



The Best of Both Worlds

International companies have found a Virginia location can equate to success

In 2020, roughly 12 years after Volkswagen relocated its North American headquarters from the Detroit area to Fairfax County, the company faced a choice. With the end of the lease on its Herndon office space looming, would it move to Atlanta, where its Porsche subsidiary is located, or another city?

Ultimately, amenities such as the strong regional talent pool and standard of living convinced Volkswagen to remain in Virginia, according to Elmar Licharz, Ph.D., chief financial officer for Volkswagen North American Region and Volkswagen Group of America.

Following a fortuitous call from Fannie Mae, Volkswagen was able to take over some of its excess square footage in a mixed-use development elsewhere in Fairfax County, which allowed the auto company to consolidate its financial services and operations for Audi, Bentley, and multiple other brands.

Volkswagen is just one major foreign company to repeatedly decide to operate in Virginia. Given the importance of foreign direct investment to the Commonwealth's economy, VEDP operates four offices overseas to strengthen business relationships between Virginia and foreign companies, including mutual trade and investment initiatives. The newest of those offices opened in September 2023 in Taiwan; the others are in Europe (based in Germany), Japan, and South Korea. VEDP's international offices support company executives regarding the site selection process in the United States — confidentially and free of charge.

COMPLEX LOCATION CONSIDERATIONS

Members of the automobile industry, Licharz said, sometimes place an emphasis on situating corporate functions near their manufacturing activities. Volkswagen, though, appreciates the mobility its Virginia venue has provided.

"There's a logic that there is value if you are close to your production area because people get a feel for what kind of business [you're] working in," Licharz said. "But we have over 600 Volkswagen and 300 Audi dealers all over the country. We need to travel a lot, and with Washington Dulles International Airport and Ronald Reagan Washington National Airport around the corner, that's absolutely helping [us] conduct business."

While Licharz isn't sure who advised the government-sponsored mortgage finance entity that his company might be a match for its additional space, Volkswagen has benefited from similarly opportune connections over the years.

"I can't tell you how Fannie Mae got the information that we were looking," he said. "But obviously, these areas where businesspeople meet and align interests are very, very helpful. [VEDP] helps us be part of the community so we have [a] broad business context."

Virginia provides access to a well-educated workforce today, and the state's education system supports growth for our future needs.

C. JEFFREY KNITTEL

Chairman and CEO,
Airsbus Americas

FOSTERING GLOBAL GROWTH

While VEDP's international offices have helped secure numerous investments from companies in those regions and helped smooth the path for countless others, Virginia's main selling points remain its top-notch workforce, convenient location, and friendliness to business. The Commonwealth's transportation infrastructure (see page 56) has also been a boon for a number of companies — including Canon Virginia, Inc., an offshoot of digital imaging solutions provider Canon U.S.A., Inc.

According to President and CEO Shingo Shigetani, the Japanese company chose to center its domestic manufacturing in Newport News in 1985 due to the local infrastructure — including nearby Interstate 64, adjacent to the company's facility, the Port of Virginia, and nearby air terminals — and numerous colleges, universities and military installations that provide a steady flow of talent.

"That's been critical for us," said Shigetani, who cited nearby universities Christopher Newport University, the College of William & Mary, and Old Dominion University and Tidewater and Virginia Peninsula community colleges. "That's been a good way to get resources [for] internships and hiring. We [also] have a big military population; a lot of spouses or retiring military [members] have come through [the company]."

To supplement that talent, Canon Virginia worked with VEDP to establish a number of initiatives, including an 8,000-hour, four-year toolmaking apprenticeship program.

"They helped us put that together," Shigetani said. "When we built an automated cartridge facility, they helped us stand up a workforce development center to retrain not only some of our existing workforce, but [also] new hires for high-speed automation manufacturing."

After learning it was in the running for the corporation's new U.S. toner cartridge facility site in 2008, Canon Virginia immediately reached out to VEDP, who Shigetani says brought workforce development partners like the Virginia Community College System to the table.

"That really made a great partnership," he said. "We were able to then call our global headquarters, Canon Inc. in Japan, and

say, 'Look what we can do and how quickly we can do it,' because from groundbreaking to grand opening, it took exactly one year."

Canon Virginia solely produced the company's line of copiers and printers when it began operating in the Commonwealth nearly 40 years ago. It has since transitioned to provide contract manufacturing services to businesses in industries including aerospace, food preservation, and life sciences — thanks in part to introductions from VEDP.

"We have a variety of products being developed here," Shigeta said. "Many of our customers and partners are closely located and easy to communicate with and travel to, in addition to Canon U.S.A.'s headquarters in New York. The location is also a good advantage [of being in Virginia]."

GEOGRAPHY AND OTHER ADVANTAGES

In addition to The Port of Virginia access that enables Italy-based Massimo Zanetti Beverage Group (MZB) to import green coffee beans, the main component in its Hills Bros®, Chock full o'Nuts®, Kauai Coffee®, Segafredo Zanetti®, and other products, the coffee corporation relies on road and rail systems to distribute them through the United States.

The company's primary roasting operations and U.S. headquarters are located in Suffolk. MZB acquired the roasting facility from the Sara Lee Corporation in 2005, and the company continues to expand its operations in Suffolk.

"We try to ship as much of our product destined to our own distribution center or, in a lot of cases, to larger customers located west of the Mississippi through intermodal rail to reduce freight costs," Chief Financial Officer John Phifer said. "A big advantage of our Virginia location is the efficient shipping lanes from the East Coast and the Mid-Atlantic area."

Over the years, VEDP has assisted MZB's efforts to increase its reach outside of the United States, following the path of numerous international companies that have located in Virginia. When the company began exploring selling its products in China, one of VEDP's U.S.-based international trade managers paired the company with a dedicated representative based in the country who was able to help the company coordinate the documentation requirements to license more than 25 of its coffee products for export.

When trying to enter a new market, having an on-site contact who knows how to navigate the local business culture can be key, said Brian Kubicki, MZB's senior vice president of business development and managing director.

"It's certainly helpful to know that you're walking into meetings that have been set up in advance, with contacts that we know are legitimate," Kubicki said. "We've had some experience going into foreign countries and meeting with people who may not have the capabilities they claim to have. It's good to have a resource like VEDP that can perform much of this work on our behalf."

LEVERAGING LOCAL BUSINESS

San-J International originally set up a sales office in Virginia in 1978 to import the soy sauce it's been manufacturing for more than 200 years in Japan. As its sales volume grew, the company built a factory in Henrico County — its first manufacturing operation in the U.S. — in 1987.

In tandem with the local labor market, environmental factors — notably Virginia's temperature range, humidity level, and four distinct seasons — made the state a good fit for San-J, according to President Takashi Sato, an eighth-generation member of the family that founded the company. Being in Virginia has also provided indirect benefits, according to Sato, like central embassy access.

"A foreign-capitalized company like ours has to deal with the country of origin in various situations," he said. "In addition to being quicker to process, in most cases, the personnel assigned to the embassy in Washington, D.C., are often higher in rank than those assigned to consulates in other locations, which tends to make it easier to handle issues."

REGIONAL EFFICIENCIES

When Airbus North America moved its headquarters from New York City to Northern Virginia in 1987, the aerospace company consisted of just a few dozen employees working from a single location, according to C. Jeffrey Knittel, chairman and CEO of Airbus Americas.

Currently, the organization maintains four major sites in the state — its U.S. Space & Defense headquarters in Arlington County, the Satair USA, Inc., spare parts fulfillment center and administrative offices in Loudoun County, and its North American headquarters and Metron Aviation air traffic management services, which are both located in Fairfax County.

Virginia is uniquely situated within the national capital region, Knittel said, putting the company close to congressional leaders, policy decision-makers, regulatory agencies, members of the international diplomatic and business community, and the U.S. Department of Defense, a key customer.

Collectively, Knittel said, the state's advantageous infrastructure, quality workforce, and positive business environment have all contributed to Airbus' success.

"Virginia provides access to a well-educated workforce today, and the state's education system supports growth for our future needs," he said. "Our longevity and growth in Virginia are [a] testament to the fact the state has met, and continues to meet, all of our needs." ✓



Canon Virginia, Inc., Newport News



Volkswagen Group of America, Fairfax County

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ELMAR LICHARZ, PH.D.

Chief Financial Officer,
Volkswagen North American Region and Volkswagen Group of America



San-J International, Inc., Henrico County