



## Project Profile: West Virginia

### Impact Statement

The West Virginia Defense Industry Alliance was formed directly from the OEA funds provided to the state. The alliance included leading local defense contractors, state agencies and other partners, who want the defense sector to be resilient and contribute even more to West Virginia's overall economic vitality. There was no such entity prior to the grant as the role of defense spending in West Virginia is not as obvious as in other places. The grantee demonstrated to state leaders that there is a very diverse mix of defense contractors and activity in West Virginia, through identification of the larger supply chain and development of an online platform, [www.wvdia.org](http://www.wvdia.org), to make that information better known. The grantee efforts also led to the establishment of a National Defense Industrial Association chapter in the state to sustain the progress made via the grant.

### Key Project Takeaways

Through its Industry Resilience (IR) grant, the West Virginia IR team has increased awareness among leaders and organizations in the state of the significance of businesses serving defense to the overall economy. West Virginia's economic development strategy includes efforts to move beyond resource extraction to include a robust array of products and services. West Virginia University, along with its partner TechConnect West Virginia, led grant efforts including the establishment of a formalized working group to better support DoD related efforts. These project partners envision that the network, branded the West Virginia Defense Industry Alliance, will resemble a "Super Chamber of Commerce" - or a place where businesses that are part of the defense industry can collaborate and jointly address challenges within the business landscape and identify macro-level needs. Having this forum in West Virginia can better serve DoD in achieving its goal of resilience for the nation's defense industrial base.

### Project Description

#### Rationale

Before the grant, employment in West Virginia's Defense Cluster trended down. Both the state's overall employment and employment in the Defense Cluster are lower, 5 percent and 10 percent respectively, since 2007. This project focused on better understanding the industry in the state, identifying, engaging, and supporting suppliers, and raising awareness among policy makers.

#### Program Activities

With the OEA funds, West Virginia was able to create the information and linkages with resources that will serve defense manufacturers and communities in limiting the impact of defense-related spending cuts and identifying new opportunities for economic diversification. Specific activities associated with the first phase of the grant included overseeing an extensive analysis of the defense industry. Key findings from this research included:

- DoD contract spending in West Virginia supports more than 2,300 jobs and \$370 million in overall economic impact.



- DoD work in West Virginia is largely focused on highly coveted advanced manufacturing, building, and innovation-oriented industries.
- Strategic opportunities for the state include leveraging existing defense related assets, such as aligning these companies with the coal industry value chain; strengthening the local supplier base for West Virginia defense industry contractors; and helping West Virginia companies diversify to support the strong regional defense industrial base.

In addition to these findings, the first phase of the grant has allowed the state to:

- Develop and populate a network of defense industry companies.
- Develop a brand, logo, and support materials (including a robust website at [www.wvdia.org](http://www.wvdia.org)) for the network to better communicate its work.
- Establish the West Virginia Defense Industry Alliance (WVDIA) and convene an advisory board comprised of executives/owners of leading defense companies, senior State military and economic development officials, and individuals with significant defense industry expertise.
- Communicate extensively with a network of partners as well as other economic and business associations about the importance and value of the defense industry in West Virginia.

The State expects this effort and its resulting deliverables to inform, strengthen, and support local adjustment and diversification initiatives.

## Resiliency Impacts

### Increasing Awareness of the Defense Industrial Base

The OEA grant enabled the West Virginia Defense Industry Alliance (WVDIA) to be formed and it has begun to support and expand opportunities for the state's defense industry. This effort is being enthusiastically supported by State and Federal officials in both the Executive and Legislative branches. This includes support from the Secretary of Commerce, the Vice President for Research at West Virginia University, the Executive Director of the West Virginia Development Office, and the Adjutant General of the West Virginia National Guard. These agencies and offices are represented on the WVDIA Advisory Board. Additionally, TechConnectWV, West Virginia University, WV National Guard, WV MEP, WV Board of Commerce, Orbital ATK, Azumith, Allegheny Science & Technology, Dextera, FCX, Action Facilities Management, Huntington Plating, and Next Gen Federal have committed to support the defense industry in the region and are actively engaged in the project's efforts.

During the course grant work and following the receipt of information provided by the research and analysis, the West Virginia IR team has been able to brief many important and diverse audiences in the WV economic development effort. These groups include but are not limited to: executives in the WVDO and Department of Commerce, leadership of WVU, General Hoyer and his staff at the WVNG, the WVDIA Advisory Board, The TechConnect WV Board of Directors, individual business and interests representing the defense industry in the state, various local economic development officials, etc.

The consistent and overwhelming reaction has been one of a realization that the DoD industrial sector was largely unknown and the majority of economic development professionals did not understand or



realize the significant contribution the DoD supply chain makes to the State. For instance, the grantee increased awareness that West Virginia workers build key components for the high-flying Global Hawk unmanned aerial surveillance vehicle and many other military aircraft, including the nation's newest jet fighter, the F-22 Raptor. American troops in Iraq fired missiles with parts made in West Virginia. Lightweight composite materials developed and produced in West Virginia play an increasingly important role in aircraft and other military hardware. And gear made by West Virginians (military-issue life preservers and other survival gear) saved many soldiers' lives.

The OEA grant also provided the opportunity to touch many defense businesses through a statewide survey of defense contractors, which revealed several challenges faced by these companies. These will be important to address for the ongoing resiliency of the state's defense industrial base. Top challenges included:

- Unexpected changes in economic conditions or industry demand
- Acquiring new customers
- Maintaining high-margins on existing products or services
- Developing new high-margin products or services
- Navigating legislative and/or regulatory barriers
- Obtaining growth financing/capital
- Managing your brand
- Retaining high-value customers
- Entering new export markets
- Keeping up with changes in customer preferences or needs

The investment of OEA funds has inspired and unlocked significant opportunities for the defense industry in West Virginia. In particular, based upon the state's unique geography and topography, mix of manufacturers, and extremely rural setting, the WVDIA believes that West Virginia could act as a potential proving ground or virtual laboratory for DoD to pilot efforts and initiatives to assist rural manufacturers seeking to participate in the defense supply chain.

## Lessons Learned

### Greatest Challenges and Most Important Lessons Learned

The IR team reports that without exception, all audiences, interests, and enterprises that have been contacted are enthusiastic and supportive of a continuing and expanded effort to support and further develop the DoD industry in West Virginia. This information was unknown prior to the OEA investment. A challenge will be maintaining the momentum of progress among partners. Despite developing agreement on defense being a promising industry sector, launching follow-up activities to support defense contractors is difficult with little existing program architecture or steady funding in place. The grantee overcame this issue by working to transform the WVDIA into a more formalized chapter of the National Defense Industrial Association (NDIA). NDIA Chapters offer the opportunity for individual and business coordination with regional military commands and working levels of the federal government,



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providing a means to sustain grant goals – tapping into an established industry association framework so that state defense contractors can make connections and increase future business opportunities.