to export assistance services provided by GRP and VGR. The initiative coordinates programs, services, and events for and by each partner organization hosted in their respective regions. Thanks to the strategic partnership between implementation partners (GRP and VGR), a monitoring partner (CURA), and additional financial and technical assistance (Brookings Institution, VEDP, and JP Morgan Chase), Richmond's businesses have a centralized resource for information and assistance regarding exporting. More than a place for businesses to go to seek assistance, MREI provides outreach to the region's businesses while promoting and coordinating the focus on exports in the Richmond MSA.

MREI represents a unique regional cooperation. As noted in feedback interviews, "Other MSAs have no real forum for networking." MREI makes Richmond different from other MSAs. It creates a forum that brings together business leaders, economic developers, local government leaders, and regional organizations to strengthen the export ecosystem. Through programing and other support, MREI takes a proactive role in assisting businesses to overcome barriers to exporting.

Finally, one-quarter of businesses responding were interested in export assistance in some form. This suggests that 25 percent of regional businesses who wish to initiate or increase export efforts do not know where to begin or where to go for advice. This figure clearly displays the need for the MREI partnership. Connecting these businesses to subject matter experts through MREI's outreach efforts gives them more opportunities to export and grow.

