Evaluating the Competitiveness of Richmond, Virginia

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Richmond Competitive Assessment

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Executive Summary

Using a conceptual model anchored in recent research on community competitiveness and information culled from a fifteen-year survey of several electronic databases, the ability of Richmond Metropolitan Area to compete in the new economy is evaluated by assessing the strengths, weaknesses, opportunities, and threats inherent in its existing stock of political, financial, physical, human, cultural, and social capital.

The findings suggest strongly that, given its locational advantages and physical capital assets, Richmond has a unique opportunity to improve its attractiveness as a place to live and do business. Tax incentives to lure new businesses, the concentration of colleges and universities, and local efforts to rebuild central city neighborhoods and improve the areas' research and development—all enhance the region’s competitiveness. There are, however, major challenges which must be overcome if Richmond is to regain its once premier ranking as one of the nation’s most attractive places to do business.

First, strategies must be devised to eliminate racial and economic disparities that exist between the city of Richmond and Chesterfield and Henrico counties. Second, efforts are needed to strengthen K-12 education, particularly with an eye toward solving the drop out problem in central city schools. Third, strategies are needed to reverse the area’s recent drop in the *Forbes* rankings as one of the nation’s best places to do business. Fourth, population diversity must be leveraged as a strength in economic development marketing.

To address these issues and strategically re-position Richmond to compete in the years ahead, we recommend the following:

**Recommendation #1: Identify the root causes of the area’s recent drop in the rankings of the best places to do business in the nation.** In recent years, Richmond has lost ground in the national rankings based on its declining attractiveness in the areas of Advanced Degrees, Cost of Doing Business, Cost of Living, Crime Rate, Culture and Leisure, Educational Attainment, Income Growth, Job Growth, and Net Migration. A study group representing all of the key stakeholders in the community should be appointed and charged with the tasks of identifying the forces contributing to the area’s drop in the rankings and devising recommendations for how to address the underlying problems.

**Recommendation #2: Develop a branding initiative and image marketing campaign to promote Richmond in the economic development marketplace.** Once strategies are identified to address the root causes of the drop in the *Forbes* rankings, local officials will have to undertake a broad
initiative to distinguish Richmond from other U.S. communities in economic development marketplace. Based on the branding of the community, a multi-level marketing campaign should be launched in an effort to attract new residents and businesses to the area. In addition to underscoring the community’s core values as manifested in the branding statement, the marketing materials should highlight Richmond’s strategic locational advantages. The various websites of the city and the counties that make up the metropolitan area must be better coordinated and leveraged as the community’s primary economic development marketing tools.

**Recommendation #3: Area colleges and universities must become more actively involved in K-12 education.** The high school drop out problem is one of the factors contributing to Richmond’s deteriorating position in the national rankings of the best places to do business. To rectify the drop out problem will require area colleges and universities to play a much more pivotal role in improving the region’s low performing schools, which are increasingly concentrated in the city of Richmond. Colleges and universities should do so not solely for social or moral reasons. Given that student enrollment in these schools is mostly Black, other minority, immigrant and economically disadvantaged children who will constitute the majority of the traditional college age population in the future, it is also in their self-interest to assume a leadership role in what some consider to be the greatest domestic issue we as Americans face today.

**Recommendation #4: Embrace population diversity in economic development planning.** Richmond is a community in transition. It has a very diverse population, including a small but rapidly growing Hispanic population. This diversity should be embraced and marketed as a strength of the community in the global marketplace.

Among the various groups that make up the Richmond area, Hispanics will probably have the greatest new economic development potential. While hard data do not exist on Hispanic consumer spending in Richmond, data on the economic impact of Hispanics in Raleigh, NC is probably indicative of the economic impact potential of Hispanics in Richmond. In 2004, Hispanics contributed more than $1.2 billion to the Raleigh economy and were responsible for the creation of 10,100 spin off jobs, $281 million in spin off labor income, and $58 million spin off taxes. While the current Hispanic economic impact in Richmond may not be as great as it is in Raleigh, it nevertheless could be substantial and in all likelihood will increase significantly in the years ahead.
Introduction, Critical Background, and Purpose

Research indicates that communities that have proven to be attractive places to live and do business in the 21st century knowledge-based economy possess a distinct set of characteristics. Highly attractive and competitive communities:

- Actively and aggressively pursue strategic alliances with other communities, domestically and especially internationally, with an eye toward developing not only cultural ties but also profit-centered activities that generate revenue and create jobs for the local citizenry.

- Create a regulatory environment that promotes and supports the generation of new community wealth via civic entrepreneurial ventures and innovations that are designed specifically to sustain and enhance the health, viability, and vitality of the community.

- Recognize the need for, and are committed to continuous investment in, a world-class physical infrastructure that connects them to the regional, national, and international economy.

- Invest heavily in their educational system (K–12, community colleges, and four-year institutions) to ensure the availability of education and training programs for their citizens so that they can compete for new economy jobs, thereby enhancing the community's attractiveness to businesses.

- Instill in their citizens, especially their youth, the attitudes, values, and beliefs about education and work that are key to upward mobility in the knowledge-based economy of the 21st century.

- Strive to reduce, to the maximum extent possible, geographical, racial and/or ethnic, and class disparities by investing substantial resources in an array of community-building institutions (e.g., the YMCA, the YWCA, and the Boys and Girls Club) that seek to mend the social fabric and provide bridges to education and economic mainstream for their members, especially those who are socially and economically disadvantaged.

Under-girding these characteristics, as Table 1 shows, are six types of community capital assets — polity, physical, financial, human, cultural,
and social—which interact, as specified in Figure 1, to create a healthy, highly competitive community.¹ It is important to note that the absence of any one of these six types of capital can seriously limit the ability of a community to compete in the 21st century marketplace. But, as Figure 1 shows, it is the polity capital (i.e., the local government), which creates the conditions or climate enabling the other five types of capital to drive competitiveness. In highly competitive communities, government decision-making is agile and flexible, not static or bureaucratic. Assuming the business-equivalent role of managing partner, the local government is prepared — almost on an ad hoc basis — to foster or facilitate networks and linkages among key community stakeholders to build or develop the requisite physical, financial, human, cultural, and social capital to facilitate community economic health and competitiveness.²


Table 1: Types of Community Capital Assets

- **Polity Capital**: commitments from local government organizations to continuously strive to enhance the health and socioeconomic well being of local residents and advance the competitiveness of the local community in the global marketplace.

- **Physical Capital**: the network of highways, railways, airports, telecommunications (telephone, Internet, etc.) and water and sewer systems that form the infrastructure of the community.

- **Financial Capital**: traditional and non-traditional sources of revenue that support the provision of services and promote future economic growth and community development.

- **Human Capital**: individuals with the requisite education, training, and “soft” skills to compete for jobs in the highly integrated world economy.

- **Cultural Capital**: residents with the appropriate values, attitudes, and beliefs about their current life chances and their future opportunities in the local community.

- **Social Capital**: resources – personal and institutional – through which individuals maintain their social identity and receive emotional support, material aid and services, information, and new social contacts.

Source: Johnson (2002a).

Depending on the nature of the issue, these networks may be industry- or sector-specific, ethnic-based, or regional in composition³ In some instances, they may involve business leaders who are staunch competitors in the local marketplace. In highly competitive communities, leaders of competing businesses often work together to solve local problems because they recognize that their “coopetition” or “competitive collaboration” will ultimately benefit their respective companies.⁴ In other words, it is a form of enlightened self-interest.

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In the remainder of this report, we apply this model in a case study assessment of the current competitive position of Richmond, Virginia. We begin by describing the methodology employed to operationalize the model. Next, we provide a demographic and socioeconomic profile of Richmond and then present the results of the competitive assessment.

**METHODOLOGY**

To operationalize the model, we conducted a community-level SWOT analysis, which identifies the internal (Strengths and Weaknesses) and external (Opportunities and Threats) forces that shape an area’s overall health,
economic well-being, and attractiveness as a place to live and do business. As Table 2 shows, such an analysis strives to answer specific questions about the community’s strengths, weaknesses, opportunities, and threats.

Table 2: Questions Posed in a Community-Level SWOT Analysis

<table>
<thead>
<tr>
<th>Strengths</th>
</tr>
</thead>
<tbody>
<tr>
<td>• What does the community do well?</td>
</tr>
<tr>
<td>• Does the community have a clear strategic vision?</td>
</tr>
<tr>
<td>• Does the community have an entrepreneurial orientation?</td>
</tr>
<tr>
<td>• Does the community culture produce a healthy environment in which to live and do business?</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Weaknesses</th>
</tr>
</thead>
<tbody>
<tr>
<td>• What could be improved in the community?</td>
</tr>
<tr>
<td>• What does the community do poorly?</td>
</tr>
<tr>
<td>• Is the community able to finance needed infrastructure?</td>
</tr>
<tr>
<td>• Does the community have poor debt or cash flow?</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Opportunities</th>
</tr>
</thead>
<tbody>
<tr>
<td>• What favorable circumstances is the community facing?</td>
</tr>
<tr>
<td>• What are the interesting trends?</td>
</tr>
<tr>
<td>• Is the community positioned to take on those trends?</td>
</tr>
<tr>
<td>• Is the community advanced in technology?</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Threats</th>
</tr>
</thead>
<tbody>
<tr>
<td>• What obstacles does the community face?</td>
</tr>
<tr>
<td>• What are the community’s competitors doing?</td>
</tr>
<tr>
<td>• Are the demographic and economic conditions changing?</td>
</tr>
<tr>
<td>• Is technology threatening the community’s competitiveness?</td>
</tr>
<tr>
<td>• What policies are state and federal lawmakers backing?</td>
</tr>
<tr>
<td>• Do the policies affect the community and, if so, how?</td>
</tr>
</tbody>
</table>

Source: Compiled by authors.

To answer these questions for Richmond, our case study community, we engaged in the same type of community competitiveness intelligence gathering.

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that a corporate relocation consultant pursues to develop a short list of ideal sites for a client’s business relocation or expansion.⁶ That is, we conducted an exhaustive search of publicly-available information using the electronic search engines and research indexes identified in Table 3.

We used Richmond and the names of specific counties that make up the community as defined by the Jesse Bell and DuPont Fund (i.e., Chesterfield and Henrico counties) as place identifiers and combined this information with an array of search terms culled from prior research on community competitiveness.

The search, which included mainly newspaper and popular articles, technical reports, government documents, and statistical information, spanned a fifteen-year period, 1991 to 2006. Some information was gained directly or indirectly (through links) from the websites of local organizations. The community-level SWOT results discussed below are based on our content analysis of these search results.

<table>
<thead>
<tr>
<th>Table 3: Gateways and Databases Used in the Research</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>GATEWAYS</strong></td>
</tr>
<tr>
<td>AltaVista.com</td>
</tr>
<tr>
<td>Google.com</td>
</tr>
<tr>
<td>Yahoo.com</td>
</tr>
<tr>
<td>ABI Inform/ProQuest</td>
</tr>
<tr>
<td>Topix.net</td>
</tr>
<tr>
<td>ProQuest</td>
</tr>
</tbody>
</table>

The Study Area

In 2005, Richmond—defined for the purpose of this analysis as the city of Richmond along with Chesterfield and Henrico Counties—had a population of 763,234, a 6% increase over the Census 2000 population of 719,993. The change in population during the first half of the decade was not evenly distributed across the three areas. Chesterfield County grew by 11.1%, passing Henrico County in total population even though Henrico County grew by 7%. Between 2000 and 2005, the population in the city decreased by over 4,000, a drop of 2%.

The racial composition of Richmond, the three component parts of the area, as defined in this study, and the state of Virginia are shown in Table 4. African Americans comprise over 30% of Richmond’s population (31.1%), significantly higher than the state as a whole (19.9%). Within the study area, the racial composition of the population varies considerably, with African Americans comprising 57.2% of the population of the city of Richmond, 17.8% of the population of Chesterfield County, and 24.7% of Henrico County’s

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7 http://quickfacts.census.gov/qfd/states/51000.html.
population. Latinos account for only 2.6% of the area’s population, about the same percentage as Asians.

**Table 4: Key Demographic Characteristics, Richmond Metropolitan Area and State of Virginia, 2000 and 2005**

<table>
<thead>
<tr>
<th></th>
<th>Richmond MSA</th>
<th>Chesterfield County</th>
<th>Henrico County</th>
<th>City of Richmond</th>
<th>Virginia</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Population 2005</strong></td>
<td>763,100</td>
<td>288,876</td>
<td>280,518</td>
<td>193,777</td>
<td>7,567,465</td>
</tr>
<tr>
<td><strong>Population Change 2000-2005</strong></td>
<td>6.0%</td>
<td>11.2%</td>
<td>7.0%</td>
<td>-2.0%</td>
<td>6.9%</td>
</tr>
<tr>
<td>% &lt;18</td>
<td>21.1%</td>
<td>28.3%</td>
<td>24.7%</td>
<td>21.8%</td>
<td>24.6%</td>
</tr>
<tr>
<td>% 65 and over</td>
<td>11.1%</td>
<td>8.1%</td>
<td>12.4%</td>
<td>13.2%</td>
<td>11.2%</td>
</tr>
<tr>
<td>% African American</td>
<td>31.1%</td>
<td>17.8%</td>
<td>24.7%</td>
<td>57.2%</td>
<td>14.6%</td>
</tr>
<tr>
<td>% White</td>
<td>63.3%</td>
<td>76.7%</td>
<td>68.9%</td>
<td>38.3%</td>
<td>78.0%</td>
</tr>
<tr>
<td>% Latino</td>
<td>2.6%</td>
<td>2.9%</td>
<td>2.3%</td>
<td>2.6%</td>
<td>4.7%</td>
</tr>
</tbody>
</table>

Source: Summary File 1, Census 2000 and http://quickfact.census.gov/qfd/states/51000.html

Figure 2 shows the age-sex structure of the Richmond area. One fifth (21.1%) of residents are under age 15, and 11.1% are 65 or older. Unlikely to be full-time workers, these two age groups are often referred to as “dependent” populations since they typically rely on either family or institutions (e.g. Social Security) for support. These two age groups account for similar proportions of the state’s population. There is relatively little variation across the area, though the proportion over age 65 is somewhat higher in the city of Richmond than in the Chesterfield and Henrico counties.
Economic conditions vary greatly among the city and the two counties that comprise the Richmond area. For the entire metropolitan area, the median household income ($46,915) and median family income ($56,572) were slightly higher than the comparable figures for the state ($46,677 and $54,169, respectively) in 2000. But variations within the area are significant. Median household income is higher in Chesterfield County ($58,537) than in Henrico County ($49,185) and in the city of Richmond ($31,121). The same was true for median family income: $72,483 in Chesterfield County, $69,997 in Henrico.
County, and $44,225 in the city of Richmond. Not surprisingly, poverty rates vary greatly, ranging from 4.5% in Chesterfield County to 6.2% in Henrico County to 21.4% in the city of Richmond in 2000 (Table 5).

The key reason for the economic differences within the Richmond community is adult educational attainment. As Table 5 shows, almost a quarter (24.8%) of adults age 25 and older in the city had not completed high school, compared with 11.9% in Chesterfield County and 13.4% in Henrico County. The proportions of adults in other education categories are lower in the city relative to the two counties except for those with post-graduate education, which are essentially the same. But having a quarter of adults with less than a high school education puts the city in a difficult social and economic position.

Table 5: Income Poverty and Adult Education, Richmond and Virginia, 2000

<table>
<thead>
<tr>
<th>Education (25+)</th>
<th>Richmond</th>
<th>Chesterfield County</th>
<th>Henrico County</th>
<th>City of Richmond</th>
<th>Virginia</th>
</tr>
</thead>
<tbody>
<tr>
<td>Household % Poverty</td>
<td>9.7%</td>
<td>4.5%</td>
<td>6.2%</td>
<td>21.4%</td>
<td>9.6%</td>
</tr>
<tr>
<td>Family % Poverty</td>
<td>16.0%</td>
<td>11.9%</td>
<td>13.4%</td>
<td>24.8%</td>
<td>18.5%</td>
</tr>
<tr>
<td>&lt;12 Years</td>
<td>24.1%</td>
<td>24.8%</td>
<td>23.7%</td>
<td>23.6%</td>
<td>26.0%</td>
</tr>
<tr>
<td>High School</td>
<td>27.4%</td>
<td>30.7%</td>
<td>28.0%</td>
<td>22.1%</td>
<td>26.0%</td>
</tr>
<tr>
<td>Some College</td>
<td>21.6%</td>
<td>22.2%</td>
<td>23.2%</td>
<td>18.6%</td>
<td>17.9%</td>
</tr>
<tr>
<td>College Graduate</td>
<td>11.0%</td>
<td>10.4%</td>
<td>11.7%</td>
<td>10.8%</td>
<td>11.6%</td>
</tr>
</tbody>
</table>

There may be variations in the employment structure as well, but the Richmond community as defined in this study is considered a single labor market. Table 6 shows the distribution of employment by industry in the Richmond metropolitan area relative to all of Virginia. Six industry categories are highlighted:

1. Primary activities (agricultural and mining);
2. Transformative activities (manufacturing and construction);
3. Distributive services (transportation, communication, wholesale and retail trade);
4. Producer services (finance, insurance, real estate, and business services);
5. Personal services (entertainment, repairs, food and beverage), and
6. Social services (medical, education, and government).

The distribution of jobs in Richmond corresponds well with the statewide distribution of employment. In comparison to the state, however, Richmond has a slightly higher proportion of jobs in producer services and distributive services, and slightly lower proportion in transformative activities.
Table 6: Distribution of Jobs by Industrial Categories, Richmond and Virginia, 2000

<table>
<thead>
<tr>
<th>Industry Type</th>
<th>Richmond</th>
<th>Virginia</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transformative Activities (e.g. manufacturing and construction)</td>
<td>15.2%</td>
<td>18.7%</td>
</tr>
<tr>
<td>Distributive Service (e.g. transportation, communications, wholesale and retail trade)</td>
<td>18.8%</td>
<td>18.8%</td>
</tr>
<tr>
<td>Producer Services (e.g. finance, insurance, information services and other business services)</td>
<td>21.8%</td>
<td>22.1%</td>
</tr>
<tr>
<td>Personal Services (e.g. entertainment, food services)</td>
<td>10.8%</td>
<td>12.6%</td>
</tr>
<tr>
<td>Social Services (e.g. health care, education, government)</td>
<td>33.2%</td>
<td>26.6%</td>
</tr>
<tr>
<td>Primary Activities (e.g. agriculture)</td>
<td>0.2%</td>
<td>1.3%</td>
</tr>
</tbody>
</table>

Source: Table P49, Summary File 3, Census 2000

SWOT Analysis

If Richmond is to compete more effectively in the global marketplace in the years ahead, local community stakeholders must understand and leverage the community’s comparative advantages based on an analysis of its strengths, weaknesses, opportunities and threats. The results of our SWOT analysis for Richmond are presented in Appendix Table 1A. Below, we highlight the most salient findings.

Strengths
Richmond’s location is probably its greatest strength. Two major highways—Interstate 95, a North/South thoroughfare, and Interstate 64, an East/West thoroughfare—converge in Richmond. The region is served by the Richmond International Airport and is within 45 miles of the Washington Dulles International Airport and the Ronald Reagan Washington National Airport. The Port of Richmond, which offers a range of logistical support service (i.e., stevedoring, supply chain management, export packaging and transfer, and warehouse and inland distribution services), is located four miles south of Richmond’s central business district. In addition, Richmond is within 90 miles of the Port of Hampton Roads, the world’s largest natural deep-water harbor. And the region is served by major rail services.

Richmond is also strategically located. It is 100 miles south of Washington, D.C. and 90 miles north of Norfolk, Virginia. It is also almost centrally located between Maine and Florida, which Richmond area businesses timely access to corporate headquarters and production facilities along the entire East Coast.

In addition to these locational assets, Richmond is located in a pro-business state. In 2006, Forbes ranked Virginia as the Best State for Businesses. Richmond exemplifies many of the state’s pro-business attributes. In 2004, Forbes ranked Richmond as the 10th Best Place to Do Business. In the same year, American City Business Journal ranked Chesterfield County as the 17th Best Place to Live in America. In 2005, Forbes ranked Richmond as the 14th Best Place for Business and Careers. And in 2006, Forbes ranked the
Richmond MSA as sixth best metro area in the nation in which to find employment and as the 41st Best Place for Business.

One reason for these high ratings is that governmental officials have worked diligently to maintain the area’s strong standing in financial markets. Chesterfield County, for example, is only one of ten counties in the country with three AAA financial ratings, the highest available to local governments. It is also only the second locality in the country to have its utility revenue bond receive three AAA financial ratings. And concerted efforts to keep taxes low have made Henrico County an attractive place to live and do business.

There is another reason Richmond is highly ranked. City and county government agencies have partnered with non-profit organizations and the private sector to improve business development in the area. For example, Richmond Renaissance--made up of corporate, African American community, and Richmond city government leaders--focuses on economic development for Richmond.8 Greater Richmond Partnership, Inc., a public-private, non-profit corporation, promotes economic development by offering location assistance to domestic and foreign companies interested in establishing a presence in Richmond.9 The Virginia Regional Minority Supplier Development Council promotes and facilitates business relationships between members (corporations, financial institutions, government and universities) and certified minority-business enterprises.

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8 [www.richmondrenaissnace.org](http://www.richmondrenaissnace.org)
9 [www.grpva.com](http://www.grpva.com)
Five major universities--University of Richmond, Virginia Commonwealth University, Medical College of Virginia, Virginia Union University, and VCU Medical Center (the only academic medical center in central VA)--further enhance the attractiveness of Richmond. A project is underway to build a new School of Business and expand the School of Engineering at Virginia Commonwealth University, the first phase of a $200 million-plus construction project, which also is likely to enhance the attractiveness of the region to both prospective residents and businesses.\textsuperscript{10} There are also several community colleges in the region, which play a vital role in preparing local residents for work in the expanding local economy.\textsuperscript{11}

The region’s higher education institutions have partnered with government and businesses to create several research and development centers in Richmond. These centers are the hubs for the next wave of business innovations and cutting edge entrepreneurial ventures in the following sectors: Biotechnology and Life Sciences, Information Technology and Telecommunications, Advanced Material and Specialty Chemicals, and Advance Industrial Manufacturing. They include the Virginia Biotech Research Park near Virginia Commonwealth University and J. Sargent Reynolds Community College (\url{http://vabotech.com}), Meadowville Technology Park in Chesterfield County (\url{http://www.meadowville.com}), and White Oak Technology Park.

\textsuperscript{10} Richmond Times-Dispatch “Problems could set back VCU project” July 27, 2006
\textsuperscript{11} One example is Richmond-based Virginia Workforce Development Services program, a cooperative effort of the Virginia Community College System and local businesses, which strives to cultivate a skilled pool of workers who can simultaneously benefit local industries and achieve their own career goals.
Park in Henrico County (http://whiteoak.com). In addition to these efforts, which improve the innovations capacity of the region, Richmond has begun studying Nashville, Tennessee in an effort to learn more about growing its health care industry, currently the area’s 2\textsuperscript{nd} largest employer.\textsuperscript{12}

Paralleling efforts to maintain a pro-business climate and to strengthen the research and development capacity of the region, the mayor of Richmond has committed to improving the lives of city’s residents by launching Richmond’s City of the Future Plan. The plan includes efforts to

- rebuild and/or modernize 15 schools, concentrating on the elementary schools that are the anchors to revitalizing the neighborhoods,
- create a citywide high school for the arts, patterned after the great institutions in some of the biggest American cities,
- create a citywide science and math high school, patterned after the legendary school in New York and a similar successful endeavor in Northern Virginia,
- provide funds in advancing a partnership between the University of Richmond and Virginia Commonwealth University to create a downtown legal campus and provide Legal Aid services in the 8th Street Office Building,
- purchase a home for the State Probation Department to allow for an expanded GED program to better assist ex-offenders’ re-entry to society,

\textsuperscript{12} http://www.grcc.com/news.php?chamber_news=1\#208
• spend upwards of $50 million, with support by the business community, to repair city streets.

In part as function of the presence of high quality institutions of higher education, Richmond is rich in human capital assets. It has a higher percentage of white-collar professional, technical, sales and clerical workers than both the South Atlantic region and the United States as a whole. Blue-collar and service-worker totals are close to the national average. In addition, the percentage of women in the work force is higher in Richmond than in the United States as a whole.\(^{13}\)

Richmond also has an array of diverse cultural and social capital assets. The African American Association of Virginia builds public awareness for African American humanities in Virginia. The Asian American Society of Central Virginia educates the public about Asian culture. \textit{La Voz Hispana}, a magazine written in Spanish and English, caters to the Hispanic citizens of Virginia. Casa de Success is a cultural integration program whose mission is to ensure the socio-economic integration of immigrants and refugees into the Richmond metropolitan community. Islam for Beginners offers an opportunity to learn about Islam from local Muslims. Beth Ahaba Museum and Archives offers stories of Richmond's Jewish community and the significant roles Congregation members played in building the city. Youth programs include Boys and Girls Club of Richmond, Chance Youth Foundation, Richmond Midnight Basketball League, YMCA, and many other positive programs.

\(^{13}\) http://www.city-data.com/us-cities/The-South/ Richmond-Economy.html
Weaknesses

Richmond has been nationally ranked in each of the last three years (2004-2006) as one of the nation’s best places for business. But, in each year, Richmond has dropped in the rankings. In the overall rankings, Richmond dropped from #10 in 2004 to #41 in 2006. Of the ten areas on which the overall rankings were based, Richmond dropped in nine of them. The most precipitous drop was in the area of Income Growth, where Richmond fell from #40 in 2004 to #135 in 2006. Richmond also dropped in the rankings in the areas of Advanced Degrees, Cost of Doing Business, Cost of Living, Crime Rate, Culture and Leisure, Educational Attainment, and Job Growth. These declines suggest strongly that Richmond is losing its competitive edge in the economic development marketplace.

Another weakness is the failure of local officials in the city of Richmond and Chesterfield County to use their websites as economic development marketing tools. Both websites are geared toward the local community and existing businesses. On the homepage of Richmond’s website, for example, there is no mention of its national ranking as one of the Best Place for Business. Nor is there any mention of the business location incentives tied to Richmond’s Enterprise Zones. On its website, Henrico County does a better job of marketing to prospective new businesses, which places the city of Richmond and Chesterfield County at a significant locational disadvantage in attracting new businesses and jobs.
In terms of its human capital base, a significant number of adults in the Richmond area are without a high school education, which constitutes a major weakness in the information driven economy of the 21st century. This is symptomatic of a much broader and deeper problem: the growing concentration of minority and low-income children in low performing schools in the city of Richmond, which is a major deterrent to future economic growth and development.  

Crime continues to be a concern for the Richmond area. Police statistics show that violent crime in Richmond dropped 14 percent during the first six months of 2006 compared with the same period last year. However, there was a 20 percent increase in business breaking-and-entering crimes in Richmond’s City Center and Shockoe Slip neighborhoods. High crime rates of any kind tarnish the area’s image and are a deterrent to economic growth and development.

There is little evidence to suggest that Richmond embraces population diversity. The region’s Hispanic population is growing rapidly but efforts to celebrate their presence and to educate long term residents about their culture are almost non-existent. If Hispanics’ economic impact in Richmond is similar to their impact in other southern metropolitan areas, then it becomes a form of enlightened self interest to celebrate their presence in the local community.

Opportunities

14 Richmond Times-Dispatch “Schools’ Disparities Studies” June 4, 2006  
15 Richmond Times-Dispatch “Police, residents discuss city crime” June 25, 2006  
Significant opportunities exist to promote Richmond in the economic development marketplace. First, economic development planners can better leverage the area’s physical location and its access via multiple modes of transportation (highways, rail ways, and airports, etc). Second, the areas’ rankings by various magazines can be better leveraged to the advantage of the region. Third, Richmond’s efforts to become nationally recognized as the “New East Coast Center for Biosciences” can be better marketed both domestically and internationally. Such marketing should be designed to attract more research and development firms as well as venture capital.

Finally, a unique opportunity exists to improve the City of Richmond’s and Chesterfield County’s websites as economic development marketing tools. An opportunity also exists to build bridges or links between these two websites and the Henrico County website, creating a seamless web of economic development information on the Richmond community.

**Threats**

The region’s economy is built on a foundation of medical, legal, communications, financial, and other professional services, which are at risk of moving offshore to India, China, and other emerging market countries. The economy also rests on a manufacturing base dominated by “sunset” industries such as tobacco that will continue to lose market share and jobs in the coming years. A number of public-private partnerships have been established to respond to these global threats. But the competition among these various
entities for limited economic development resources constitutes another threat to the future viability of the region in the global marketplace.

**Summary and Recommendations**

We have conducted a community level SWOT analysis in an effort to identify ways Richmond can improve its attractiveness as a place to live and do business in the ever-changing knowledge-based economy of the 21st century. Toward this end, we utilized a conceptual framework and methodology for monitoring and evaluating community competitiveness developed in the Frank Hawkins Kenan Institute of Private Enterprise, the applied business research arm of the Kenan-Flagler Business School, at the University of North Carolina at Chapel Hill.

From a content analysis of publicly available information accessed through the World Wide Web, we have identified current strengths and weaknesses as well as the opportunities and threats that Richmond currently faces. Four specific recommendations flow logically from this community-level SWOT analysis.

**Recommendation #1: Identify the root causes of the area’s recent drop in the rankings of the best places to do business in the nation.** In recent years, Richmond has lost ground in the national rankings based on its declining attractiveness in the areas of Advanced Degrees, Cost of Doing Business, Cost of Living, Crime Rate, Culture and Leisure, Educational Attainment, Income Growth, Job Growth, and Net Migration. A study group representing all of the key stakeholders in the community should be appointed
and charged with the tasks of identifying the forces contributing the area’s drop in the rankings and devising recommendations for how to address the underlying problems.

**Recommendation #2: Develop a branding initiative and image marketing campaign to promote Richmond in the economic development marketplace.** Once strategies are identified to address the root causes of the drop in the *Forbes* rankings, Richmond will have to do a better job of distinguishing itself in the economic development marketplace. To do so will require the city to undertake a major community branding initiative. That is, local community stakeholders will have to figure out how to distinguish Richmond from other U.S. communities in the economic development marketplace. Based on the branding of the community, a multi-level marketing campaign should be launched to attract new residents and businesses to the area. In addition to underscoring the community’s core values as manifested in the branding statement, the marketing materials should highlight Richmond’s strategic locational advantages.

In marketing Richmond, the various websites of the city and the counties that make up the community as defined in this study must be better coordinated and leveraged as the community’s primary economic development marketing tools. Research indicates that, in today’s information economy, a properly designed website can be your most powerful economic development
marketing tool--your window to world markets.\textsuperscript{17} It is the first place that site selection and site relocation consultants look as they attempt to develop a short list of sites for their clients who are interested in opening a new facility or relocating an existing one. It is one of the first places that individuals and families consult when contemplating a residential move. Emblematic of how important community websites are in economic development planning and promotion, the most competitive communities reportedly update their website on a daily basis.\textsuperscript{18}

**Recommendation #3: Area colleges and universities must become more actively involved in K-12 education.** The high school drop out problem is one of the factors contributing to Richmond deteriorating position in the national rankings of the best places to do business. To rectify the drop out problem will require area colleges and universities to play a much more pivotal role in improving the region’s low performing schools, which are increasingly concentrated in the city of Richmond. Colleges and universities should do so not solely for social or moral reasons. Given that student enrollment in these schools is mostly Black, other minority, immigrant and economically disadvantaged children who will constitute the majority of the traditional college age population in the future, it is also in their self-interest to assume a


leadership role in what some consider to be the greatest domestic issue we as Americans face today.

**Recommendation #4: Embrace population diversity in economic development planning.** Richmond is a community in transition. It has a very diverse population, including a small but rapidly growing Hispanic population. This diversity should be embraced and marketed as a strength of the community in the global marketplace.

Among the various groups that make up the Richmond area, Hispanics will probably have the greatest new economic development potential. While hard data do not exist on Hispanic consumer spending in Richmond, data on the economic impact of Hispanics in Raleigh, NC is probably indicative of the economic impact potential of Hispanics in Richmond. In 2004, Hispanics contributed more than $1.2 billion to the Raleigh economy and were responsible for the creation of 10,100 spin off jobs, $281 million in spin off labor income, and $58 million spin off taxes. While the current Hispanic economic impact in Richmond may not be as great as it is in Raleigh, it nevertheless could be substantial and in all likelihood will increase sharply in the years ahead.

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Table A1: SWOT Analysis for Richmond Metropolitan Area

1. Polity Capital
Strengths
- Significant Pro-Business Climate
  Evidenced by:
  o Richmond Renaissance
  o Virginia Regional Minority Supplier Development Council
  o Greater Richmond Partnership, Inc.
- Relatively Lower Cost of Operations vs. Nationwide
  o Stable Taxes
  o Workers’ Compensation
  o Average Hourly Manufacturing Wages
  o Building Costs
- Cutting Edge Entrepreneurship Fostered by:
  o Technology Clusters and Research Parks
  o Small Business Incubators and Specialized Office Facilities
  o Other Resources (Virginia Council of CEOs, Greater Richmond Technology Council, Virginia Center)
- Chesterfield County – government committed to continuous improvement, significant resources provided for “In Focus” technology initiative to upgrade financial, human resource and payroll systems and to streamline processes in order to cut costs or generate additional revenue
- Henrico County – detailed website targeting residents, businesses and visitors, pro-business, low taxes, existing business assistance program

Weaknesses
- Some redundancies in economic development efforts

Opportunities
- With a focus on research clusters, Richmond is poised to reach its goal of national recognition as a leader in new technologies and a prime location for the biosciences industry – “New East Coast Center For Biosciences.”
- Consolidate efforts of public-private partnerships and create unified marketing message to support economic growth and development
- Encourage investment of venture capital funds to support new technologies
- Chesterfield’s Fall 2006 opening of the Community Development Customer Service Center Building will improve operational efficiencies by creating a one-stop shop for the departments of Planning, Transportation, Community Development Block Grant, Building Inspection and Environmental Engineering, and the Fire and Life Safety Division.

2. Physical Capital
Strengths
- Location
- Transportation Access. Interstate highways, airports, freight rail service, and ports
- Access to four international airports
- Port of Richmond is closer than any other port to 77% of Virginia’s industrial locations
- Proximity to nation’s capital
- Numerous recreation facilities, playgrounds, sport venues
- Broadband and city infrastructure in place

Weaknesses
- Cloverleaf Mall area in Chesterfield County needs redeveloping
Opportunities
- Expansion of Richmond International Airport
- Proximity to Port of Richmond and Port of Hampton Roads

Threats
- None

3. Financial Capital

Strengths
- Richmond area ranked high as Best Place for Business and Careers.
- Richmond has its own port offering direct container ship service to Europe, Mexico, the Mediterranean, the Caribbean, and South America.
- Designation as a State Enterprise Zone
- Virginia Biotechnology Research Park houses more than 45 biosciences entities, research institutes affiliated with Virginia Commonwealth University, and state and national medical laboratories with branches and partnerships in Henrico and Chesterfield counties.
- Strong investments from existing companies in Chesterfield County

Weaknesses
- Lack of strong marketing to external businesses on City of Richmond and Chesterfield County websites
- Lower community asset value due to home values
- Low occurrence of new companies to Chesterfield County

Opportunities
- Attract more international business
- Market strengths on websites
- Richmond is already studying the expansion of its health care industry.
- Development Cloverleaf Mall area in Chesterfield County
- Development of retail businesses to service proposed Roseland development

Threats
- The region’s solid economy -- which never busts but rarely booms either -- is built on a foundation of professional services, including medical, legal, communications and financial, and a manufacturing base that relies on products such as tobacco. Growing number of financial services is being sent off-shore.
- Slow economic development in Chesterfield and Henrico counties

4. Human Capital

Strengths
- University of Richmond, Virginia Commonwealth University, Medical College of Virginia, Virginia Union University, VCU Medical Center (only academic medical center in central VA)
- Mayor of Richmond City of the Future Plan
- The Richmond area has a higher percentage of white-collar professional, technical, sales and clerical workers than both the South Atlantic region and the United States as a whole. The percentage of women in the work force is higher in the Richmond region than in the United States as a whole.
- Project is underway to build Virginia Commonwealth University’s new School of Business and expand the School of Engineering, the first phase of a $200 million-plus campus.
- 14% drop in violent crime in Richmond

Weaknesses
- Significantly lower levels of education
- Lower incomes
- Lower home values
- Higher poverty rates
- Increase in business breaking-and-entering crimes

Opportunities
- Partner with colleges to increase high school graduate rate
- Promote area based on high rankings
- Lower business breaking-and-entering crimes
**Threats**

- Manufacturing and federal jobs are on the decline.

5. Cultural Capital

**Strengths**

- La Voz Hispana magazine
- African American Heritage Association of Virginia
- Casa de Success – cultural integration program to ensure socio-economic integration of immigrants and refugees
- Jewish Family Services programs
- Islam for Beginners
- Historic Jackson Ward Museum

**Weaknesses**

- Few activities that celebrate and educate about Hispanic culture

**Opportunities**

- Develop activities and organizations focused on Hispanic/Latino culture
- Gentrification

**Threats**

- Gentrification

6. Social Capital

**Strengths**

- YMCA
- Christian Youth Theater
- Urban League of Greater Richmond
- Chance Youth Foundation
- Richmond Midnight Basketball League
- Churches and civic organizations
- Boaz and Ruth – program of intentional relationships that bridge the gap between those who possess wealth and privilege and those who do not.
- Boys and Girls Club/Washington Elementary Boys and Girls Club
- Strong public safety services
- Shepherd’s Center of Richmond – mission is to enrich the lives of older people and enable them to continue to live independent lives

**Weaknesses**

- None

**Opportunities**

- None

**Threats**

- None