



# Assessment of the Entrepreneurship Ecosystem in the Hampton Roads Region

April 2021

# About Techstars

**We believe entrepreneurs can change the world.** From startup founders, to corporate employees, to visionary dreamers, entrepreneurs hold the keys to the greatest challenges of our time. They see opportunities. They take risks. And they clear the path for entire industries. At Techstars, we help grow their ideas into world-changing businesses.

For more information on this report and its findings, please contact **Ian Hathaway, Senior Director at Techstars** via email at [ian.hathaway@techstars.com](mailto:ian.hathaway@techstars.com).

# Acknowledgements

This report is based on data collected from interviews, surveys, and discussions with more than 75 local technology entrepreneurs and decision makers in the Hampton Roads community as well as several dozen leaders from local government and other organizations. **Without the support and commitment from these individuals, this report would not have been possible.**

Special thanks are dedicated to Stephanie Ananian, as well as Rhett Morris, a partner at Common Good Labs who serves as an advisor to the Techstars Ecosystem Development team.

## Our Partners

**This project was developed through the support and assistance of three partners working in the Hampton Roads region.**

**GO Virginia** is a bipartisan, business-led economic development initiative that is changing the way Virginia's diverse regions collaborate on economic and workforce development activities. GO Virginia supports programs to create more high-paying jobs through incentivized collaboration between business, education, and government to diversify and strengthen the economy in every region of the Commonwealth.

**757 Accelerate** is a non-profit startup accelerator program. Its mission is to provide startups with the customized resources and capital they need to grow. It boosts promising startups towards customer traction and revenue using a network of mentors, investors, support services, working space, and a lean startup education. 757 Accelerate's values are entrepreneurs-first, give before you get, and a long-term commitment to helping startups do more faster.

**757 Angels** seeks to provide risk-adjusted returns for its members/ investors and to catalyze the economy. 757 Angels is a select network of over 100 business and community leaders in the Hampton Roads region, who provide investment capital, strategic advice and mentoring to selected startup and early-stage companies to help them achieve market leadership. 757 Angels seeks dealflow from the Commonwealth of Virginia.

# Introduction & Summary of Findings

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**Leaders in Hampton Roads must decide how to respond to the opportunities inherent to their local technology entrepreneurship community.** Over the last ten years, the environment for technology founders has changed significantly. Local companies working in sectors like healthcare, software services, and mobility have raised tens of millions of dollars in venture capital funding. More than 100 entrepreneurs in the region are now leading technology-based companies, and they are complemented by a growing network of support organizations often with the backing of major local universities and other institutions.

In 2020, the leaders of GO Virginia, in partnership with 757 Angels and 757 Accelerate, asked Techstars to conduct an evaluation of the ecosystem, or environment, for technology entrepreneurs in the Hampton Roads region. For the purposes of this study, “technology entrepreneurship” is defined to include tech-enabled companies led by local founders in the following industries: software, e-commerce, advanced manufacturing, energy, and biotech and life sciences excluding direct services.

The Hampton Roads region is defined as the cities and counties in the state of Virginia that fall into the Virginia Beach–Norfolk–Newport News, VA–NC Metropolitan Area. This region includes the cities of Chesapeake, Franklin, Hampton, Newport News, Norfolk, Poquoson, Portsmouth, Suffolk, Virginia Beach, and Williamsburg, as well as the counties of Gloucester, Isle of Wight, James City, Mathews, Southampton, and York.

The primary questions this study seeks to answer are:

- **What is the current status of the local tech entrepreneurship community, particularly its strengths and weaknesses?**
- **How can local leaders work to improve the environment for technology entrepreneurship in the region?**

In order to answer these questions, researchers working with Techstars interviewed and surveyed more than 75 local entrepreneurs and local decision makers and held discussions and roundtables with several dozen local government officials, economic development executives, leaders of entrepreneurship support groups, and staff members at local universities. Secondary data on local entrepreneurial companies, venture capital funding, economic performance, workforce composition, and other indicators was also collected from a mix of public and private sources for analysis.

Research into this data identified five sources of strength possessed by the region for local technology entrepreneurs.

**Quality of Life.** Founders most often cited factors related to quality of life when asked why Hampton Roads was a great place to start and build a tech company.

**Positive Momentum.** The landscape for technology companies looks very different than it did a few years ago with regional companies reaching new levels of success. The last decade has also seen the launch of a number of investment and entrepreneurship support organizations, many of which are being recognized as national leaders.

**Low Cost of Doing Business.** Entrepreneurs cited the low cost of operating and scaling a company as a major strength. Additionally, Virginia's "business friendly" policies were mentioned as important assets by several local entrepreneurs.

**Quality of Talent.** Founders identified the quality of talent as a major strength of the community. Many noted the presence of large institutions that send thousands of well-educated potential employees into the workforce each year.

**Emerging Industry Strengths.** Companies in a wide variety of technology sectors are growing in the region. Though there are no clear "clusters" as of yet, several sectors, such as healthcare and mobility, could clearly be called emerging industry strengths.

Analysis of data on major metropolitan areas in the United States suggests that the Hampton Roads region is slightly below average in terms of overall performance in entrepreneurship. The research in this study revealed six challenges that need to be overcome to enable more technology companies to succeed so that the region can reach its full potential.

**The Inclusion Gap.** The demographics of local tech entrepreneurs do not resemble those of the community at large. This problem is not unique to Hampton Roads, but it is especially important to address given the region's diversity.

**The Storytelling Gap.** A number of local companies have achieved significant success or reached key growth milestones in the last several years. However, very few local entrepreneurs are familiar with the region's best success stories.

**The Later-Stage Funding Gap.** While angel funding in Hampton Roads is more widely available than in similarly-sized communities, entrepreneurs need more access to later-stage venture capital funding, i.e., series A and beyond.

**The Entrepreneur Engagement in Decision Making Gap.** Hampton Roads is fortunate to have a large number of organizations and programs that support local tech entrepreneurs. However, very few of the board members and other leaders in these organizations and programs have been entrepreneurs themselves.

**The Measurement Gap.** No mechanisms exist to measure and share progress across the entire Hampton Roads community, which leads to misinformation, and a lack of transparency.

**The Collaboration Gap.** The lack of collaboration is apparent within the regional entrepreneurship sector. There is no umbrella organization working to coordinate local entrepreneurship strategies and encouraging others to work together.

Through conversations with local leaders and entrepreneurs, as well as its experience working in dozens of cities across the world, Techstars identified potential opportunities for addressing these six gaps. These opportunities are summarized below.

**Engage local tech founders in new efforts to increase diversity and to support underrepresented founders in the technology industry.** This can include increasing board and leadership participation from underrepresented demographics, providing more programming in regions with larger proportions of underrepresented founders, and bringing tech entrepreneurs together to lead initiatives for supporting the growth of existing entrepreneurs from underrepresented groups.

**Create a new narrative about local entrepreneurs that highlights the successes of tech founders in Hampton Roads.** Efforts in this area should involve working with journalists to place more stories on growing and thriving companies in the local media and encouraging entrepreneurship organizations in the region to promote more examples of successful founders.

**Focus new efforts on assisting local founders in raising later-stage funding.** Leaders should strive to build connections with entrepreneurship programs outside the region that have relationships with later-stage capital providers, better train early-stage investors to adopt the accepted best practices that are common outside the region when investing in technology-based companies, and identify venture capital investors with connections to the Hampton Roads region.

**Create more opportunities for successful founders to have a voice in decision making within local entrepreneurship-focused programs.** This could include following the examples of existing programs that promote founder-led decision making,

recruiting more successful entrepreneurs to serve on the boards of entrepreneurship programs, and offering founders a role to inform entrepreneurship funding decisions.

**Design collaborative measurement tools to monitor progress and support transparency and accountability.** Improvement in this area should involve using multiple external data sources outside the region to benchmark progress, sharing data across local programs to identify companies that could benefit more than others from targeted support, and sharing information on local progress transparently with local leaders.

**Prioritize collaboration through improved mechanisms for coordination and better incentives.** Initiatives in this area should include designating a local “quarterback” to lead the creation of a multi-organization action plan to address the community’s gaps, incentivizing collaboration among local organizations through funding decisions, and cultivating relationships with organizations and people in Richmond.



# Strengths: The Entrepreneurship Community in Hampton Roads has Five Key Advantages.

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**There are a number of reasons why technology entrepreneurs are showing increased evidence of success.** As the graphic on the opposite page illustrates, the region's existing strengths are found across several different dimensions.

**#1. Quality of Life.** Factors related to quality of life were the most common answers given by founders when asked why Hampton Roads was a great place to start and build a tech company. These included access to beaches and the ocean, amenities like bars and restaurants, and a large quantity of family-friendly activities.

**“This is a really fantastic place to live. The quality of life is much better than other places on the East Coast,” according to one entrepreneur interviewed for this project.** Others stated, “We have access to big city amenities without problems like traffic” and “Hampton Roads is a great place to recruit people to move to from other tech hubs. When they visit, it just pitches itself.”

The warm weather, beaches and waterways, and conveniences mentioned by local founders have also been cited by national

rankings that have named Hampton Roads as a “great place to live.”<sup>1</sup> Comparison data collected by Techstars indicates when compared to other large metropolitan areas, Hampton Roads rates especially highly in the quality of local schools, the absence of long commute times, interpersonal social capital, natural amenities, and the quantity of local restaurants and entertainment venues.

Though these types of factors may not seem like obvious advantages for building tech companies, research has shown that “entrepreneurs at fast-growing firms usually decide where to live based on personal connections and quality of life factors many years before they start their firms.”<sup>2</sup>

## Most Frequent Responses from Local Tech Entrepreneurs to the Question “What Advantages Does the Hampton Roads Region Offer Someone Starting Or Building A Technology Business?”



**Note:** The size of each response indicates how frequently it was mentioned by local entrepreneurs.  
**Source:** Interviews and surveys of local technology entrepreneurs.

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**#2. Positive Momentum.** The landscape for technology companies in Hampton Roads looks very different than it did a few years ago. The community has seen companies reaching new levels of success and local support organizations recognized as national leaders.

The last decade witnessed the launch of investment and entrepreneurship support organizations, including 757 Angels, 757 Accelerate, Women in Venture, Tech Bridge, the Strome Entrepreneurial Center at Old Dominion University, and the newly established Virginia Workforce Innovation and Entrepreneurship Center.

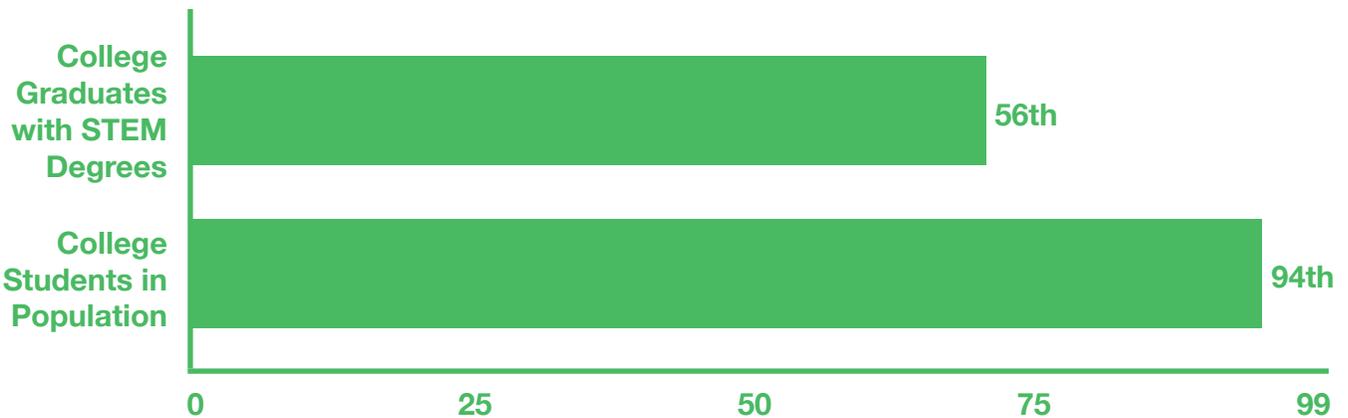
Local founders recognize this growth and its impact on their companies. “757 is responsible for a quarter of the capital I have raised. They

are doing this much better than other angel groups we’ve worked with in Boston, Atlanta, and other cities,” a successful entrepreneur reported. “Overall, I’m impressed by the level of personal care from leaders in the community who have a burning desire to see job creation and development come to the region.”

Another founder explained, “When I moved to Hampton Roads a lot of the current ecosystem didn’t even exist yet. There’s been a lot of progress in the past several years. People are starting to ask how they can incorporate tech into the community. There are many opportunities for growth and development because it’s so fresh.”

## Quality of Talent

### Percentile Rank: Hampton Roads vs. Other Large Metropolitan Areas



**Note:** Higher values indicate more talent in the region. Percentiles are based on comparison among the 100 largest metropolitan areas in the United States. **Source:** American Community Survey, U.S. Census Bureau, 2018.

**#3. Quality of Talent.** Founders cited the quality of talent as a major strength in the community. Many noted the presence of large institutions that send thousands of well-educated potential employees into the workforce each year. “We have a large population with a very strong presence from the Navy, ODU, and others that produce great talent,” one entrepreneur replied when asked why he chose to locate in the region.

Data from the U.S. Census Bureau confirms that the Hampton Roads community has a very large population of college and university students when compared to other metropolitan areas. The region also boasts a relatively high proportion of college graduates who hold degrees in the fields of science, technology, engineering, and mathematics, commonly referred to as “STEM.”<sup>3</sup>

Several entrepreneurs also linked the abundance of high-quality employees to the low costs of operating a company in the region. They noted that talent is much cheaper to employ in Hampton Roads than in more established technology hubs like New York or Silicon Valley, and those that they hire and train are very likely to remain with their business for many years.

“My employees are very loyal to me, and I am loyal to them,” a local founder explained. “It makes it much easier to build a business.”

**Though access to funding is often cited as a critical factor for the development of local technology hubs, a number of research studies show that the supply of local talent may be even more important than financial capital.**<sup>4</sup> Investment dollars can move across states and countries instantaneously, while highly skilled workers usually remain in the same cities for a decade or more.

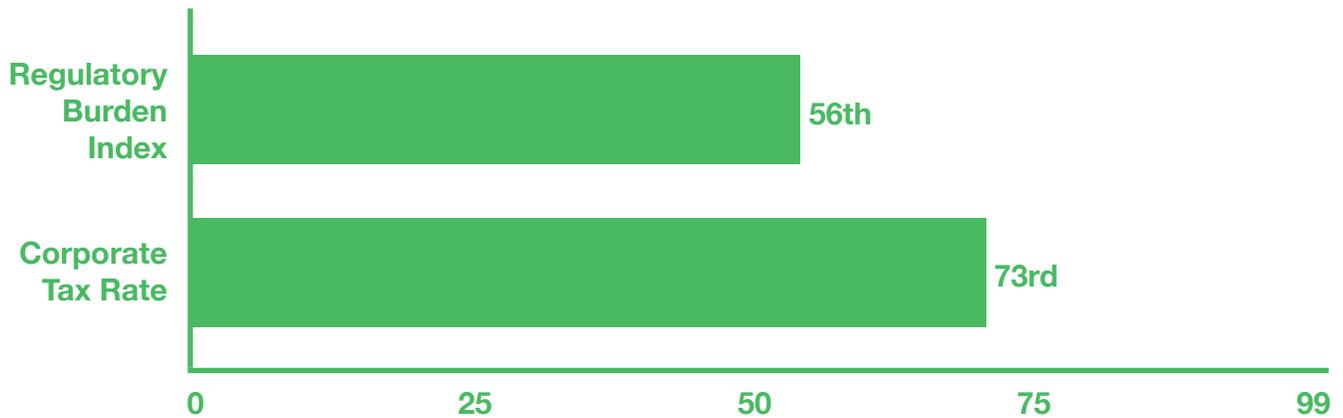
**#4. Low Cost of Doing Business.** Entrepreneurs cited the low cost of operating and scaling a company as a major strength. **“The cost of living here is very low, which is good for me, but also good for my company. We don’t have to pay much to do a lot,” a founder explained.** The availability of a major international port and the abundance of quality office space were also mentioned as cost advantages.

“The cost of similar lab space in other cities would be more than double the cost of what we pay here,” a healthcare entrepreneur



## Business Climate

### Percentile Rank: Hampton Roads vs. Other Large Metropolitan Areas



**Note:** Higher values indicate lower regulatory burden and tax rates. Percentiles are based on comparison among the 100 largest metropolitan areas in the United States. **Source:** Cato Institute. Taf Foundation.

reported. Another founder stated that, “every dollar I raise in funding goes much further here than in Austin or San Francisco.”

Public rankings confirm that Hampton Roads is a relatively low-cost place to live, which is likely a key factor in helping to keep business costs down. The region is not only less expensive than national tech hubs like San Francisco and Boston, but also has a lower cost of living than larger metropolitan areas nearby, such as Washington D.C. and Charlotte.<sup>5</sup>

Virginia’s “business friendly” policies were also mentioned as important assets by several local entrepreneurs. National data indicates that land-use policies and labor laws in the state are favorable to business owners, corporate and capital gains taxes are relatively low, and the regulatory requirements faced by companies are also near the U.S. average.<sup>6</sup>

#### #5. Emerging Industry Strengths.

Companies in a wide variety of technology sectors are growing in the region. **Though there are no clear “clusters” as of yet, several sectors could clearly be called emerging industry strengths.**

Healthcare technology is the frontrunner amongst emerging strengths. For example, companies in this sector constituted over one-third of recent applicants for funding from the 757 Angels. The presence of local companies like Realta, Modio, ivWatch, Embody, and CareFamily demonstrate the potential of founders working in this industry.

Mobility-related companies, particularly those with a maritime focus, form another nascent cluster focused on businesses that support the movement of people and goods. Though the local footprint of this sector is smaller than that of healthcare technology, it is represented by companies such as FloodMapp, DroneUp, Netarus, and Advanced Aircraft Company. Local decision makers have even begun to build on this strength through targeted support initiatives such as the Hampton Roads Maritime Collaborative.

Finally, several local founders noted the growth of regional businesses developing technology serving the sports and entertainment sectors. These companies include firms, such as Play Your Court.



# Gaps: Six Gaps in the Entrepreneurship Community Should Be Prioritized for Improvement.

**Analysis of comparable data on entrepreneurship across major metropolitan areas in the United States suggests that Hampton Roads is only slightly below average in performance, but is far below its potential given the region’s underlying assets.** When compared to the other communities that make up the 100 largest metropolitan areas in the country, Hampton Roads has a composite score below the 40th percentile. This places the region behind nearby communities such as Richmond, Washington D.C., Raleigh, and Durham.

Local founders echoed these findings in their interviews, revealing a general consensus that while the environment for entrepreneurship in the region has improved, it is far below its actual promise. These conversations also identified a desire for many entrepreneurs and local stakeholders to collectively work together to improve the local environment for tech companies by addressing the six distinct challenges listed below.

**#1. The Inclusion Gap.** The demographics of local tech entrepreneurs do not resemble those of the community at large. This problem is not unique to Hampton Roads, but it is especially important to address given the significant amount of diversity found in the region.

A number of women founders and entrepreneurs of color who were interviewed for this project noted that though there has been discussion of the importance of inclusion in the local tech community, targeted action to address this issue has been lacking within many organizations. As one founder noted, “People say they are open to diversity, but I don’t see them putting their money where their mouth is.”

Another entrepreneur cited difficulties in accessing local networks reported that “you have to look hard to find the entrepreneurship community and work hard to participate in it.

**“This challenge is especially important because conversations with a number of leaders indicate that many who are connected to the entrepreneurship community do not necessarily perceive this to be a problem, but rather assume that “those who want to participate do not have any trouble doing so.”**

Though tech entrepreneurship is not for everyone, the disparities in total participation in entrepreneurship shown in the chart on the following page suggest that lack of individual interest is an insufficient explanation for the differences in participation rates.<sup>7</sup>

Addressing the gap of inclusion can help to create a stronger brand for the region as a technology hub. Given the fact that Hampton Roads is such a diverse community, it has an opportunity to be a leader among

## Entrepreneurship Participation in the Hampton Roads Region: Proportion of Businesses Owned vs. Proportion of Adult Population

	By Race & Ethnicity				By Gender	
	Asian	Black	Hispanic (Non-White)	White (Non-Hispanic)	Men	Women
Proportion of Adult Population	4%	29%	6%	56%	49%	51%
Proportion of Businesses Owned	10%	6%	3%	81%	73%*	39%*

\* Totals for men- and women-owned businesses sum to more than 100 percent due to the fact that the Census Bureau allows for businesses to be categorized as co-owned by men and women. Similar co-ownership categorization is not available by race and ethnicity. Due to rounding, some of the other categories do not sum to exactly 100 percent.

Source: Annual Business Survey, U.S. Census Bureau, 2019. American Community Survey, U.S. Census Bureau, 2019.

other communities in terms of fostering inclusion of traditionally under-represented groups in tech entrepreneurship.

**#2. The Storytelling Gap.** A number of local companies have achieved significant success or reached key growth milestones in the last several years. However, very few local entrepreneurs could name more than two or three companies that had reached significant growth milestones — such as \$1 million in external funding, a positive acquisition, or 30 or more employees — even though more than a dozen exist.

**“I’m one of the only people here who has had any success,” one entrepreneur explained. “I sometimes feel like I’m alone in the wilderness.”** The lack of storytelling can hinder efforts to promote positive role models for inclusion. One founder interviewed for this project explained that she only knew of two successful black-owned businesses in the region. The gap in storytelling also extends to

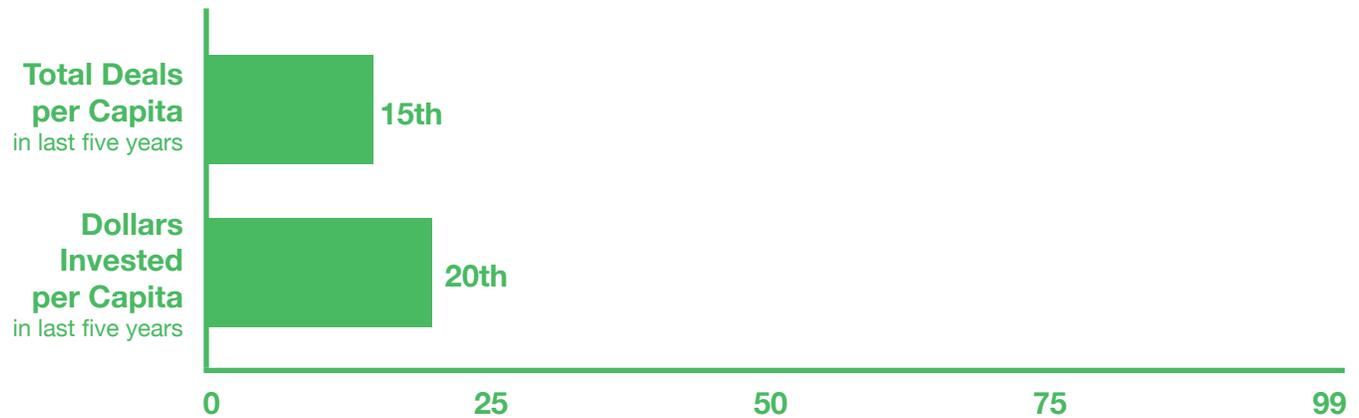
support resources, with many founders lacking knowledge of the programs available to them.

Academic research studies have found that seeing examples of successful entrepreneurs supports the growth of a strong ecosystem for founders. Among local entrepreneurs, “there is often a sense of ‘If he [or she] can do it, so can I,’” researchers have reported.<sup>8</sup> Though the Hampton Roads region may not be achieving its full potential in terms of technology entrepreneurship, it is important that the perceptions of local leaders and stakeholders match the true levels of success in the community.

**#3. The Later-Stage Funding Gap.** Local entrepreneurs need increased access to later-stage venture capital funding, usually referred to as “series A” investments and beyond. This is the primary reason why the region compares poorly overall in terms of access to capital versus other large communities in the United States. National

## Venture Capital Funding

### Percentile Rank: Hampton Roads vs. Other Large Metropolitan Areas



**Note:** Higher values indicate more investment. Percentiles are based on comparison among the 100 largest metropolitan areas in the United States. **Source:** Pitchbook, 2020.

data indicates that Hampton Roads is in the bottom 20 percent of major metropolitan areas in terms of both the number of venture capital deals per capita and the total value of venture capital invested per capita during the last five years.

Many founders consider this to be a critical problem. **One local tech entrepreneur explained, “People are telling me that, ‘You might be able to raise some seed money based in Hamptons Roads, but you’re going to have to go elsewhere for more specialized understanding and venture capital funding.’”**

The lack of later-stage funding in the local region may be linked to challenges across the entire state of Virginia. Some entrepreneurs noted in interviews that other U.S. states like Massachusetts have created pools of money to seed later-stage investing in technology sectors and tech transfer programs at public universities that are more supportive of building large, capital-intensive companies.

Though additional seed funding would still be welcome in the region, particularly for women and people of color, the local community has an opportunity to build on its current successes

in providing founders with angel funding, primarily through 757 Angels, which was recently recognized with a national award for the quality of its work. Hampton Roads also performs near the national average as a region in terms of founders raising Small Business Innovation Research grants, commonly called “SBIR” funding, from the federal government, according to internal analyses conducted by Techstars. Studies have found that early stage funding and research awards can act as powerful signals that convince venture capital investors to provide additional financing at the stage of series A or later.<sup>9</sup>

**#4. The Entrepreneur Engagement in Decision Making Gap.** Hampton Roads is fortunate to have a large number of organizations and programs that support local tech entrepreneurs. However, very few of the board members and other leaders in these organizations and programs have been entrepreneurs themselves.

Entrepreneurial experience should not be a requirement for all board members and executives, but bringing more local founders

into the leadership of these initiatives can help to better target their services and ensure that local programs and policies are “entrepreneur-friendly.”

**Many local entrepreneurship support organizations do not have successful founders sitting on their boards, included as key decision makers, or involved in day-to-day roles.** As one entrepreneur said, “I feel like sometimes the entrepreneurship community doesn’t actually put entrepreneurs first.” Another reported, “Entrepreneurs are not really respected. Economic development people and organizations take us for granted and don’t even try to engage with us.”

One common principle observed in successful entrepreneurship communities by Techstars is that each is “entrepreneur-led.” Other stakeholders and institutions can act as valuable supporters and “feeders” in a local community, but empowering founders to take on decision making roles is critically important.

**#5. The Measurement Gap.** Across the entire Hampton Roads community, there are no mechanisms to measure and share progress across organizations. This can lead to misinformation, a lack of transparency and accountability, and difficulties in local coordination.

Conversations with local leaders across different organizations revealed that information is often siloed inside of individual programs and not regularly updated. Many stakeholders also have very different estimates of basic information on the local technology sector, such as the total number of local founders who participate in it or the number of local venture capital deals raised in the past year.

**It is very difficult to manage what is not measured.** If leaders in Hampton Roads wish to improve the performance of the entrepreneurship community, better data collection and dissemination will be required. Otherwise, it will be increasingly difficult to observe when progress has occurred or if new strategies are needed.

**#6. The Collaboration Gap.** One of the systemic problems within Hampton Roads is the lack of collaboration among entities based in different cities and counties. This issue is also a challenge within the regional entrepreneurship community, as there is no umbrella organization working to coordinate local entrepreneurship initiatives. As a result, there are very few multi-organization initiatives or even shared goals among entrepreneurship organizations in the region, and few funders require that local support programs build on the work of other organizations.

**The need for collaboration was among the most commonly mentioned challenges among economic development officials and other local leaders.** One entrepreneur explained, “There’s no real collaboration in our community to support entrepreneurs or encourage investment.” When another was asked about the greatest challenge facing the community, she answered, “This is a very fragmented region.”

The lack of collaboration was cited twice in the recent report on local entrepreneurship created by Teconomy. Two of the six priority action items suggested in its conclusion were to “support advancement of a Centralized Innovation Hub that integrates and supports accelerators-incubators-coworking efforts across the region” and to “establish a ‘regional entrepreneurial quarterback.’”

The lack of collaboration can also be found in the relatively small number of connections among local entrepreneurs and programs in neighboring regions, such as Richmond. In other communities, it is common for stakeholders in adjacent metropolitan areas to work together to support founders within their greater regions. This can be seen in examples such as Denver and Boulder in Colorado, or San Francisco and San Jose in Silicon Valley. Increasing cross-regional collaboration can help to provide more support and resources to local founders in Hampton Roads and strengthen the entire entrepreneurship community of Virginia.

# Recommendations

The environment for technology entrepreneurship in Hampton Roads has changed a great deal during the last decade. **Local leaders must choose how to respond to the new opportunities presented by the local strengths in the region as well as the challenges represented by the gaps in the previous section.**

The next pages summarize a number of new ideas to address the issues facing local technology founders. These recommendations were developed during interviews with local entrepreneurs and decision makers as well as through research conducted by the authors of this report in other communities. It is important to note that while all of the suggestions may not be able to be implemented simultaneously, they are most likely to be effective if they are put into practice as part of a holistic plan that includes coordination from multiple organizations and leaders in the region.

## #1. Engage local tech founders in new efforts to increase diversity and to support under-represented founders in the technology industry.

- Decision makers should work to increase board and leadership participation from under-represented groups and seek input on improving outreach and support within local entrepreneurship organizations.
- Leaders should bring tech entrepreneurs together to lead initiatives for supporting the growth of existing entrepreneurs from under-represented groups by piloting new ideas or borrowing effective practices from other communities.
- Local organizations should provide more entrepreneurship programming in parts of the region with larger numbers of under-represented founders and ensure that under-represented groups have higher participation rates in existing programs and events.

## #2. Create a new narrative about local entrepreneurs that highlights the successes of tech founders in Hampton Roads.

- Local leaders should create a new role within one or more organizations in the entrepreneurship support community to work with local journalists to place more stories on growing and successful companies in the local media and existing entrepreneurship platforms.
- Entrepreneurship support organizations in the region should also promote more examples of the top founders involved with their programs through their existing platforms and events.

**#3. Focus new efforts on assisting local founders in raising later-stage funding.**

- Existing support programs would benefit from developing connections with entrepreneurship programs outside the region that have relationships with later-stage capital providers. Research indicates that social connections between investors and local residents are associated with increased venture capital investment in local regions.<sup>10</sup>
- Investment-related organizations should train more early-stage investors to adopt the accepted best practices that are common outside the region when investing in technology-based companies. This includes the universal use of C corporations rather than LLCs, as well as “drag-along” rights, two common components of technology investments that have not been universally adopted among local angel investors in recent years.
- Leaders should also identify opportunities to increase the reach of programs that provide signals to investors on the quality of local entrepreneurs, such as Small Business Innovation Research and Small Business Technology Transfer grants.
- Decision makers should also identify venture capital investors with connections to the Hampton Roads region, including alumni of local universities and veterans who lived in the area, and work to build relationships with them and create opportunities for them to meet local tech companies.

**#4. Create more opportunities for successful founders to have a voice in decision making within local entrepreneurship-focused programs.**

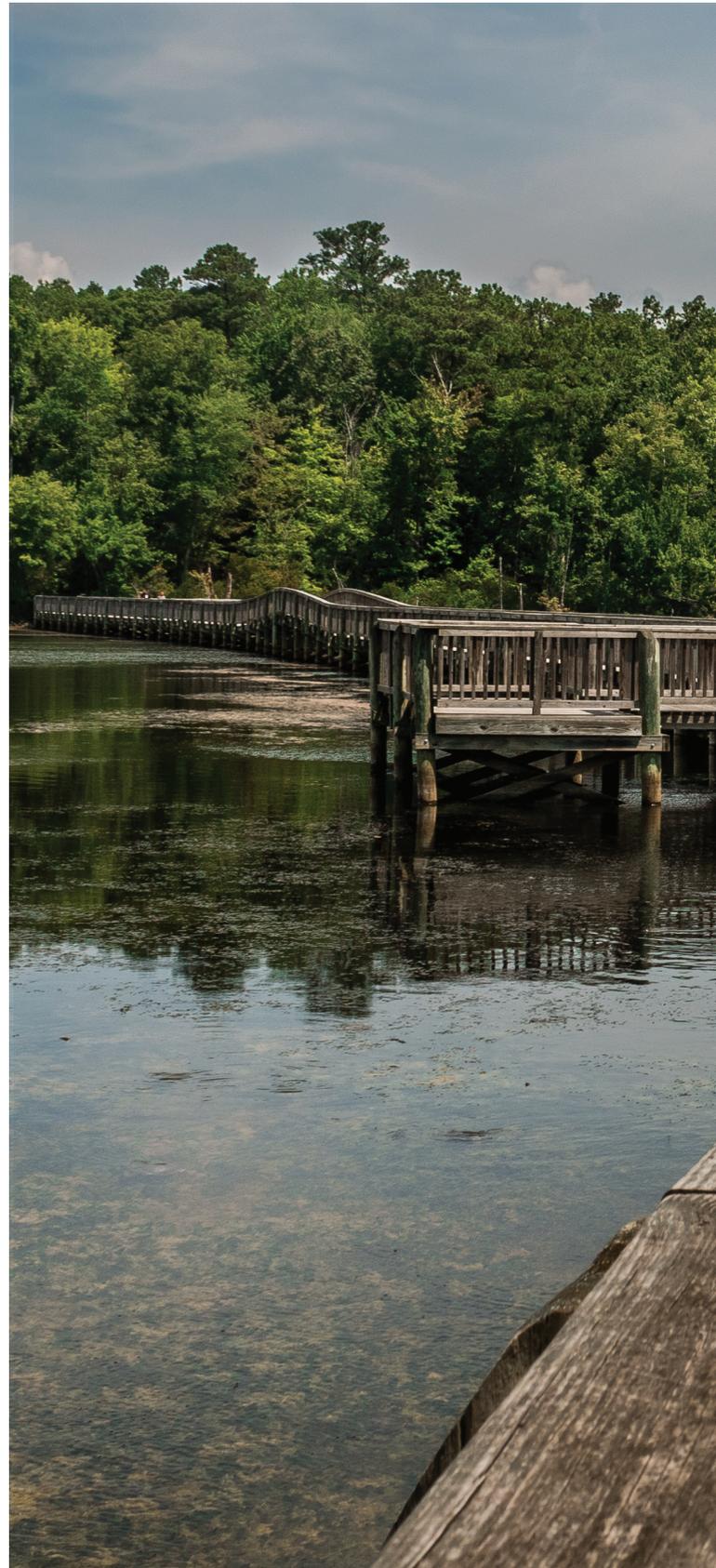
- Local entrepreneurship support organizations should follow the examples of programs that ensure founders are always represented in a decision making capacity for program design, funding decisions, and other strategic priorities.
- Local entrepreneurship programs and organizations should also recruit more successful entrepreneurs to serve on the boards of entrepreneurship programs to give founders a greater voice.
- Funders of entrepreneurship initiatives should offer entrepreneurs a role to inform their decisions in this area.

**#5. Design collaborative measurement tools to monitor progress and support transparency and accountability.**

- The best solution will combine multiple external data sources outside the region to benchmark progress on company growth, venture capital and angel investment fundraising, federal grant funding, the number of new tech companies started, acquisitions and exits, and other related entrepreneurship metrics.
- Local entrepreneurship organizations can also share internal data to identify companies making significant progress or that could benefit more than others from additional, targeted support.
- Leaders should share the results of data collection with the broader community regularly on a three- or six-month reporting schedule to facilitate coordination and dialog.

**#6. Prioritize collaboration through improved mechanisms for coordination and better incentives.**

- Local funders should designate a local “quarterback” to bring others together, starting with a cross-organization action plan that could address the community’s gaps.
- Funders should incentivize collaboration among local organizations, by either rewarding or requiring it when making funding decisions, and consider creating longer-term funding to reduce the perception of constant competition among local entrepreneurship support organizations.
- Entrepreneurship support organizations should cultivate relationships with programs and people in Richmond, where it would be natural to work to create a larger sense of integration with the entrepreneurship community in Hampton Roads.





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