
SUMMARY: Hampton Roads Partnership *Annual Retreat*

Mission: Provide leadership to focus on the strategic issues that will improve Hampton Roads' competitive position in the global economy.

September 16, 2011 ~ Tidewater Community College, Portsmouth Campus ~ Chair Debbie DiCroce, Presiding

- **Vision Hampton Roads: The Econundrum**
 - Mitigating the regional economy's military dependence is the econundrum for Hampton Roads. Military spending has been close to 75% of economic growth since 9/11. Now drawdown is inevitable.
 - The econundrum impacts everyone's business, and the solution is trading our culture of military dependence for a culture of innovation and entrepreneurship. HRP's membership must lead and support this critical culture change. Now is the time to seize opportunities, turn *Vision* into actions and transform our economy.
 - HRPDC's recent Regional Competitiveness Study aligns with findings of *Vision Hampton Roads* as follows:
 - HRPDC/Success is rooted in identifying and supporting industry clusters
 - *Vision*/Focus on Clusters of ModSim, Unmanned Systems, Sensors, Aerospace, BioScience, Energy
 - HRPDC/Human Capital drives growth
 - *Vision*/Promote STEM education and workforce development
 - HRPDC/Regional Cooperation increases efficiencies
 - *Vision*/Work on projects such as Shared Services
 - HRPDC/Region needs to support Incubators
 - *Vision* /Connect 7 current incubators in a virtual network
 - HRPDC/Job growth comes from new and existing business
 - *Vision* /Create environment where business, entrepreneurs and investors can create opportunities, especially with start up and existing business
- **The Entrepreneur's Dilemma** by Dick Ash, Exec. Dir., William & Mary Center for Entrepreneurship
 - HR must grow our own, focusing on our strengths. Same things are said in meetings over and over, but actions haven't happened. Decision makers must work together on these issues to get ahead of the curve.
 - Students should stay here but incentives aren't here. Region must take blinders off, look on world scale to be more competitive and turn out graduates with ideas to stay here, including opportunities for exiting military.
 - W&M MBA students are taken to places like Silicon Valley and Austin to highlight best practices, not here.
 - How do we grow high tech entrepreneurial business? What are we really good at? What are our real strengths? Loss of military is huge pending gap in economy.
 - Can we do high tech manufacturing?
 - Our port has competition...Savannah would love to take over the #3 spot from HR.
 - Are we a strong enough region to act alone? Should we connect with Richmond?
 - HR has historically been risk averse. Think about your own kids and grandkids and their educational and career needs. We have to shake that off now. Community leaders must be mentors; they are needed here.
 - Stop talking the talk. Walk the walk. Play to your strengths, and hire to your weaknesses.
- **Entrepreneur's Panel with Q&A** – Panelists are entrepreneurs who need support in creating and growing new businesses and share the challenges and opportunities found in Hampton Roads. *(BIOs attached)*
 - **Dr. Paul A. Robinson, President, AeroTech Research (USA), Inc.**
 - Licensed NASA technology to build his company. Looking for investment opportunities to seed early stage companies himself and private investment for his own technologies. Also looking for mentors to help network and match-make potential partnerships.
 - Nashville, for example, has a healthcare cluster of 250 companies. How did this happen? Financing of \$50-500k was made available and pushed by the state.
 - Mentoring and the right management (not usually the scientist or researcher) are critical.
 - Who are the big mentors? Where are investors? Who are the managers? Why locate here?
 - **Jarrett Early, President, Technology Hampton Roads**
 - HR is a terrifying place to start a business. Knowledge workers tend to move away. Failure is a scarlet letter here. Failure is priceless learning elsewhere, such as in Silicon Valley.

- HR doesn't tout successes well via marketing. Austin and San Francisco bombard the public with successes. This alleviates fear with starting a company.
- HR is behind other regions in flagship and large business mentoring of entrepreneurs. Orlando has the Disney Entrepreneurial Center with private sector supports of innovation based economic development.
- HR is apathetic about Entrepreneurism: we don't celebrate that skill set in HR. If we want to change, we need to change from the top down, and it starts with the private sector.
- **Dr. Sandeep Samudre, President and CEO, Lions Eye Institute of Virginia**
 - While working through degree at EVMS, he met great minds looking at eye disease in a different way and made the decision to stay in the area. An "accidental entrepreneur...a scientist, not a business person."
 - Using the parable that to woo the girl, befriend her best friend, works the same for wooing big pharma.
 - Need access to partnerships/mentors to reach goal to bring in 10 scientists (plus 7 technologists per scientist).
- **Rick Lally, Program Director, Innovate!HamptonRoads (IHR)**
 - We do have entrepreneurs here in HR despite the myth.
 - His own company, Oceana Sensor, is a classic example of failure to put business deals together in HR.
 - Took IHR job to solve this problem and establish real growth opportunities in the region. We have incredible ingredients: ideas and entrepreneurs here, but why are we not making the deals here?
- **Q&A - What is the biggest challenge in HR?**
 - Rick - How do we get deals done here?
 - Sandeep - How do we showcase what we have? Where is the access to potential partners?
 - Paul - How do we put together the right management teams?
 - Jarrett - How do we put private resources to public successes? Private sector must get more involved and not rely on government.
- **Q&A - What is single most important thing we can focus on?**
 - The process to coalesce all of the components here, i.e., the infrastructure to connect them is missing. We must create critical mass here that's proven successful like Silicon Valley and Boston's Route 128.
 - Get students excited, show offerings that are exciting and connections to the business community for opportunities. Students need hands-on real world experience with nonprofits and small business. How do we reach out to international students? Orlando has business acceleration centers outside of the classroom at every level from undergraduate to graduate; students are connected to the incubator process from the first day of college.
- **Q&A - What is the right economic scale?**
 - Region-wide is the right scale. A city could step up and be successful and others would naturally follow. The success of one city is the success of the whole region.
 - \$10-30M companies here are having difficulty. There are no resources from cities. Where is the help with growth? We have the ingredients and need the appropriate funding and mentorship.
 - How do we connect the dots if we don't know what we have here? The region needs an assessment.
- **Q&A - What is the benefit of doing something big here?**
 - A one-stop shop is needed, dovetailed with entrepreneurial classes. One would spend weeks in HR trying to make all of the connections Disney's Entrepreneurial Center has; it's located off bus and rail lines in downtown Orlando for full access by anyone.
 - What we need is a regional commitment to a process. This is not a challenge but an opportunity.
- **Breakout Reports** moderated by Ron Monark, Managing Director, W&M Center for Entrepreneurship
 - **Challenge:** Take today's insights, work through them and come back with what role should HRP play.
 - **Clear message to HRP Board:** Adding disjointed programs and isolated events is not the answer.
 - Commonality of themes for each breakout's consensus:
 - Positioning entrepreneurialism will make us regionally competitive; private sector must be involved.
 - We don't need a single event; we need to coordinate what HR has. Networking is needed.
 - Need one coordinator for ownership of the process.

- **“MANAGEMENT” facilitated by Doug Smith, President & CEO, Kaufman & Canoles Consulting**
 - How do we build credible management teams? Is money or talent the bigger issue?
 - Fear of failure culture is part of the problem.
 - There are professional managers "out there" two ways to attract them: (1) from out of market then (2) we grow them internally (use Base transition offices for exiting military as potential)
 - Succession planning is not done well within existing companies in the region.
 - What can HRP do?
 - Serve a broker or clearing house function
 - Serve in advisory role, informally, for help with strategy and connections
 - Serve to align all of the disparate activities
 - Who champions this? In Orlando it was one visionary individual. DOD dependency has made us complacent. Are we desperate enough? Let's act before we ARE desperate.
 - We are already doing all of these things; we just don't all know about them.
 - **Next Step:** Find the coordinator.

- **“MONEY” facilitated by Tom Osha, Economic Development Officer, Old Dominion University, and President of ODU Innovations Research Park**
 - Money comes in lots of different forms, saying there is no money is not accurate. It ranges from pre-seed to large traditional bank financing.
 - Austin has many companies at liquidity threshold; if a region doesn't have them, there's no way to balance against the risk. Access to money is a networking issue as well as a “how to” issue.
 - Need exists for pre-investment types of money in small increments.
 - How do we mitigate risk?
 - For banks use something like an innovation guarantee corporation, which would give a return, encourage banks to address smaller fundings.
 - Ideas need vetting to be market-ready; one example is the TV show, Shark Tank; idea vetting isn't only technical, needs to be a wide array of vetting done. Address how can we fix opportunities not ready for prime time right now.
 - **Next Step:** First, get networking going. Then, where is the coordination? What is the process?

- **“MARKETS/MARKETING” facilitated by Bob Rea, Senior Consultant, Axcel Innovation LLC**
 - Defense contractors are stuck in neutral between small and large companies in terms of revenue size. They are diversifying by moving into private sector markets. These companies successful in diversification can mentor other mid-size companies and startups.
 - Changing environment of defense contractors means new people. Example: one company hired a new group of people involved in commercial markets in order to diversify.
 - Serial entrepreneurs can be a valuable resource. Conduct training for entrepreneurs.
 - Retired military has access to Base transition offices, but don't help them start their own businesses.
 - Transition into exports is another diversification option for companies and the region.
 - **Needs:**
 - Catalog the assets of the region, so we know what we have to offer. Who is accountable? Who has the information? Where is the entry point?
 - Use JFCOM Transition Center concept of a one-stop center to help entrepreneurs as well.
 - Where is Hampton Roads’ DuPont Circle (vibrant community of creative entrepreneurs in DC)?
 - Business conferences and summits, a meeting series, to bring people together in different industry sectors (clusters) and their possible interfaces.
 - **Next Steps:** Networking needs and someone to coordinate and manage the process. Who is going to organize this and be accountable?

- **“MAKEUP/MENTORS” facilitated by Mike Provance, Professor of Entrepreneurism, ODU**
 - The right process and integration and must be ongoing so entrepreneurs have access when and where it is needed. Entrepreneurs are at different stages and have different need levels.

- **Needs:**
 - Address the \$25k level need, which can fill the pipeline with potential growth.
 - Develop CEO group as mentors.
 - Address: Infrastructure for access to good business services such as lawyer, accountant.
 - Address: How do we get mentors and motivate them to be mentors? How do we select and train mentors and select of companies to match to a mentor?
 - Address: How can W&M activities be replicated throughout the region?
 - Bring universities together to coordinate and or replicate activities they are already doing and bring private industry, interested in pursuing economic development, into that conversation.
- **Next Steps:** Who coordinates this? We need a one-stop shop, whether physical or virtual.
- **Next Steps for Hampton Roads Partnership**
 - **Innovate! Hampton Roads Economic Gardening Network** –by Dana Dickens, President and CEO of HRP
 - HRP has launched the first regional (and first in the state) Economic Gardening Network, i.e., growing existing and new companies, starting in mid October 2011 with a pilot program of 5 high growth potential companies. Cost of \$20k total has been pledged by two HRP Board members.
 - Great opportunity for qualifying companies, who must:
 - Be a for-profit, privately held company headquartered and operating in HR,
 - Have \$1-50 million in annual revenue with 10 to 99 employees, and
 - Demonstrate growth potential.
 - Website is up for applications: <http://hamptonroads.nationalcentereg.org>
 - **Call to action for Board members** by Debbie DiCroce, HRP Board Chair
 - We need to practice Leadership for the long haul, not management in crisis.
 - Will turn over results from today to the Executive Committee for vetting, integrated planning and then make recommendations to the full Board for action with a time deadline for the plan.
- **Networking Opportunities**
 - *Technology Hampton Roads* holds an “Investable Opportunities” event with NASA and JLab intellectual property offerings on Nov 16 at ECPI in Virginia Beach.
 - *Urban Land Institute’s Reality Check* in Spring 2012 –Land use decisions in the region are forthcoming very soon, and Reality Check will help them be more successful by making them in a complementary manner.
- **Partnership Business**
 - Chair’s report
 - **Audited Financial Statements FY 2010-2011** – available from staff for any Board member desiring a copy; the auditor has given the Partnership an un-qualified opinion that everything is clean and in order.
 - **Operating Budget FY 2011-2012** – Executive Committee reviewed at August meeting and recommended for approval by full Board. Motion approved. *(see attached)*
 - President’s report
 - **Legislative Agenda** – developed by *Vision Hampton Roads’* Public Policy Task Force for all cities and counties to support to carry more weight with the General Assembly Caucus when presenting to them in November. Recommended for approval by full Board. Motion approved. *(see attached)*
 - #1 Capitalizing the Intercity Passenger Rail Operating and Capital Fund
 - #2 Creating the Virginia Federal Facilities and Defense Industry Caucus
 - *OTHER:* EVMS is one of three medical schools in Virginia yet receives only one-half of the state funding that UVA and MCV do; EVMS may come to HRP for an addition to the region’s Agenda.
 - **Annual Impact Statement** – Approved *(see attached)* – talks about successes this year and looks ahead.
 - **Shared Services Initiative** – Thanks to fund-raising efforts of Norfolk Southern’s CEO, all Fortune 500 companies in the region (NS, Amerigroup, Dollar Tree, Huntington Ingalls, Smithfield Foods) are supporting the study for Chesapeake, Norfolk and Virginia Beach at \$25K each.