

Attracting Venture Capital

Senator Jay Rockefeller

U.S. Senate

The Appalachian Mountains that run through West Virginia bring enormous natural beauty to our state, beauty that makes us the envy of many people in the region and across the country. But those same beautiful mountains also bring serious economic challenges. We must deal with the fact that only four percent of our land is flat and easily developable. That topographical dilemma, in addition to our being a rural state, means that we must be innovative in our effort to attract jobs, businesses, and venture capital investment to our state.

Part of our strategy is to make West Virginia a more attractive place to do business. For example, we are making it a priority to provide high-speed broadband Internet access to 100 percent of West Virginia's businesses and homes.

At the same time that we're working to improve our infrastructure, we're also attempting to showcase the unique qualities that West Virginia and its legendary workforce can offer venture capital companies. Every company that comes to West Virginia discovers the enormous productivity of our workers. This work ethic is something that, for instance, Toyota discovered fully after it opened its Buffalo plant in Putnam County in 1996. Over the last five years, the Harbour Report, the industry's benchmark for quality, has named the Buffalo plant the most productive automotive plant in the United States. That record is unprecedented, and it is a testament to our West Virginia workers.

While businesses continue to realize that the dedication of our workforce is unrivaled, many also are finding out the same thing about our prime location, abundant natural resources, and even our unique topography. In fact, the very geographical features that present a challenge for us to attract industry can serve as an attribute. For example, our geography has already attracted one company, the Information Manufacturing Corporation, which is storing vital records in the recesses of our mountains. And because of our proximity to the nation's capital, West Virginia is becoming more widely recognized as an ideal location for government and corporate "continuity of operations" activities. In fact, Orrick, Herrington, and Sutcliffe, a large international law firm, chose to open a global operations center in West Virginia that will provide all accounting, finance, technology, payroll, and benefit administration services to Orrick's offices around the globe.

Then, we have our commodities—the natural resources with which West Virginia has been abundantly blessed. Through the most plentiful of these—coal—we are hoping to help resolve one of the nation's most pressing problems, our continued reliance on foreign oil. At an upcoming summit on this very issue, we will discuss ways that we can better attract companies that want to harness the potential of new uses of coal, including coal liquefaction and gasification.

Having a well-founded infrastructure, a strong workforce, and unique qualities are important, but they would diminish in importance without an economic apparatus to help us attract investment. In West Virginia, we have used state government and public/private partnerships to attract and fund venture capital. Since 1992, West Virginia's Jobs Investment Trust (JIT), a state entity, has been an active investor in bringing new enterprises to the Mountain State. These include companies like Augusta Systems, which provides sensor intelligence solutions; Protea Biosciences, which is commercializing new proteomics technology; and Sino Swearingen Aircraft, which is producing the world's newest, fastest, highest-flying corporate jet.

West Virginia has also been fortunate to have private investment groups, such as Mountaineer Capital, and nonprofit entities outside state government helping us in this effort. The Discover the REAL West Virginia Foundation, for instance, has played a vital role in connecting West Virginia to the global economy. Through a series of trade missions, the Foundation has helped attract international companies, resulting in thousands of good-paying jobs for our citizens.

Further, in the last few years, the West Virginia Venture Connection (WVVC) has been formed to encourage the expansion of venture capital activity in West Virginia by connecting entrepreneurs, investors, service providers, and policymakers. WVVC is also participating in an innovative Web project overseen by the nonprofit Chemical Alliance Zone (CAZ), which is developing new opportunities for our state's exceptional base of chemical experts and facilities. The "CAZconnect" Internet system will use leading-edge informatics to connect our state's best business, technology, and financial minds online.

In the end, the success of West Virginia is dependent on its people. That's why we've worked hard at cultivating our homegrown talent and encouraging the efforts of West Virginians. In that effort, we are enlisting our universities to serve as incubators for the next generation of entrepreneurs. The West Virginia University Entrepreneurship Center, for instance, is conducting its student business plan competition again this year, with \$10,000 available to the winning team. And Marshall University's Institute for the Development of Entrepreneurial Advances (IDEA) assists students and faculty innovators as they progress from new discoveries through business start-up to fully producing businesses.

There is no question that West Virginia faces unique challenges as we attempt to attract greater venture capital. Our leaders, whose talent, experience, and commitment are equal to that in any other state, are honest about the problems that exist because of our isolated geography, small population, and historical economic deficits. But through our efforts to develop our infrastructure and to invest in the brilliant new ideas of entrepreneurs, we are working hard to overcome these obstacles. Situated in a strategic region with vital energy and chemical resources, we are being innovative in seeking every avenue to educate firms that the Mountain State is not just wild and wonderful—it also is a perfect host for venture capital.

Jay Rockefeller has served West Virginia in the U.S. Senate for 20 years, where he is a strong advocate for community economic development.