

# Reshoring to Virginia: Understanding and Leveraging Total Cost of Ownership

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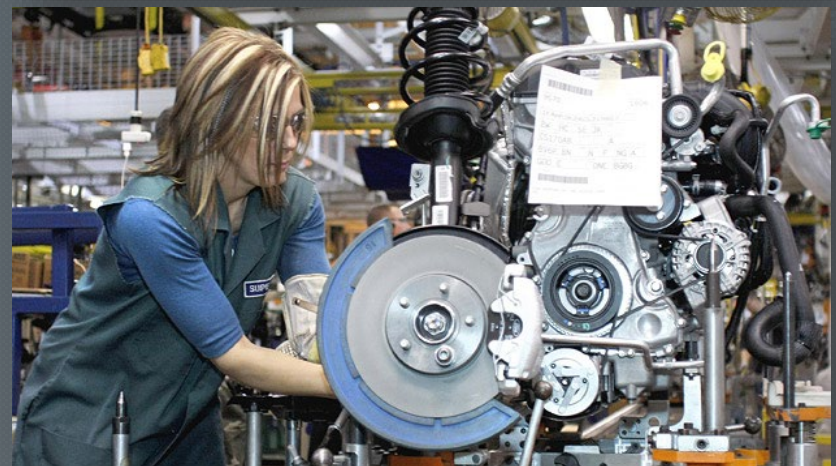


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# Research Questions

- What is Reshoring?
- Why are Industries Reshoring?
- How can Virginia Promote Reshoring?

*An estimated 2.4 million jobs are coming back to the United States tied to reshoring and export efforts.*



# What is Reshoring?

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Reshoring is the relocation or expansion of manufacturing and service industry functions within the US that are or have been susceptible to offshoring.

- A substantial portion will include foreign direct investment.

# What Industries are Reshoring?

	Tipping Point Industries	Virginia's Industries	Sectors Investing in US
Computer/Electronics	✓	✓	✓
Machinery	✓	✓	✓
Transportation	✓	✓	✓
Fabricated Metals	✓	✓	✓
Plastics & Rubber	✓	✓	
Food & Beverage		✓	✓
Chemicals		✓	✓
Electrical Equipment	✓		✓
Furniture	✓		
Business Services			✓

Source: Sirkin, H. L., M. Zinser, D. Hohner and J. Rose (2012).

*U.S. Manufacturing Nears the Tipping Point: Which Industries, Why, and How Much?* Chicago, IL, Boston Consulting Group.

# Why are Industries Reshoring?

## Offshoring Benefits

Low Wages

24/7 Service

Currency Diversification



## Reshoring Benefits

High Quality High Value

Access to Market

Supply Chain Security



# What is Total Cost of Ownership?

## Old Model

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### What Firms Want:

Productivity

Quality Control

Innovation

Supply Chain

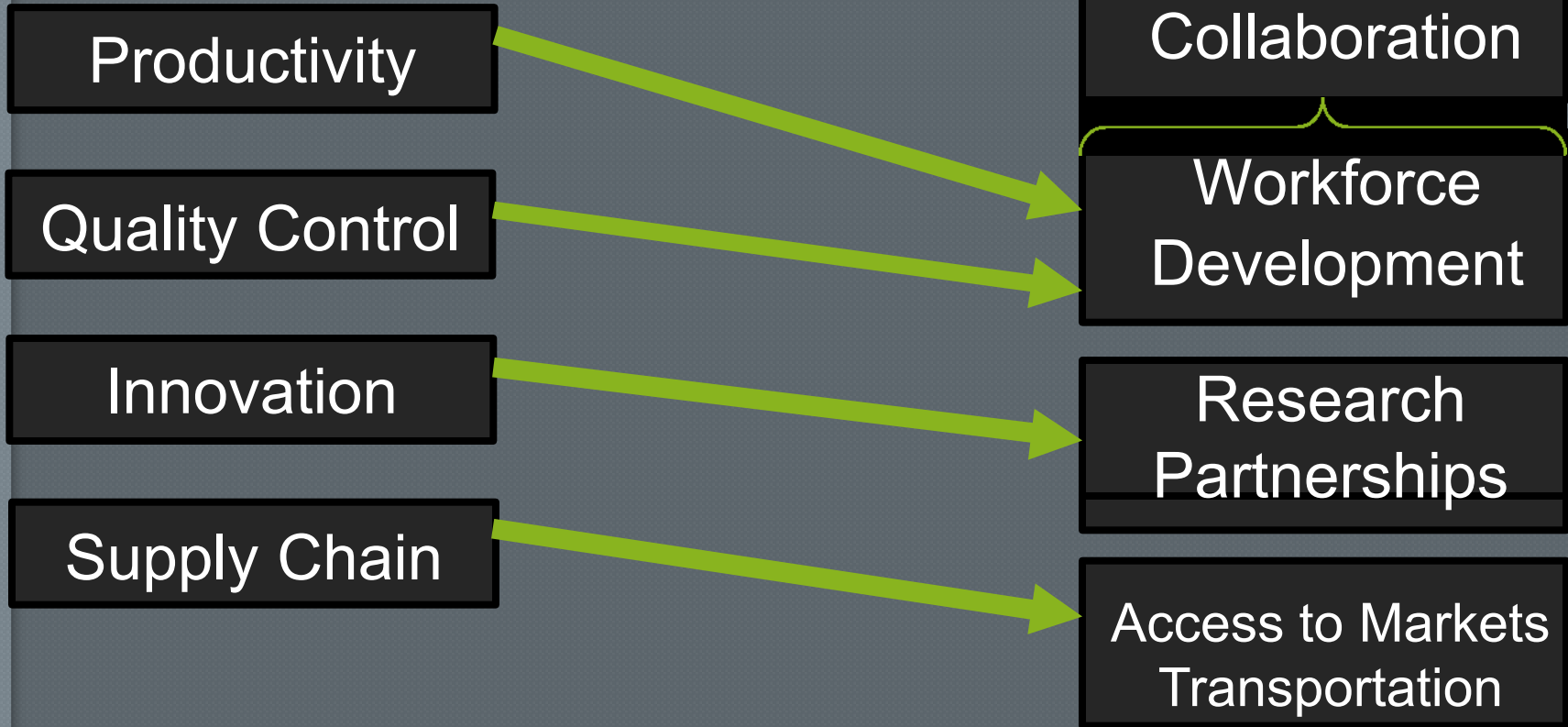
### What Virginia Offers:

Regional  
Collaboration

Workforce  
Development

Research  
Partnerships

Access to Markets  
Transportation



# How Can Virginia Promote Reshoring?

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Lower the total cost of ownership by creating regional assets important to firms in reshoring industries.

1. Training and Workforce Development
2. Research and Development
3. Access to Market and Transportation
4. Regional Collaboration

# Training and Workforce Development



## What's Working?

- Virginia Jobs Investment Program
  - *Paper Plant at Franklin Mill*

## What's Needed?

- Machinists
  - Expand training programs near Rolls Royce
- Pharmaceuticals



# Research & Development



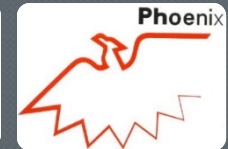
## What's Working?

- CCAM ; CCAPS; GENEDGE
  - helped attract Rolls Royce
  - numerous Industry partners
  - numerous University partners

## What's Needed?

- Pharmaceuticals
  - Petersburg
  - Boeringer Ingelheim
  - Virginia Commonwealth University
- Food Processing
- Furniture

# Access to Market & Transportation



## WHAT'S WORKING

- Strong, diverse transportation infrastructure



## WHAT'S NEEDED

- Continued investment



# Regional Collaboration



## What's Working?

- Financing power of Industrial Development Authorities (IDA)
  - ABB TRES Expansions

## What's Needed?

- Investment in Assets
  - Workforce
  - Marketing
  - Regional Roundtables



# Conclusions

- Reshoring = jobs and investment in Virginia
- Firms are reshoring for high quality, high value products and services, assets and a skilled workforce, not low wages.
- Total cost of ownership
  - Tailor investments and planning to lower or improve TCO for specific industries.
- Next steps



# Thank You

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## “Reshoring to Virginia”

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