

**ANNUAL SUMMARY
HAMPTON ROADS
PARTNERSHIP**

"The role of HRP is not to create jobs.
It's to create an environment where
entrepreneurs, businesses and investors
can make investments that create new
opportunities for others."



January 10, 2012

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Mr. Michael W. Johnson
County Administrator
Southampton County
P.O. Box 400
Courtland, VA 23837

Dear Mr. Johnson:

Exciting things are happening in Hampton Roads, and I appreciate the opportunity to share them with you personally at the Chief Administrative Officers meeting on Thursday, January 19. In preparation, please find attached the year-end meeting summary of the Hampton Roads Partnership's Board of Directors, which highlights the region's "way ahead" into 2012 and beyond.

You may also want to re-read the Partnership's Annual Impact Statement by downloading it at: http://hrp.org/Site/docs/Publications/2011_HRP_Annual_Impact_Statement.pdf

Look forward to seeing you on the 19th.

Sincerely,

E. Dana Dickens, III
President and CEO

attachment

Providing strategic leadership and improving Hampton Roads' competitive position in the global economy.



Founded in 1996, the Hampton Roads Partnership represents ten cities, six counties, one town and their nearly 1.7 million citizens in Southeastern Virginia, *America's First Region*, in the Heart of the Mid-Atlantic. Members are community leaders from business and industry, professions and information services, nonprofit, academia and labor, representing close to one-third of the region's population and over one-half of the labor force. The Partnership facilitates regional collaboration and action resulting in income and job growth and a better quality of life for all of the region's citizens. Learn more at <http://VisionHamptonRoads.com>.

Hampton Roads, America's First Region, in the heart of the Mid-Atlantic

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SUMMARY: Hampton Roads Partnership Board Meeting

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

December 16, 2011, VMASC, Suffolk, VA ~ Vice Chair Digby Solomon, Presiding

• Partnership Business: President's Report

- **Shared Services Project (SSP)** –Norfolk, Virginia Beach and Chesapeake are exploring ways to share services, cut costs and provide the best customer service in local government. Featured on the front-page of The Virginian-Pilot (Dec 12). Steering Committee of city managers, elected officials and representatives from the co-funding Fortune 500 companies held its first meeting on Nov 30. HRP.org/Site/sharedservices
- **Vision Hampton Roads** – HRP Board Retreat (Sep 16) addressed the inadequate innovation system, obstacles to and support for entrepreneurship in Hampton Roads.
 - Planning District Commission Regional Competitiveness Report (Aug 2011) shows that 95% of job growth comes from startup and existing business. *Vision* plan points out need to diversify and for “grow our own” strategies in the region's economic development. Business attraction and relocation, the mission of the Economic Development Alliance, is essential but cannot drive the Hampton Roads economy alone.
 - Connections between the PDC Study as it aligns with the *Vision Hampton Roads* plan, the most important related to HRP's mission to make the region more competitive in the global economy:

PDC Study says:

- ✓ Success rooted in identifying and supporting industry clusters;
- ✓ Human Capital drives growth;
- ✓ Regional Cooperation increases efficiencies;
- ✓ Region needs to support Incubators; and
- ✓ Job growth comes from new and existing business.

Vision Hampton Roads says:

- ✓ Focus on Clusters of ModSim, Unmanned Systems, Sensors, Aerospace, BioScience, Energy;
- ✓ Promote STEM education, workforce development;
- ✓ Work on project such as Shared Services;
- ✓ Connect 7 current incubators virtually; and
- ✓ Create environment where business, entrepreneurs and investors can create opportunities.

- HRP is responsible for implementing *Innovate!HamptonRoads*. Mission today is to create the entrepreneurial environment needed to drive innovation, above average economic growth and income.
- *Vision*, an ambitious plan, cannot be successfully implemented by HRP staff alone. Aligning other interdependent regional organizations will keep this *Vision* – and the region – moving forward.

• HRP Board Retreat Follow-up

- Panel of entrepreneurs told us Hampton Roads is not entrepreneur-friendly and lacks services needed by entrepreneurs, businesses and investors to make investments that create new opportunities for others.
- Four (4) major obstacles were identified and discussed at length for solutions:

▪ Marketing Action steps are to:

- Utilize JFCOM Transition Center, when it ends, as a one-stop, i.e., Job Creation & Innovation Center, learning from others' successes, including corporate interest in entrepreneur centers;
- Share successes by connecting major media and entrepreneurs; and
- Continue to grow networking opportunities (*Ex: events hosted by Innovate!HamptonRoads' industry clusters, outreach by Technology Hampton Roads, businesses like We Are Titans with Start Norfolk*)
- Speaker: Zack Miller of We Are Titans (WAT), a web and mobile application software development firm and organizer of the first Start Norfolk (SN), a competition bringing unlikely people together to create something new by building a business in 48 hours. (*see attached*) SN 2012 is planned for Apr. Participants were local to the region and ranged in age from 18 to 70. WAT adapted what other metros do to what Hampton Roads needs. Of the 37 potential businesses pitched, eight actually formed. Prizes included cash and resources such as legal and counseling services. The winner:

SmartRegion.org/2011/11/launching-a-start-up/.

Dana Dickens: “It is our responsibility to help nurture this enthusiasm and foster this entrepreneurship.”

- Money (or Access to capital) – Funding exists in Hampton Roads –from pre-seed to large traditional bank financing; access to money is a networking issue as well as “how to” issue. Action steps are to:
 - Engage VA's Center for Innovative Technology (CIT) toward leveraging GAP funds in Hampton Roads;
 - Pursue convertible (transferrable) tax credits; and

- Assemble an Opportunity Fund.
- Speaker: Vince Mastracco, Kaufman & Canoles, described what is needed to turn technologies into viable businesses here. Innovators and risk-takers are being nurtured and financed. For every 20 in Northern Virginia, we have only four or five in Hampton Roads, due to lack of funding. The Innovative Venture Fund (IVF) will launch in Jan 2012 in Hampton Roads, especially for startups, to fund \$2,000-500,000 proof of concept needs. The IVF management team is in the documentation process now. IVF will be a \$5 million fund with investors targeted in the \$50,000-100,000 range with tax credits available. IVF will create early stage investments with an average goal that one in five will become a publicly traded company.

Vince Mastracco: "We've talked about this long enough; it's time for the business community to decide they want to embrace entrepreneurs."

- Mentors (or Coaches) Action steps are to:
 - Bring universities together to coordinate and/or replicate activities to mentor entrepreneurs; and
 - Develop a CEO group as mentors.
 - Speaker: Frank Bowers, Cox Virginia Telcom (ret.), shared opportunities, especially with work at the College of William and Mary (W&M). W&M has one of the best coaching programs in the country. Students are accountable, take responsibility and make a personal commitment. The Executive Partner Program is within the Mason School of Business MBA Program. Coaching is integrated into coursework for a real life experience, leaving students equipped to successfully get a job or start a business. Successful students come back and share their stories, paying it forward. Students learn the practical realities of business. A formalized structure with a strong leader is needed to sustain such a program outside of academia; Bill Butler, SunTrust (ret.), leads the group to develop HRP Mentors.
- Management – Fear of failure is part of our problem culturally in Hampton Roads. How do we build credible management teams? What is HRP's role? Action steps are to:
 - Explore best practices for potential adaptation in Hampton Roads;
 - Identify and engage 10-15 successful serial entrepreneurs who are ready and able to assist researchers when needed to take it to market; and
 - Engage HRP board members to help as advisors (i.e., accountants, lawyers, etc.).
- Measuring success includes development of an Execution Strategy, thanks to the assistance of Charlie Brown with Franklin Covey. HRP has begun to track weekly progress in several specific areas. For example, goals have been set for identifying and communicating with investor prospects, determining qualified opportunities for investors, number of investor presentations and ultimately the number of deals made. An online scoreboard is in use: My4dX.com.
- **Hampton Roads Partnership Economic Gardening Network (EGN) by Rick Lally, Innovate!HamptonRoads (IHR)**
 - Special thanks goes out to several HRP board members for providing pilot program funds to support five local second stage companies who have benefited from the specialized services offered. (see attached) SmartRegion.org/?s=%22economic+gardening%22
 - National Economic Gardening Center Program Eligibility criteria: medium-size growth companies with 10-99 employees and revenue of \$1-\$50 million.
 - Speakers are EGN pilot participants:
 - Johnny Garcia, President and CEO of Portsmouth's SimIS, Inc. - holds the 9th ModSim PhD in the world (from ODU) and a MBA from Florida Institute of Technology. He worked for General Dynamics who helped SimISinc.com get its first contract, strictly focused on the Defense Department (DoD)'s Joint Forces Command (JFCOM). With JFCOM closing, Garcia found himself asking what was going to be my next business. How do I restructure? Garcia took technology created to serve DoD and use it within other industry, specifically the healthcare market, a \$1 trillion industry using billions of dollars worth of ModSim. Garcia was invited to pitch at Capital Connection, one of the nation's premier venture and private equity conferences, and:

Johnny Garcia: "My Economic Gardening work helped me get it right. I would be willing to pay for the next company to use Economic Gardening, because it has helped me so much."
 - Tevan Green, President and CEO of Hampton's Citadel Logic - a protégé of HRP Board member Jack Ezzell, is new to area. He was in Air Force Special Operations but had a change of plans due to an injury received during deployment. Green initially supported DoD with his CitadelLogic.com startup. With defense cuts coming, he started looking at commercial applications. Fortunately, Green's introduction to

HRP and IHR gave him the opportunity and exposure to market research of which he was not familiar. Within the military, there is a requirement, a contracting officer and a skill set. No market research necessary. Green was able to update his website properly and venture into the lucrative cyber and energy security markets, of which he had never considered.

Tevan Green: "I expect to make great gains for the commercial side of my business and to surpass the DoD side. There is a community full of people like me here. We need you [HRP Board members]."

- **Discussion: Where do we go from here? Personal appeal by HRP Vice Chair Digby Solomon**
 - What we are doing is important to Hampton Roads' economic future, and it is incumbent on us all to do everything we can to sustain it!
 - This is a great opportunity for HRP to make a significant difference in our region. Please consider becoming involved personally and with your staffs, which is equally important.
 - These initiatives require support in many ways – board member engagement, advice and financial commitment.
 - Get involved. Vince Mastracco is looking for investors and, as Frank Bowers mentioned, we need mentors!
 - In addition to the annual membership investment you make, commit to support HRP's major program, *Innovate!HamptonRoads*, financially as well – in order to sustain programs like the Economic Gardening Network (EGN), we will need investors. (It costs \$4,000 for a company to go through the EGN, in addition to the administrative overhead required for HRP staffing oversight and support.)
- **Other Business:**
 - HRP Financial Statements for the month ended November 30, 2011, were sent to members of the Board via email in advance of the meeting.
 - Outcome of HRP's Letter to Virginia's Secretary of Transportation: <http://smartregion.org/2011/11/letter-va-trans-sec-from-hrp/>
 - HRP contended that if Route 460 and Patriots Crossing (PatX) can be built in the same period and at the same cost, the Governor should support the TPO's prioritization and build the region's higher priority, the PatX. The press received the written HRP letter before delivery to the Secretary of Transportation, Sean Connaughton.
 - Sec. Connaughton came to the November Executive Committee meeting to explain that PatX would take much longer and cost more, and VDOT will still move forward with the Route 460 project.
 - An unintended consequence of the HRP letter was exposure of the "competing facility" clause, i.e., PatX, an extra tube at the Hampton Roads Bridge-Tunnel, a new Hi-Rise Bridge or any other new crossing between Norfolk and Portsmouth must be a totally private facility (such as the Jordan Bridge) in order NOT to be covered by this clause.
- **Attachments:**
 - HRP Board Meeting Presentation (PowerPoint as a PDF)
 - Start Norfolk one-sheet
 - HRP Economic Gardening one-sheet
 - HRP Board Brief for November 15-December 15, 2011

Please contact our office at (757) 625-4696 or via email at contact@HRP.org if you wish to have a copy of the listed attachments. These were also emailed to you on Monday, January 9, 2012.