

# Hampton Roads in Overtime

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Given that we're in football season, let's reflect on what's going on in our region through some football analogies.

It would appear to me that Hampton Roads is in overtime. Overtime in the sense that we've dodged some economic bullets through the recession thanks to our economic pillars of the Military, Port and Tourism. Our 21<sup>st</sup> Century game is getting more serious and challenging than it has been in the past.

Tie game at the whistle. We're going into overtime and we have to score points.



## Are We Ready for the 5<sup>th</sup> Quarter!?

### Field Conditions

Just like in any game, field conditions will play a role. Our field looks like this:

Sequestration and defense spending cuts can have a domino (ripple) effect in our economy. With reductions in the military and in related businesses, there's a huge negative impact in real \$\$s flowing through our economy.

Wikipedia has our Metropolitan Statistical Area (MSA) ranked as #37 out of 381 regions listed at:

[http://en.wikipedia.org/wiki/List\\_of\\_Metropolitan\\_Statistical\\_Areas](http://en.wikipedia.org/wiki/List_of_Metropolitan_Statistical_Areas).

37	Virginia Beach-Norfolk-Newport News, VA-NC Metropolitan Statistical Area	1,699,925	1,676,822	+1.38%
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We've hanging in there but run the risk of our regional population growth stagnating and being surpassed.

With 1.7M people and no clearly dominant city (realistically), we've succeeded to date because of our combined strength and inertia in various areas of economic performance. We're doing OK, but can lose ground (tax base, spending, etc.).

**Policom** at: <http://www.policom.com/metrorank.htm>, addresses the condition of an economy from the viewpoint of its impact upon the "standard of living" of the people who live and work in an area.

They list us at #28 in terms of regional economic strength (comparatively). That's not too shabby especially when you look at the progress over the years.

Metropolitan Areas	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Virginia Beach-Norfolk-Newport News, VA-NC (MSA)	28	25	42	90	63	61	33	46	43	59

The economic strength rankings are created so Policom can study the characteristics of strong and weak economies. The highest ranked areas have had rapid, consistent growth in both size and quality for an extended period of time. The lowest ranked areas have been in volatile declines for extended periods of time.

This should make sense since we've enjoyed a good cost of living in this region.

If you look at the report from the Mayor's Conference measuring our Gross Metropolitan Product, we're #39.

36	San Antonio-New Braunfels, TX	87.2	92.0	94.1	99.0
37	Nashville-Davidson-Murfreesboro-Franklin, TN	84.9	91.1	95.5	100.3
38	Bridgeport-Stamford-Norwalk, CT	84.7	86.3	88.4	92.4
39	Virginia Beach-Norfolk-Newport News, VA-NC	82.1	85.2	87.2	90.2
40	Hartford-West Hartford-East Hartford, CT	79.2	80.7	82.0	85.0
41	New Orleans-Metairie-Kenner, LA	74.3	80.2	83.0	86.2
42	Salt Lake City, UT	70.9	74.8	77.5	81.5
43	Providence-New Bedford-Fall River, RI-MA	67.3	69.5	71.2	73.9

This is a good thing on the surface, yet there's more to the story.

Some distressing news from our friends at the Hampton Roads Planning District Commission (HRPDC at: <http://hrpdc.org/>): *"Hampton Roads had the 39th largest economy in the U.S. in 2012, behind Milwaukee and Bridgeport, CT, and ahead of Hartford and New Orleans. This region has moved between being the 37th and the 40th largest region economically since the BEA began to estimate GMP in 2001."*

*"Unfortunately, when ranked by **Per Capita Real GMP**, Hampton Roads has a markedly lower rank of 83rd largest per capita gross product. This reflects a lower per capita level of productivity in this region, and a lower overall level of income. This is partly a result of this region's industry mix, as many of the regions with high per capita GMP feature either energy extraction, finance, center of governance, or high tech startups as some of their major industries."*

*"Additionally, several regions that have large tourism industries are lower in the ranking of per capita GMP, including Orlando (92nd) and Las Vegas (101st). While individuals often fall in to the trap of focusing on the ranking of GMP, the most important data revolves around the growth in GMP, both for the overall economy, and particularly in terms of per capita GMP. It is the growth in output which indicates how the economic situation in the region is changing for its residents."*

**Bureau of Economic Analysis (BEA)** at: <http://www.bea.gov/>

Somewhat related information sets are found at:

[http://en.wikipedia.org/wiki/Virginia\\_locations\\_by\\_per\\_capita\\_income](http://en.wikipedia.org/wiki/Virginia_locations_by_per_capita_income)

[http://en.wikipedia.org/wiki/Economy\\_of\\_Virginia](http://en.wikipedia.org/wiki/Economy_of_Virginia)

What this means is that we need higher paying jobs. Education prepares the workforce (in part), but then we need to employ them (not losing them to other regions where the higher paid professional roles exist).

### **SUMMARY OF OUR CURRENT POSITION**

- We've done well as a region over the past several years. We're tied.
- Now we're in overtime and need to score points.
- It's not just about MSA. The fact that we're 37 is great, but doesn't let us win by itself.
- It's not just about GMP. The fact that we're 39 is great, but doesn't let us win by itself.
- Factor in Per Capita GMP. The fact that we're 83<sup>rd</sup> is bad and contributes to our not winning the game.

### **WE NEED A GAME PLAN**

It's always good to have a strategy; one that makes the best sense for us (leveraging our strengths, overcoming our weaknesses).

1. We see that we need all our existing economic pillars to continue to thrive (Military, Port, and Tourism).

2. We need to build new pillars of private sector business (entrepreneurialism, technology sector development and all the related activity associated to those efforts).
3. Our region needs to be one where small businesses succeed and grow into medium businesses and larger. Queue up Angel investment \$\$\$s.
4. We need to drive the salary base higher which comes from the type of jobs that new technology sector growth brings.
5. We need to continue to support large businesses. As we get our collective act in order, we might even be able to attract larger businesses to come to Hampton Roads.
6. We need to raise our Per Capita GMP!

I think we're getting closer to creating a winning game plan, but we still need the team to grind out yardage on the field.

**WE NEED THE RIGHT TEAM (REGIONAL FANTASY FOOTBALL)** [http://en.wikipedia.org/wiki/Fantasy\\_football\\_\(American\)](http://en.wikipedia.org/wiki/Fantasy_football_(American))

Now is the time to create a powerhouse team to score points and secure a victory. If we were to pick a team to maximize our chances of winning, what would it look like and who would be on it? Let's certainly play those who got us into overtime. We have a great team.

**Good Coaching Staff**

The Regional Study launched by the HR Community Foundation is a good reset effort for the region.

In fact, the related idea of the establishment of a new Regional Council (which hasn't met yet) is great too, but it's time to get the show on the road. Otherwise, we'll continue to run plays but not gain yardage and score points.

No reason to delay even if we just meet to start the conversations and creative thoughts flowing and ultimately let leaders lead.



**NO DELAY OF GAME**

**Our Backfield**

They're still in the game. Military, Port and Tourism. We'll continue to run a good ground game with them.

**Our Ends**

Education and Workforce Development. Though we have to play them some more to ensure that our workforce is best prepared with classroom and real world skills.

**Our Line**

Both Chambers, HREDA, HRMMFA, CIVIC Leadership Reinvent Hampton Roads and Hampton Roads Innovation Collaborative.

**Our Wide Receivers**

Small business, tech companies and sector development. These are going to make the next big gains.

**Our Quarterback**

There remains a BIG question: Who's calling the plays?

We have a bit of a problem here. When many people are in charge you might as well have nobody in charge.

*Too many hands on the tiller and you write your name in the ocean. No hands on the tiller and you go with the tides and winds.*

The essence of our region has been a bit of this condition.

- We need a play caller (in a collaborative sense).
- We need some planned plays.
- We need to call some an audible every now and then.

Who? That is the big question. Perhaps an independent group who facilitates the conversation, cherry picks the right ideas, creates the plan and delivers it to the collaborative entity for vetting. Certainly that's an option.

We need people that will execute the plays. We call them Do-ers.

### **The Recipe for Success**

1. An independent group to execute plans created by the Regional Council with the Foundation and CEO Roundtable.
2. A convener and facilitator.
3. A team builder to the private sector, elected officials, community and academia sectors.
4. A regional mind.
5. A strategic mind.
6. An operational mind.
7. Dedication and focus.

### **WORDS INTO ACTION**

Ideas and plans are great but without proper execution, they're worth the paper they're written on. We can't just "wish" the solution into happening. We need coordinated, cooperative execution.

1. We have to organize and leverage our strengths.
2. We have to create a new future for our region. One that looks different from today.
3. We need a common point of guidance. One that cross-communicates from the private business sector.
4. We need execution and results.

### **ASSESSING OUR STRENGTHS**

We've got some strength to leverage in our favor.

- We have The Port, Tourism, Military, as well as Ship Building and Repair. Thanks to everyone working in those industries and please stay on your game...we need you.
- We have reasonable, but not powerful/plentiful private sector business. They're doing their own thing and that's great. Lots of excellent examples, but probably not enough to carry us over the goal line.
- We have great climate, reasonable cost of living, culture, museums, city life, country life, and schools.
- Community College and University presence is strong, but we need to work closer with them so that they know the right targets in terms of workforce needs.
- Transportation issues are being addressed slowly and surely (can't do it all at once though).
- Those Entrepreneurs need to focus on success and we want them to stay strong in the region. We want them to grow and illustrate that small and medium sized business can thrive in this area.

I think there are opportunities where we can help them succeed. We'll talk about that in a moment.

We have renewed interest in growing our economy with the Hampton Roads Community Foundation and the CEO Roundtable stepping in to help.

We have some very progressive, forward thinking, regionally-minded people who are ready to engage.

With all that, there still seems to be lack of cohesiveness, decisiveness and worse yet, ACTION.

### **PREDICTION**

Predictions are always made everywhere, why not here too?

- Military will be downsized and play less of a role in our regional economy (though still huge).
- The Port will thrive. Bring on those big boats. But the advantage will only be 2-3 years.
- Tourism will improve as people get more discretionary \$\$s to go relax in a cool area like ours.
- Transportation will improve as road and bridge projects get funded and built. Light Rail and High Speed Rail too!
- Now the long yardage play. Hampton Roads will be known for a great place to launch and grow a business.
- The touchdown play. New technology sectors will be organized, supported and marketed. Venture capital will come back to our region and we'll launch like a rocket from Wallups Island.



**Game Over – Hampton Roads Wins!**

### **BACK TO REALITY**

The predictions are a great visual to keep in our minds. However, we're just now starting to get back to the field in overtime.

**Let's Play Ball Hampton Roads!**

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