

400 YEARS LATER... FULFILLING OUR DESTINY

PURPOSE

Develop a report or plan that is intended to be a decision-making tool, and general reference for policymakers, civic and business leaders and citizens. Its focus will be in realizing the region's great potential.

PROCESS

Create a number of working groups and seek public participation in several ways under two broad categories:

1. Acting as a region
2. A regional economic strategy

RESPONSIBILITY OF WORK GROUPS

Address and make appropriate recommendations on the topics included with each broad category.

1. Acting as a region

A. Regional citizenship

A strong sense of Regional citizenship is necessary if we are to compete in the highly competitive global economy. Our citizens must understand economic activity occurs in a regional context, and a sense of metropolitan consciousness is extremely important. A regional identity is key, as well as greatly increasing the number of governmental functions our communities do together and are recognized for such.

In his paper, *State Policy Approaches to Promote Metropolitan Economic Strategy*, Dr. Marc Weiss states, "Metropolitan regions are the key competitive geographic units of the New Economy, vital building blocks in generating and sustaining prosperity and quality of life for each of the fifty states. The key reason for the growing importance of metropolitan economies in generating state and national prosperity is their essential character as the only geographic entities that contain, in relatively compact form, the critical mass of skills and resources; the necessary population density and concentration of market incomes; the range of specialized knowledge and institutions; the wide diversity of vitally needed facilities and services; and

the fully developed physical and human infrastructure that are prerequisites for new ideas, products and production methods, technological and organizational innovations, and dynamic economic growth and investment. *Only the metropolis has the fundamental assets that together can offer the combination of specialization and diversity that stimulates self-sustaining economic development and job creation. In this setting the clustering and networking dynamics among many different firms, entrepreneurs, and institutions interact in ways that spawn and accelerate growth of production and exports, as well as expansion and spreading of incomes and wealth.*"

It is clear that companies make decisions regarding investment, production, distribution and site relocation based on the assets and qualities of the entire metropolitan area, even though their facilities are located within the administrative jurisdiction of smaller units of local government.

"Even though the real 'city' of today is the metropolis, the greatest barrier to regional coordination, cooperation and collaboration is the lack of a common metropolitan consciousness and citizenship." To ensure success, promoting teamwork by encouraging households and families to begin reaching beyond local political boundaries in pursuit of their common interests is important. People need to see themselves as members of a cohesive economic team through the emphasis on the interwoven economic destinies that bridge across families and communities within metropolitan regions. "Metropolitan economic strategy is thus vital for encouraging a unified sense of metropolitan purpose. It promotes 'identity regionalism,' a common interest and a sense of mutual benefit that is much more powerful and effective than the typical 'functional regionalism' which is organized around various services which are governmental responsibilities."

"The lack of political and cultural traditions that tie people together within a common metropolitan framework poses a major challenge for regions competing economically in the global marketplace, as the average person does not see himself or herself as an integral part of the metropolitan economy. The challenge for 21st century global competitiveness in America is for diverse urban populations to relate economically in the same way they identify as sports fans, and collectively support their 'home team' by working together as citizens of a metropolitan economy to promote local and regional prosperity and quality of life."

B. Benchmarks

Benchmarking is a strategic and analytic process of continuously measuring an organization's products, services, and practices against a recognized leader in the studied area (Department of the Navy TQL Glossary, 1996).

Benchmarking is more than a simple comparison of one organization's business practices to another for the purpose of improving one's own process. It provides a data-driven, decision-making vehicle to implement changes of world-class quality to core business practices. And, since there is no one way to perform a process that will be the industry's best practice forever, benchmarking is also an ongoing discovery process that recalibrates to establish new baselines for continuous improvement. Performed well, benchmarking will also promote teamwork and remove subjectivity from mission-critical decision-making. (Department of the Navy Benchmarking Handbook)

Successful benchmarking will help to measure performance, processes, and strategies against the best in the business, create a sense of urgency for change, become direction setting, establish actionable objectives, discover and clarify new goals, help us achieve breakthrough improvements, and provide a positive, proactive, structured process.

C. Alignment

Alignment is the process of having people, organizations and governmental units realize a vision, adopting it as their own, and sharing responsibility for achieving it.

An aligned system or approach to fulfilling a vision functions like a well-oiled, well-maintained machine, with every part operating in concert to glide smoothly forward. However, a misaligned system is merely a collection of disparate parts. Each of these parts may operate independently but they are unable to gain momentum or make unified progress together.

Imagine the tremendous synergy that can occur with an alignment among foundations, non-profit groups, business and economic development organizations, simply by working together and focusing resources toward achieving a common goal. Regional objectives cannot be achieved to the maximum extent unless the entire system is aligned to support them.

D. Civic Engagement

“Too many people are spectators, not participants, in planning their region. What’s the cure? We nominate the people—citizens working to assure a sound, shared future. Regions need a shot of democracy into their planning process.” – Neal Peirce and Curtis Johnson, Citistates Group

There are limitations to traditional public participation. At the turn of the twentieth century, the progressive movement tried to take politics out of government by putting community planning in the hands of objective, expert policy professionals. Today, power and decision making still reside with these experts – whether they are planning commissions, transportation boards, or government officials –rather than with residents or civic leaders.

However, the rational bureaucratic model of community decision making that was appropriate for centralized government is no longer adequate when approaching issues that cross municipal boundaries. With the population becoming more diverse and the community issues becoming more complex, no single entity – government, business, or education – can solve regional problems by itself. The whole community has an important role to play in finding the solution and committing to action.

Engaging the public is critical because the decisions made must represent the values and preferences of residents. Regions can encourage civic participation by closing the information gap between experts and residents. But the process does not end there. In addition to providing the necessary information and tools to help people make decisions, leaders must create a process that incorporates and values their choices. Policy makers must open up the planning process and allow citizens to lead.

Residents can become more engaged today in regional issues through a variety of new information tools that help connect citizens. Reaching out to citizens and involving them directly can “democratize the planning process” as suggested by Peirce and Johnson, and build grassroots support for regional action.

2. A regional economic strategy

A. Quality of life

“Quality of life” is a concept which is used endlessly by politicians, policy analysts, business executives and civic leaders. Yet without adequate definition, it is a term that conceals more than it reveals.

Aristotle wrote “Men come together in cities for security, they stay together for the good life.” The question for the region remains, what exactly is “the good life?”

For one person, the most significant improvement in quality of life may mean less gang violence in their neighborhood; another person could consider protection of a natural recreation area an important contribution to a quality lifestyle; still a third person may feel that better job prospects would add the most to his or her quality of life; and a fourth might be most concerned with the quality of public education.

Quality of life is becoming an increasingly important fundamental economic asset because competitiveness in the New Economy recognizes people can live and work wherever they want. These highly mobile individuals and families are attracted to and retained by metropolitan regions with good housing and transportation, significant cultural and recreational amenities, vibrant community life, and an appealing natural environment. (Weiss, October 2002)

Meaningful discussions, let alone calculations, of our region’s quality of life are doomed until we make them more precise. Setting “regional values” is one way of creating a context for discussions about quality of life. Oregon’s public policy approach is useful. Both their state and local governments have specific, detailed indicators of and benchmarks for quality of life. These measures were developed with input from thousands of residents and leaders alike and fall under four broad categories – “natural environment, vital communities, accessible services, and responsive political and social institutions (Oregon Progress Board, 1994). The work done on quality life by places like Oregon and Phoenix can be very instructive as we consider how to improve this aspect of our own region.

B. Fundamental assets

Every region has certain “fundamental assets” upon which its economy is built. These drivers of the regional economy include various human and physical assets that can spur innovation and productivity such as transportation and infrastructure, education and workforce development, research and technology, services and amenities, culture and recreation, environmental enhancement, and community improvements. (Weiss) Such assets span the boundaries of individual jurisdictions and make their impact felt throughout a region.

A regional approach to addressing fundamental assets is critical for a variety of reasons. Businesses and citizens make investment and job decisions based on the assets of the entire region even if their physical presence (home or business location) is in one particular locality. Only the metropolitan area has sufficient assets that together offer the combination of specialization and diversity that stimulates self sustaining economic development and job creation. (Weiss) Furthermore, since most regions possess the same categories of assets (i.e., “the workforce”) in one form or another, it is in how such resources are developed, nurtured and maintained that some regions gain economic advantage over their competitors.

C. Current strengths

In addition to fundamental assets, economic competitiveness is built on past successful development utilizing those assets, referred to here as the region’s “current strengths.” Some strengths are a part of the region’s natural heritage like seaports whereas others are the result of past investment and/or historical accident such as the presence of world class research institutions. Hampton Roads is no exception. This region is fortunate to have a competitive seaport, two world class federal labs, a significant university presence and many other “strengths” upon which to build.

The challenge in Hampton Roads has been – and continues to be – harnessing these resources within an effective, regional context. Take the Port of Hampton Roads as an example. Studies have shown that the financial impact of port activities extends well beyond the three host cities. Likewise, the region’s research universities and national labs impact – in one way or another – nearly every community in Hampton Roads. However, all too often the most significant efforts aimed at building these

strengths have come from the host locality and not from the surrounding region. Hampton Roads could become more competitive if its current strengths are viewed, and stewarded, as if they were regional and not just local strengths.

D. Existing businesses

It is widely accepted in economic development circles that more job growth comes from the expansion of existing businesses than from the attraction or creation of new businesses. Some put the percentage of growth attributable to existing business as high as 85%, with the majority of that growth coming from small business (Bowman). It is also understood that job retention is as important as job creation. These truisms suggest the need to focus on efforts aimed at strengthening existing businesses – but at what level, regional or local?

While existing business retention programs are generally a local affair, the role existing businesses play in building industry clusters places retention efforts squarely within a regional context. Furthermore, as noted previously, retention activities that focus on fundamental assets, such as the workforce, are appropriately developed and maintained using a regional approach. These issues suggest the need for some sort of regional framework for business retention efforts.

E. Dynamic industry networks and clusters

Successful economic development strategies harness existing assets and strengths – together with a strong entrepreneur class – to develop broad based industry networks that in turn support “clusters.” Clustering involves the focused development of specific industries or complimentary industries in one particular area. These networks are very broad agglomerations linking suppliers and distributors, designers and engineers, lawyers and accountants, and bankers and insurers with many other private, public, and civic organizations and institutions, business activities, and professional relationships that enable a field of production and investment to thrive. (Weiss)

One appeal of clustering is that benefits are spread across many different localities within an economic region. The companies and organizations that constitute broad industry networks or clusters are generally located throughout an entire metropolitan region, from the downtown central business district of the major city to the outer edges of the suburban areas.

(Weiss) Furthermore, Hampton Roads has had notable success in the past due to clustering, for example in the automotive industry, where an expansion or relocation in one locality has had positive spillover effects on other localities in the region. (DuVal)

Since clusters span jurisdictions within an economic region, no single locality can plan for – or execute – a successful cluster development strategy on its own. Therefore, it is important to undertake a focused, regional approach to developing and maintaining such clusters.

F. Job creators of the future

All economic competitiveness is built on the foundation of a region's asset base and existing strengths. However, this does not suggest local and regional leaders should ignore future opportunities. Developing the regional industrial base is an ongoing, dynamic process – made all the more so by the forces of technology and global competition. A region's longer term economic vitality and competitiveness depend on its capacity to reinvent itself—to support continuous improvement through innovation and entrepreneurship, throughout the cycles of birth and death of its industry base. (Montana)

The importance of creating an environment in which regional assets can be translated into economic outcomes through a process of innovation has central implications for regional development strategies and practices, from technology commercialization and transfer to workforce development and the cultivation of entrepreneurship. (Montana) Building the capacity to innovate is truly a regional process – leveraging existing strengths such as universities, research institutions, networks of entrepreneurs which are found dispersed throughout Hampton Roads – and warranting a regional development strategy.

G. Entrepreneurship

The ability of a region to grow jobs over time and respond to new competitive challenges is in large part dependent on its entrepreneur base. Entrepreneurs use innovations to improve our quality of life; create new jobs; improve our position in global economic competition; and create economic growth and new wealth for reinvestment in our country. (National Commission on Entrepreneurship) And the numbers bear out this fact. A 1999

Global Entrepreneurship Monitor Report states “Since 1980, Fortune 500 companies have lost more than five million jobs while the United States as a whole has added 34 million new jobs. And small businesses create the majority of new jobs -- 1.6 million, or 64 percent, of the 2.5 million new jobs created in the United States in 1996...” (Global Entrepreneurship Monitor — 1999 Executive Report) These and other reports suggest a positive relationship between entrepreneurial activity and economic growth.

As with other factors of economic development, the entrepreneur base, and the social networks upon which it is built, operates on a regional level. Metropolitan areas have “[an] existing population density that attracts even more businesses and people; and a richly diverse range of highly specialized skills and available physical and human resources facilitates creativity, inventiveness, and a positive growth cycle. (Weiss) Such critical inputs may be present to some degree or another in any given locality but with few exceptions, only a metropolitan region brings together the full range necessary to foster entrepreneurial innovation.

The size and vibrancy of the entrepreneur base is central to its ability to energize the region. Further, the health of this segment of our economy is dependent on the ability to create the proper operating climate under which entrepreneurs survive and thrive. Regions with strong networks for entrepreneurs tend to have stronger track records in terms of new business starts and fast-growing businesses. (National Commission on Entrepreneurship) All of the above suggests Hampton Roads would benefit from a systematic, regional examination of how entrepreneurship is, or should be, encouraged in our region.