

ENTREPRENEURSHIP STUDY GROUP REPORT EXECUTIVE SUMMARY

The Entrepreneurship Study Group's mission was to develop a set of implementable initiatives that will lead to a stronger, more supportive entrepreneurial environment for starting and growing businesses in Hampton Roads. Achievement of this mission will drive both job growth (specifically, higher-paying jobs) and an enhanced regional economy.

To achieve this mission, a diverse and committed group of 17 professionally successful individuals recruited by Chairman Paul Hirschbiel included regional business leaders, venture capitalists, service providers to the entrepreneurial community, entrepreneurs, and representatives from higher education and city management. The composition of the Study Group provided experience-based intuitions, reflections and conclusions as well as broad perspectives to the task. The Study Group began its work in February and met six times over the course of the next six months at meeting locations from Williamsburg to Virginia Beach. The Group's meetings were facilitated by Dr. Greg Fairchild, the E. Thayer Bigelow Associate Professor of Business Administration at the University of Virginia's Darden School of Business.

The foundation of the Study Group's work was grounded in what past research has shown had the promise of fostering community-wide growth. The group read and discussed the work of thought leaders in the general area of what "makes metropolitan areas grow." These readings served as background, and not a blueprint, knowing that there was no single "silver bullet" approach that would achieve the Study Group's mission in the region. The focus was on achievable and impactful initiatives. For example, it was recognized that some important elements of entrepreneurial growth, like investments in quality education, were beyond the scope of this group. Members shared their personal and professional goals for the community, and developed the following set of guiding principles to aid in shaping and evaluating potential initiatives to propose:

- Initiatives must be regional in approach
- Initiatives must focus on businesses that generate a majority of revenues from outside of Hampton Roads, thereby growing our regional economy
- Initiatives must drive the creation, attraction and retention of brain power in Hampton Roads
- Initiatives must support an environment which is collaborative and supportive for entrepreneurs, and in which "Failure is an option"
- There are no silver bullets
- Success will take time, but initiatives should be measurable in a realistic time frame
- Cluster free--initiatives can certainly support existing potential growth clusters (i.e., drones, sea level rise, bioelectric, wind energy, etc.), but should not be constrained to a specific set of clusters
- Not government-centric--importance of initiatives to our region should entice public support over time, but should not be relied upon to fully support
- Must be focused broadly on entrepreneurs, both those starting new companies and those growing existing companies

- Primary focus is not to provide a complete continuum of funding sources--if we build it (companies with strong growth potential), they (funding resources at various levels) will come

An observation from the reading and discussions was that to produce entrepreneurial innovation, networks matter. The connections or lack of thereof, between and across a region can facilitate or impede knowledge transfer. The initiatives ultimately chosen to pursue are based on the premise that entrepreneurs have the interest and ambition, and that Hampton Roads has the knowledge and resources, but that important connections across boundaries – geographic, social, professional – are failing to happen. We mean to assist in the creation of an environment in which knowledge passes, receives critical feedback and critique, and finds the resources that are needed to commercialize, scale, and grow.

The Entrepreneurship Study Group proposes three initiatives that we strongly believe will foster a stronger, more supportive entrepreneurial environment for starting and growing businesses in Hampton Roads. Although they are presented here as distinct efforts, these focused initiatives are necessarily linked in both their overall objectives and their potential realization in the field. Put differently, each has its own objective, approach and measurable indicators, but all have a stake in building a more robust entrepreneurship capacity in the Hampton Roads area which will lead to enhanced regional economic competitiveness. Moreover, we firmly believe that dollars spent in implementing and developing these initiatives should be viewed as marketing dollars for our region.

Initiatives:

- 1) **757 CONNECTED:** Background research quickly revealed that there were quite a few activities already underway in Hampton Roads that can assist entrepreneurs, but that these activities lacked “connective tissue” that could holistically match aspiring entrepreneurs with appropriate resource providers. The proposed initiatives are structured to build on existing resources and activities to further strengthen the entrepreneurial ecosystem in Hampton Roads.

The mission of 757 CONNECTED is to build on this recognition by identifying and providing entrepreneurs (particularly start up and early stage entrepreneurs) with the mentoring resources and support they will need to improve the likelihood that their businesses will be firmly established and/or continue to grow and be successful in Hampton Roads. The first step will be to develop and maintain a curated digital platform with a directory of resources along with a calendar of regional events. A further goal, based on a review of current events for entrepreneurs in our community, is to create additional networking opportunities as needed.

- 2) **THE E-64 PROJECT** is a regional entrepreneur support network operated through multiple interconnected but geographically diverse "Start-Up" events, incubators, accelerators and maker spaces (several already exist) across Hampton Roads in

order to accelerate the growth of new start-ups. Its mission is to create 40 new and accelerate the growth of existing high-tech/high growth companies in Hampton Roads such that 4,000 new jobs are created in the region over 5 years. THE E-64 PROJECT intends to create a viable "fourth pillar" of the Hampton Roads economy based upon high-tech/high growth startups so that Hampton Roads is recognized in a national publication as one of the top five regions in the United States to start a business. The funding required will initially come from public entities (Federal, State and local), but will transition over a five-year period to majority funding being generated through the Project.

- 3) **757 Angels:** High growth companies in Hampton Roads that have successfully emerged from their start-up or early stages of development are generally capable of accessing funding from either local or external capital sources. This is not typically true for regionally based start-ups or early stage companies.

757 ANGELS will be created to match the substantial but uncoordinated angel investment capacity in Hampton Roads with start-up and early stage businesses that exhibit high growth potential. 757 ANGELS will be managed by a Board of Directors, staffed by an experienced and paid research analyst, and funded by its members. 757 ANGELS will connect early stage businesses seeking capital, typically in the \$100,000 to \$1,000,000 range, with high net worth investors who have an appetite for early stage risk through a series of meetings at which 2-3 vetted potential investments will be presented by the entrepreneurs. Members will have free choice as to whether to invest in any presenting company and will operate under a set of Rules of Membership and a Code of Conduct. In order to ensure sufficient time to develop, 757 ANGELS will not be started until 3 years of funding (\$100,000 per year or \$300,000 aggregate) has been received in commitments from its members who can be corporations, service providers or accredited investors.