

**Transformation**  
SYSTEMS INCORPORATED



**Evaluation of the  
Virginia Economic Development Partnership's  
Virginia Leaders in Export Trade (VALET)  
Program:  
Final Report  
Executive Summary**

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## I. Executive Summary

The Virginia Economic Development Partnership (VEDP) International Trade and Investment Division operates the Virginia Leaders in Export Trade (VALET) program, an international sales acceleration program. The function of export promotion was added to the mission of state economic development activities in 1984. The performance measures for the Division of International Trade of the VEDP are twofold: to increase Virginia exports and to increase the number of Virginia companies exporting.

The VEDP requested compilation, analysis, and interpretation of data collected from their VALET program graduates. This report answers key questions about the VALET program and its program participants, including:

- Who are the companies who participate in VALET?
- What is their experience with the application process?
- What is their experience while in the VALET program?
- What are the benefits from VALET program participation after participants graduate from the program?
- How satisfied are program participants with VALET services?
- What suggestions do program graduates have regarding improvements to the VALET program?

Data were collected through a combination of document and database review, staff interviews, and surveys of program graduates. The final report was edited by VEDP-International Trade. The primary findings, as summarized below, suggest positive responses to and outcomes for the program overall. Notable aspects included good program involvement through participation; stated high value of capital resources; post-program engagement with VEDP; and demonstrable program impacts which were generally attributed to VALET involvement, such as expanding into new program markets, increasing the number of international sales annually, and implementing new international marketing strategies.

### **Program Referral and Application Process**

The referral process is most likely to begin with a VEDP International Trade Manager's initial contact with a company and an introduction to the VALET program. Although

there is currently no standardized method used by Trade Managers to identify potential participants in the VALET program, the process is successfully selecting companies which meet or exceed the minimum program requirements. Periodically, and primarily in the initial years of the program, companies were deactivated (asked to leave) or chose to leave the program for a variety of reasons, the most common being lack of engagement which suggests that selection of appropriate candidates has matured. Concerns were raised by Trade Managers about finding enough appropriate companies to refer into the program over time.

### **Program Partners**

The majority (63%) of VALET program graduates did engage one or more Program Partners for their services, although a relatively high percentage (37%) reported not engaging any Program Partners. Although few reasons were given by these companies to help explain why Program Partners were not engaged, it is possible that existing business relationships with professional service providers precludes interest in establishing new relationships. Participants also noted a desire to expand the range of services available by Program Partners.

### **Program Meetings**

Over 75% of respondents reported attending program meetings most or all of the time, which represents a high level of commitment to the program. The meetings were generally described as beneficial primarily for the networking opportunities they provide as well as the exchange of information and ideas among like-minded companies. When asked to suggest improvements to the meeting structure, nearly 30% indicated that no changes were necessary. Others suggested improvements such as presenting on more advanced topics targeted toward a group with some export experience, holding meetings in decentralized locations to reduce travel burdens, and grouping of similar companies to allow more effective exchange of information.

### **Capital Resources**

Nearly 80% of VALET program graduates responding to the survey identified the capital resources as extremely valuable and nearly 30% of respondents indicated that the capital resources were the most valuable program component. Program graduates were most likely to report using these resources to help defray the cost of attending

trade shows and missions, for translation services, and for enhancing marketing and advertising materials.

### **Post-program Involvement**

Nearly three-fourths of respondents noted working with Trade Managers since they graduated from VALET. Sixty percent have referred another company to the VEDP and 52% have referred another company to VALET, indicating high levels of satisfaction with the program. About one-fourth of graduating companies have participated in VALET alumni events. Nineteen percent (19%) have collaborated with another program graduate upon leaving the program, an unintended benefit of the VALET Program

### **Program Impact**

The majority of companies graduating from VALET experienced significant gains in a number of areas which were attributed to VALET program participation by respondents. Nearly all companies (93%) reported expansion into new international markets. High percentages reported increases in the number of international sales annually (88%), implementation of new international marketing strategies (84%), and investment in new technology after program graduation (74%). These changes were generally attributed to the VALET program, which was described as having either a significant or moderate impact in these areas. Nearly three out of four (72%) companies noted experiencing growth in the number of Virginia employees, but few attributed this to VALET participation.

Among program graduates, the average reported growth in international sales was nearly 44% while participating in VALET, with an additional 44% growth in the time since program graduation. In the time since program graduation, the percentage of total revenues arising from international sales also increased among graduating companies by 15%.

## II. Project Objectives and Methodology

The Virginia Economic Development Partnership (VEDP) requested a process and outcomes evaluation of their Virginia Leaders in Export Trade (VALET) program. The primary focus of the process evaluation was to document the historical progress and existing activities of the VALET program. Other desired results included development of preliminary outcomes information to enhance the program's ability to enhance processes so that the program can be more effective in achieving its goals.

To address the process evaluation requirements, TSI conducted a series of activities, including:

- Review of program information, including marketing materials, program forms, and exit interview documentation;
- Reviews of existing data collection tools and methods;
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- Interviews with staff to document program processes; and
- Analyses of process data to examine company profiles, program utilization, and other key process issues.

The process evaluation provides descriptions of the VALET program, including but not limited to, program utilization, program policies and procedures, and participants' characteristics. Profiles for those companies who were unable to successfully complete the program were developed for comparison purposes and for use in guiding future enhancement of the selection process.

Outcomes evaluation research activities included conducting a survey of past VALET program graduates to ascertain:

- Ways in which businesses have progressed since VALET program participation;
- Perceived on-going benefits from participating in the VALET program;
- The continuing impact of VALET on international business, including sales and employment growth, as well as total revenue generated from international markets;
- Level of expansion into markets in geographical areas not previously utilized;
- Post-graduation involvement with VEDP, the Virginia International Trade Alliance (VITAL), and other VALET program graduates; and
- Post-program satisfaction with VALET program services received.

A total of 43 of 65 program graduates completed the survey, which represents a response rate of 66%. Ten graduating classes were included in the survey process, two each from the years 2002 through 2006. At least one company from each of the graduating classes participated in the survey process.

Additional evaluation activities included interviews with the seven VEDP International Trade Managers, the Director of International Trade and Investment, the VALET Program Manager, the VALET Research Manager, and the former VALET Program Manager. Collectively, these activities resulted in considerable information to describe current program processes as well as to suggest program enhancements.

### III. Description of the VALET Program

The VEDP, a marketing organization, was created by the Virginia General Assembly in 1995 to encourage, stimulate, and support the development and expansion of the economy of the Commonwealth. The function of economic development by the state government of Virginia has been in place since the 1960s and was administered by state agencies prior to the creation of a state authority, the VEDP, in 1995. The Partnership is a state authority, which is governed by a 21-member Board of Directors appointed by the Governor and the Virginia General Assembly. To accomplish its objectives of promoting economic expansion within the Commonwealth, the Partnership focuses its efforts on business recruitment, expansion and international trade. VEDP has offices in Virginia, Belgium, Hong Kong, Mexico, Brazil, Korea and Japan. The function of export promotion was added to the mission of state economic development activities in 1984. The performance measures for the Division of International Trade of the VEDP are twofold: to increase Virginia exports and to increase the number of Virginia companies exporting.

The VALET program is an innovative program that was launched in January 2002 to assist companies throughout the Commonwealth of Virginia as they expand their business through international export trade. The VALET program assists exporters in the Commonwealth that have firmly established domestic operations and are committed to international exporting as an expansion strategy. Companies interested in VALET participation are required to undergo an application process, which occurs twice each year, and must meet minimum requirements. Each company selected to participate in VALET's two-year export acceleration program receives the following:

- Reimbursement of up to \$10,000 for export-related expenses;
- Pro bono professional services from VALET Program Partners, which form an extensive network of service providers who can assist with a variety of issues that exporters encounter when doing business internationally;
- Networking and educational events; and
- Strategic planning guidance and resource coordination.

The VALET program, combining capital resources from the state and professional services from private-sector partners, is the first of its kind in the United States and has been recognized as a national model by the National Council for Public-Private

Partnerships (in 2004) and as a program of excellence by NASBITE International in 2008.

### **Eligibility Criteria**

To be eligible for the VALET program, companies in the Commonwealth of Virginia must have firmly established domestic operations and must be committed to international export as an expansion strategy. VALET program participants are required to go through an arduous application process and must meet the following minimum requirements:

- Employ at least 20 individuals
- Be established for 3 years
- \$2 million USD in annual sales
- \$20,000 USD commitment toward export trade
- Have completed international market research

### **Recruitment and Application to the VALET Program**

Recruiting for the VALET program takes place formally twice a year; however, Trade Managers are identifying companies on an on-going basis, who may be potential VALET program candidates. Beginning in October (for a January class) and in April (for a July class), the VALET Program Manager works with the Trade Managers to set-up in-person meetings or conference calls with prospective VALET candidates. Typically, the Trade Manager will have pre-vetted the candidate and made sure that the company meets the minimum requirements for the program and are committed to the program. Depending on the Trade Manager, the VALET Program Manager either schedules these introductory meetings herself or provides her availability to the Trade Manager so that he or she can schedule an introductory meeting. During the course of the recruiting season, the VALET Program Manager will have 10-17 calls or meetings with candidates.

During the introductory meetings or calls, the VALET Program Manager delivers a presentation outlining the program's benefits and requirements. This process allows the VALET Program Manager to verify that the company meets the program's minimum requirements and to answer questions that the representative of the company may have about the program. At the conclusion of the meeting or call, the VALET Program Manager, provided that the company meets the requirements of the program

and the company remains interested in the program, sends an electronic copy of the program application to the company's representative.

The VALET program is unique in that participation is based on a rigorous application process so that only those companies most suitable for the program, with the highest chance of export success, are accepted for participation. Because of the enormous commitment of time and resources from all involved in the program, the application process is highly valuable from a resource management perspective. This process entails a written application along with several face-to-face meetings or conference calls with the VALET Program Manager.

The deadline for applications for the VALET Program is December 1 for the January classes and June 1 for the July classes. Companies are invited to submit an early application approximately two weeks prior to the final application due date. Submitting an early application allows the VALET Program Manager to review the company's application and, where appropriate, provide notes on the company's application. In some cases, a company is informed that their application is ready to be submitted. In other cases, the VALET Program Manager provides feedback ranging from a few brief comments to several pages of notes. On average, seven companies choose to submit an early application .

The final step in the recruiting process is a meeting of the VALET program staff and the Director of the International Division to make the final selections for the new VALET class. Once the decisions are made, seven or eight offers are made to companies to join the class. After all decisions are accepted, the VALET Program Manager notifies all companies who were not selected and begins the orientation process with the newly accepted companies.

### **Graduation Requirements**

Graduation from the VALET program is contingent on active engagement in the program and meeting a number of key program requirements. Minimally, participants must complete a Plan of Action, regularly attend program meetings, and participate in an exit interview with VALET program staff. The program has always reserved the right to deactivate program participants for failing to meet program requirements and has exercised this right 16 times since the program began. The most common reason for deactivation is that the company fails to engage fully with the program, and the VEDP

determines that their lack of commitment is not a good investment of state resources. Other reasons for deactivation include changes in corporate strategy or ownership.

### **Plan of Action**

As part of participating in the VALET program, companies are required to create a Plan of Action which establishes target sales and strategic goals to be met as companies progress through the program. Funds are not disbursed until this Plan of Action has been approved by the VALET Program Manager. Exit interviews by VALET program staff with program participants assess to what extent the various goals have been met and provide programs with suggestions for on-going progress toward goals.

### **Program Meetings**

Program meetings, generally held in Richmond, Virginia, and initially held quarterly, are now held twice a year. These meetings are designed to serve an educational function and provide an opportunity for networking among participating companies with similar exporting goals. In terms of the educational component of the program meetings, four general topics are covered during the two-year period in which companies are enrolled in VALET, including 1) markets and researching markets; 2) organizational and corporate structure; 3) logistics, export compliance, and shipping issues; and 4) getting paid/next sales. In addition to active program participants, alumni are invited to return to these meetings and Trade Managers may also attend to touch base with programs from their assigned regions.

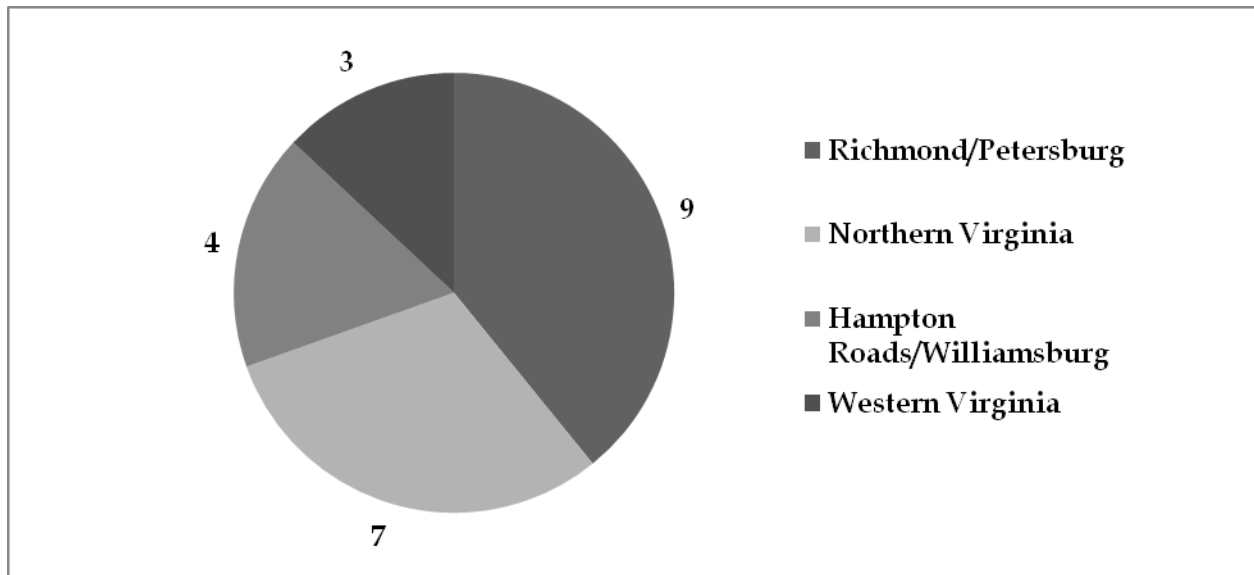
### **Program Partners**

A VALET Program Partner is a professional with verified expertise in international business transactions who is willing to commit a significant and substantive measure of their services, on a pro bono basis, to the Virginia companies selected to participate in the VALET program each year. Companies who have direct international experience and expertise in the following areas are encouraged to apply to become a Program Partner:

- Advertising and Marketing Collateral
- Corporate Strategy and Investment
- Cultural Services and Translation
- Financial Services and Insurance

- Freight Forwarding, Customs, Certification, and Logistics
- Legal and Accounting
- Regulatory Compliance
- Web Development and Search Engine Optimization

Selection of companies to participate as a VALET Program Partner is based upon application materials which are submitted along with follow-up information that may be requested by VALET program staff. Current Program Partners are contracted from January 1, 2008 until December 31, 2009, with the next review of applications in the fall of 2009. Currently, there are 23 Program Partners. Program Partners agree to an initial consultation of one hour with each VALET client, limited to fifteen per year, and if engaged, the provision of five hours of pro bono services or the equivalent of five hours of pro bono services. Program Partners are also required to attend the two orientation events per year. The figure below displays the regions in which Program Partners are headquartered. As shown, the majority of Program Partners are located in the Richmond/Petersburg and northern Virginia areas.



**Location of Program Partners**

## IV. Impact of VALET on Program Graduates

### How Did VALET Impact International Sales?

To ascertain whether there was growth in international sales for companies graduating from the VALET program, several sources of information were utilized. VALET program staff provided evaluators with information from exit surveys which included international sales in the year preceding VALET program participation as well as international sales at the time of VALET graduation (two years later). As indicated in the table, the percent change from the year preceding VALET participation to the year of graduation was substantial for most graduating classes. With the exception of one graduating class, substantial gains were made in international sales during the two years companies were in the VALET program. On average, international sales increased 44% during this time period for companies while in the VALET Program.

<b>Pre and Post-VALET International Sales for Graduating Classes*</b>			
<b>Graduating Class</b>	<b>Average Sales from Export Pre-VALET</b>	<b>Average Sales from Export Post-VALET</b>	<b>Average % Change in Export Sales While in VALET Program</b>
January 2002	\$1,314,286	\$1,480,000	+12.6%
July 2002	\$943,302	\$1,504,167	+59.5%
January 2003	\$2,028,154	\$2,988,310	+47.3%
July 2003	\$2,542,319	\$2,516,750	-1.0%
January 2004	\$5,120,050	\$5,998,200	+17.0%
July 2004	\$3,193,865	\$6,438,500	+101.6%
January 2005	\$2,344,500	\$4,078,000	+74.0%

July 2005	\$8,112,767	\$9,323,469	+14.9%
January 2006	\$1,771,917	\$3,775,493	+113.1%
July 2006	\$2,700,329	\$5,182,129	+91.9%
<i>Averages</i>	<b>\$3,007,149</b>	<b>\$4,328,502</b>	<b>+43.9%</b>

\*Complete data were unavailable for one company in the July 2002 class; three companies from the July 2003 class; and two companies from the July 2005 class. The totals presented above were calculated without these data.

### **How Did VALET Impact Post-Graduation International Sales?**

Companies responding to the survey were also asked to provide the information noted below to assess growth in international sales since program graduation, including:

- The percentage of a company's total revenues arising from international sales at the time of graduation from VALET and at the present time; and
- Annual international sales at the time of graduation from VALET and at the present time.

An assessment of post-graduation data suggests that gains in international sales continued beyond VALET program graduation. As reported by survey respondents, the average annual international sales increased by 43.7% since the time of VALET graduation (see table) and the average percentage of total revenue derived from international sales increased 15%.

<b>Estimated Change in International Sales Since Graduation</b>	
Average annual international sales at time of VALET graduation?	\$3,977,567*
Average annual international sales at time of evaluation follow-up survey?	\$5,717,086
% Increase	+43.7%
Percentage of total revenues arising from	20%**

international sales at the time of graduation from VALET?	
Percentage of total revenues arising from international sales at time of evaluation follow-up survey?	23%
% Increase	+15%

\*Data were missing for a total of 11 responding companies (N=32)

\*\* Data were missing for a total of 9 responding companies (N=34)

## V. Participant Satisfaction with VALET

Respondents were asked how likely they would be to participate in the VALET program again if their company was eligible to do so. As shown in the table below, a strong majority (60%) of VALET graduates reported being “very likely” to participate in the program again if they were eligible. Although 12% reported being “not very likely” to participate again, no companies indicated being “not likely at all”.

Likelihood of Participating in VALET Again if Eligible	
Very likely	60%
Somewhat likely	28%
Not very likely	12%
Not likely at all	---

N=43

Respondents were also asked to elaborate on the following question “If you were describing your company’s overall experience with the VALET program to a peer, how would you describe it?” The responses to this question were almost unanimously positive, with 38 of 39 companies replying noting that the program was “positive and rewarding.” Only one company noted that “unfortunately, not much was gained through our participation.” Specific comments are noted below:

“It was the best program I have ever been involved with as an employee. I was very surprised to see an agency that is not private operate so well. We commented many times that they were more responsive than our vendors.”

“Very pleased and would recommend participation to anyone exporting.”

“Exactly what we needed to create the resources and knowledge needed to build a program of developing new opportunities and bringing them to a successful conclusion.”