



OLD DOMINION UNIVERSITY

Institute for Innovation & Entrepreneurship

***Business Environment Survey
and Recommendations
Hampton Roads 2018***

v.9-5-18



Business Environment Survey and Recommendations Hampton Roads 2018

There has been an on-going discussion for several years about why the region's economy and job growth are flat. Certainly, there are many reasons such as over-reliance on the military, port and tourism. All great and we're thankful to have them. However, the regional discussion is on how to create a new pillar of our economy with small-to-medium sized business.

There's lots of activity but is it the right activity? Is it working? What can we do better?

HRIC began conducting a "Business Environment Survey" with almost 30 questions asked of business owners in our region.

These interviews uncovered a series of common themes and ones that were translated to suggested action items.

This presentation discusses all items.

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Participating Companies to Date: 1) Applings Studio in Newport News, 2) Avid LLC in Yorktown, 3) Advanced Aircraft Co in Hampton, 4) Ario in Norfolk, 5) G2 Ops in VA Beach, 6) ZZ Servers in Chesapeake, 7) Jigsaw Security in Norfolk, 8) Spatial Integrated Systems in VA Beach. 9) Cetan Corp in Chesapeake, 10) Morhpix in VA Beach, 11) Array Digital in Chesapeake, 12) Adaptive Aerospace in Hampton, 13) Concurative in Norfolk, 14) TechArk Solutions in Norfolk, 15) ITA Int'l in Yorktown, 16) XTuple in Norfolk, 17) Drone Up in Chesapeake, 18) 757 Maker Space in Norfolk, 19) PolyPhysics in Hampton, 20) Infotech in Virginia Beach, 21) Life Preserve in Virginia Beach.

Dan Bell and Mike Kuhns of HRIC conducted the surveys and will continue to interview companies to ensure the best basis of information.

Technology Represented: Augmented Reality, Cyber Security, Unmanned Systems (all), Web and App Design, Professional Services, Digital Marketing, Mod Sim, Software.

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28 Questions Asked

Region – City - State

1. What is your knowledge and opinion of the business environment in Hampton Roads?
2. Are you aware of our regional business ecosystem, knowing how to access its resources as needed?
3. Would you be interested in getting regular updates pertaining to the regional business environment and ecosystem, from groups such as: ReInvent, 757 Launch, 757 Angels, 1 Million Cups.
4. What is your perception of the level of City support for your business?
5. Do you know how and with whom to have a City discussion about your business?
6. What is your perception of the level of State support for your business?
7. Do you know how and with whom to have a State discussion about your business?
8. Specifically, what city or state programs would be advantageous for your business?
9. What general commentary would you make to state, regional or city leaders to help accelerate small business growth?

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28 Questions Asked

Workforce

10. What percentage of the time are you able to fill your available job openings with local candidates?
11. What is your perception of the workforce availability in the region for your job openings?
12. What is your perception about the quality of the workforce applicants in the region?
13. What shortfalls do you perceive in the workforce applicants of the region?
14. If Soft Skills shortfalls, what are you seeing/not seeing?
15. What schools do you perceive to provide the best candidates?
16. What are your thoughts on technical inequity (gender)?

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28 Questions Asked

Transitioning Military

17. Do you have contact with and access to the sources of exiting military workforce candidates?
18. What percentage of the time do you hire exited military personnel for openings?

STEM Involvement

19. Should the entrepreneurial community play an active role in promoting and developing STEM in our regional schools?
20. Would you want to act in an advisory capacity, individual mentoring capacity, offer internships or hands on helping to build things like robots and other technology.

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28 Questions Asked

General

21. How can the entrepreneurial community best help improve and maintain business in Hampton Roads?
22. Do you need better access to funding sources like Angels, VC, Private Equity, Corporate, GO VA?
23. Specific to your business, what areas could you use some assistance in? Note that any discussion would be under non-disclosure.
24. Would you be interested in an association approach to achieve a shared services approach for savings? Ideas: Design feedback, user testing, marketing acceptance, prototyping, building, etc.
25. Are you willing to learn and share best business practices?
26. Are you willing to participate in organizing business feedback to communicate common concerns to state, city and regional?
27. How important is the Trans-Atlantic Cable and Next Gen Network?
28. Considering the questions asked, what else would you like to add about what is needed to assist the technology and innovation. Did we miss anything?

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Survey Findings

General Commentary/Opinion

Business owners feel the region is focused only on start-ups and large companies. There is little support for mid-tier businesses.

Not unlike the region, the ecosystem has many competing elements which create confusion. The level of awareness is low as there's not a single source of information pertaining to the effort. Regional economic development efforts as seen by business owners, appear to be uncoordinated and not set up to address the needs of small-to-medium sized businesses.

Developing new clusters will take years and to do so requires a collaborative, connective scalable program serving the whole region.

Most companies have marginal awareness of our ecosystem components and when they are aware, they feel that don't apply to their needs. We need a working and connected ecosystem and the right programs to support businesses grow.

Most companies don't have commercial customers in region because of a lack of leads and penetration to the area's large firms. Exception local government contracting.

Small number of corporate headquarters make it more challenging but even without HQs, area locations and divisions should be more willing to work with local firms. Corporate spinoffs/spin-ups are needed but can be a challenge based on HQ or not, as well as their corporate cultures.

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Survey Findings

Cities and State efforts are insufficient to help area companies grow and connect. There are exceptions like Chesapeake's EDAC.

ODU considered doing the best job at trying to help the small business community but they too have their own services which are not knitted into a regional ecosystem as much as they could be.

Good play is still site selection (which has been in place for years), with Transatlantic cable and Next Gen network. Parallel efforts to optimize the business environment for small-medium sized business is needed. Area businesses will benefit from the opportunities that the TA Cables and Next Gen brings.

There should be some sort of organized communication and content delivery effort. Hampton Roads Business Ecosystem Updates (just a plug, can be renamed) is an opportunity to create a "one stop shop" for all things entrepreneurial and tech company centric.

- Would suggest a media partner(s) be engaged to run recurring ads calling attention to the effort.
- All incubators and accelerators should be linked to this effort, along with other regional assets.
- All entrepreneurial and technology events should be sourced through this vehicle (the one stop shop), via website, Inside Business, social media, and notices in each participating organization.
- Through this effort, we would create knowledge-based events for tech companies:
 - ✓ Ecosystem components
 - ✓ Topics the community would ask to learn more about. Could be technology, design, prototyping, manufacturing, distribution, accounting, finance, anything related.
- Existing resources would be incorporated (no reinvention of the wheel). SBIR and other programs readily available for use.

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Survey Findings

This is the connected ecosystem effort we have been discussing which can help to conquer the problem of desperate activity and entities all over the region that people don't have a full grasp on.

We would recommend the Old Dominion leverage their resources to create the effort, incorporating content from all ecosystem partners.

We would suggest a collaborative effort with the Chambers of Commerce, City ED, HREDA & Old Dominion to hold meetings with the larger corporations (first) then trailing down in size to smaller companies to make them aware that we must work together (corporate, university, region and others) to create a system of awareness the regional esprit de corps.

Buy Local has been a theme incorporate in the region before but never applied in this way. We're looking for local companies to use local technical resources where they possibly can. Local companies would have to provide the right work products and be competitively priced, perhaps with some regional purchase discounting applied. The intent is to create a win-win for all. Perhaps incentivize.

Create an Introduction Network for Lead Generation

This is where companies can learn about regional companies and their work product in a non-intrusive manner. The HRIC website is one of possibly several opportunities to share this information.

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Survey Findings

City Economic Development and State representatives would be asked to participate in all activities. However, in the case of Econ Dev, they need to take a more active, proactive role in keeping their small businesses “in the loop” and talking about their needs. We strongly urge a program created incorporating much of the above but delivered with City Econ Dev assistance. In brief, a better relationship needs to be established between existing businesses and their cities.

The City Econ Dev departments and Chambers needs to pull in the state to participate and create mutually supportive programs. State Chamber may be a great way to go.

Funding options must be known to the area businesses. It’s not just VC or Angel, there are other financing option which banks can help guide young businesses through. We would seek to create a network of participating regional banks to work proactively with this business community.

The technology entrepreneurial community has expressed interest in assistance with their areas of specialization for STEM. But there must be a way of creating a scalable leveraged approach. We are not sure how to approach this other than informing the school districts that expertise and resources are available.

Emerging technology skills run 2+ years ahead of academia simply because technology moves fast. Boot camps would very much assist both the potential applicant as well as the potential hiring company. Maxx Potential is an example as well as new VMASC programs. Perhaps others can be created as well (for scalability). High Tech Boot Camps are a good example of training up new grads to needed skills.

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Survey Findings

The Military connection needs to be reinforced to make sure that all companies in the ecosystem are aware of the access points/channels.

The registered ecosystem members could benefit from the combined strength of the ecosystem if it were connected. Goods, services, leads, design, test, build, marketing, all variations of regional tech business deliverables should be mapped assets for the ecosystem.

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Action Item Recommendations

1. Create a recurring dialogue with area tech companies by way of “Registered User” to the HR Eco System. Invite cities and state reps to dialogue with companies.
2. Create a centralized communication system for “All Things Tech Business” which regional resources contribute their content to. Not a typical newsletter which struggles for content but an “as-needed” communication focusing on resources, what’s happening in the region, other useful information.
3. Create a consistent promotion of the entire ecosystem (all components) via all member’s communication outlets as appropriate.
4. Create knowledge sessions. EO has a good model. Can that be leveraged?
5. Create an HR Education Consortium (high school, community college, universities) to have common links to small business for feedback, programs, curriculum development, workforce matters.
 - Create feedback loop and STEM linkage to area schools.
 - Bootcamps for graduates to current needed skillsets could help.

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Action Item Recommendations

6. A large missing component is the lack of corporate engagement. Not just HQs, but regional corporate presence points. The region's most senior business people should engage these businesses perhaps through the Chamber but also outside of Chamber to solicit their involvement. Intros to large companies and other potential clients is important but in a non-intrusive manner. CEO and CIO Roundtables are potentials for this activity.
7. Promote a "Buy Local" campaign to create a big business helps small business mentality. HRIC and other groups can create web pages to support and promote that information repository.
8. Create a Regional Tech Company Association of sorts.
 - As part of the regional ecosystem network, create an "Introduction Network" for specific opportunities to registered ecosystem members (which also acts as an incentive to join).
 - As part of the regional ecosystem network, create an "Services Network" to provide as-needed assistance in R&D, Prototyping, Marketing, Accounting and more. Member discounts to help bottom lines. Shared services maybe another possibility.
 - As part of the regional ecosystem network, create an "Leads Network" to share leads for activities outside of their services (to other regional tech companies).

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Center for Enterprise Innovation

Action Item Recommendations

9. Engage Chambers of Commerce for proactive posture. Specifically, promote the formal regional ecosystem activity to members and be a registered member themselves. Promote HR as a Tech Business Zone. Leverage State Chamber's business support programs, bring them to regional chambers.
10. Engage HREDA. Specifically, promote the formal regional ecosystem activity to members and be a registered member themselves. Promote HR as a Tech Business Zone.
11. Engage City Economic Development offices and HREDA for proactive posture. Specifically, promote the formal regional ecosystem activity to members and be a registered member themselves. Promote HR as a Tech Business Zone. Have on-going dialogue with business.
12. Engage State Department of Commerce for proactive posture. VEDP, GenEdge, SBIR. Specifically, promote the formal regional ecosystem activity to members and be a registered member themselves. Promote HR as a Tech Business Zone. Have on-going dialogue with business.
13. Engage area banks and other lending sources to ensure businesses know options. Specifically, promote the formal regional ecosystem activity to members and be a registered member themselves. Promote HR as a Tech Business Zone.
14. Ensure linkage to accessing Military are known, such as <https://www.dvsv3.com/>.
15. Ensure awareness for NAICS code listing for registered tech ecosystem network.

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Action Item Recommendations

16. Create a Regional Innovation Committee. Initial thoughts on members:

- Dan Bell - HRIC
- Mike Kuhns - HRIC
- Larry Filer - ODU
- Marty K - ODU
- Chris Shelton – Start Wheel
- Chamber CEOs (South, North, Williamsburg)
- Donna Morris - Reinvent
- 757 Accelerate
- 757 Angels
- Nancy Grden – ODU Strome
- Regional Incubators (current list needed).
- Regional Accelerators (list needed).
- CIT
- State - Robby Demeria, Deputy Secretary of Commerce for Technology
- And other participating people/organizations who want to take part.
- Exec Committee may also be needed (smaller, more nimble).



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