

BACON'S REBELLION

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Vision Impaired

Jim Crupi is right about one thing: Richmond's regional leaders lack strategic vision. They can correct that deficiency by throwing out Crupi's policy prescriptions and doing their own thinking.

By James A. Bacon

The most significant event of the year in the Richmond region may have been the unveiling last week of a report, "[Putting the Future Together](#)," written by strategic leadership consultant Jim Crupi. Based upon in-depth interviews with 110 business, political and civic leaders, Crupi delivered a comprehensive analysis of the region's strengths and weaknesses that, for better or quite possibly worse, could provide a road map for future collective action.

The Dallas-based consultant promised to pull no punches -- and he didn't. Among the topics that people just don't discuss in polite company, he confronted the deleterious impact of the region's obsession with race and history on everything from poverty to economic development.

But Crupi aimed his biggest guns at the people who paid him a six-figure retainer to compile the report. Richmond has many assets, he wrote. By all rights, the region should be booming like Atlanta, Charlotte and other fast-growth cities. But it isn't. Why not?

"The inability or lack of willingness to think and act strategically is a major problem," Crupi wrote. "The default position among area leaders is to make individual, tactical, project-

oriented decisions without the framework and benefit of an overarching strategic vision and plan. There is no compelling picture of the future that gets people excited. One could almost say that the Richmond area is blessed with many great managers, but few leaders. It has people who are strong on execution but weak on seeing how the pieces should fit together.



home for more than 20 years now, I can aver that Crupi nailed his target.

Alas, there is one huge drawback to the Crupi report: The author offers no compelling vision of his own -- not even a set of criteria for developing such a vision. Rather, he proposes a series of narrow-bore initiatives organized under such vague imperatives as "Strengthen Richmond's City Government," "Leverage the Past and Stop Being a Prisoner To It," and "Prepare Now for the Demographic Tsunami."

It is all very useful material. I found much of it well informed and thought provoking. What's not to like (assuming cost were no object, as Crupi apparently didn't) about a high-speed rail connection to Northern Virginia?

Or an economic development initiative to recruit server farms and data centers? Or building upon Chesterfield County's best-of-class program for training local government employees?

Crupi spits out more intriguing ideas when he gargles in the morning than Richmond government and civic groups do in a year. (A list of Crupi budget busters can be found in the [footnotes](#).) But his report offers no method for ranking or prioritizing them.

Presumably, it will be the job of a proposed 2015 Metro Future Task Force to sort through his recommendations and develop a regional master plan. But without that overarching framework to guide the thinking of its members, I predict, the Task Force will produce a plan that covers too much ground, tries to please too many constituencies, articulates more goals and objectives than the region has resources to pursue, and leaves the tough choices to others.

Unexamined Assumptions

As it happens, I have been laboring over the past few months on the "Economy 4.0" series to create an overarching framework for thinking about economic and regional development. As I have progressed through the series, I have reached conclusions that challenge some of Crupi's core assumptions.

For instance, anyone embracing the Economy 4.0 paradigm for economic and community development would dispute Crupi's starting assumption that it is

desirable for Richmond to have a "booming" economy like Charlotte's or Atlanta's. Unless you are a member of the regional "Growth Machine" -- the coalition of real estate developers, construction contractors, financiers and assorted service providers that profit directly from the influx of new residents and businesses -- there is nothing remotely appealing about the idea of growth for growth's sake.

As citizens of the Richmond region, we should not organize our collective efforts around the goal of increasing "growth" -- which often entails stimulating the growth of the population, with a concomitant increase in the demand for government services -- but increasing economic opportunity and per capita incomes *for the people who already live here*. Furthermore, we should endeavor to raise incomes without engendering the crises typical of regions with fast-growing populations, such as worsening traffic congestion, a shortage of affordable and accessible housing, destruction of environmental assets and spiraling taxes.

The Crupi report does not address the question, "What do Richmonders want?" It's highly unlikely, then, that a 2025 Metro Future Task Force will either. With only 12 months to generate a detailed plan, task force leaders will take the Crupi blueprint as a starting point without taking the time to re-think the assumptions that underpin it.

In describing the thrust of *Bacon's Rebellion*, I use this tagline: "Building more prosperous, livable and sustainable regions." Likewise, I would humbly submit, the framework for Richmond's metro task force should be built around those three themes.

• **Building a prosperous region.** By "prosperous," I mean a community that raises incomes and creates economic opportunities for all segments of society. (As an aside, creating broad-based economic opportunity will do more for social justice than all the placard waving, kumbaya singing and social welfare spending since the dawn of time.)

• **Building a livable region.** By "livable," I refer to the key attributes of a high quality of life: low cost of living, low taxes, low crime, clean water and air, good schools, good health care, vibrant entertainment and cultural institutions, and social networks that create a sense of belonging, interconnectedness and upward mobility.

• **Build a sustainable region.** By sustainable, I mean an economic base that is environmentally sustainable and that rebuilds, rather than depletes, the region's natural capital.

While Crupi devotes considerable ink to "economic development" initiatives, his proposals are generically "growth" oriented, not geared to increasing incomes. Although he does a reasonably thorough job of addressing quality-of-life issues, he gives little more than lip service to the environment.

Productivity and Innovation

The Richmond region is competing in a fast-evolving global economy. Economics and wealth creation must be the fundamental starting point of any regional plan. If we cannot create wealth, we cannot redistribute it to achieve ancillary goals such as environmental protection and social justice.

While the Richmond region enjoys higher-than-average in-

comes and is afflicted by less poverty than the nation as a whole, our prosperity is fragile. Gales of creative destruction continually hollow out old industries and give rise to new ones. Although the Richmond region has done a respectable job of building and attracting new businesses and industries, it has hardly been a national or global pace-setter. We are not a nationally recognized center of knowledge creation, nor do we possess any acknowledged world-class industries. Should we falter only briefly, competitors around the world can easily overtake us.

The task of maintaining prosperity is made all the more difficult by the fact that, by global standards, we have high labor costs. We don't want to compete on a global stage by underbidding the price of our labor or for that matter, by plundering our natural heritage. We must embrace a strategy of increasing prosperity by climbing the ladder to higher value-added economic activities that generate higher wages, salaries and profits.

In the abstract, that means working smarter and more efficiently. As a practical matter, that means specializing in solving complex problems, creating new technologies, launching new products, engaging in high-performance manufacturing and managing global supply chains. In sum, it means competing through productivity and innovation. Although Crupi touches briefly upon the importance of creativity, he does not discuss the critical importance of institutionalizing the capacity to bolster productivity and innovation.

If I could wave a magic wand, I would make productivity and innovation the lodestar for every collective effort in the Richmond region, permeating government,

the educational system, business and indeed the entire culture. Richmonders would aspire to boost productivity, or efficiency, in all of their endeavors - not at the expense of more basic human virtues such as compassion and social harmony, but as a means to create the wealth by which to express those humanitarian values. Likewise, Richmonders would cultivate an aptitude for innovation - not just in science, business and the arts, but in the ability to reinvent core institutions for the Knowledge Economy.

Building a Culture of Productivity and Innovation

The question becomes, then, how do we build a culture around productivity and innovation? The 2025 Metro Future Task Force must advance on several fronts.

Transform human settlement patterns. Certain human settlement patterns -- characterized by moderate density, mixed uses, contiguous development, pedestrian and transit friendly design, and a high degree of transportation connectivity -- are more efficient from a perspective of providing transportation, utilities and public services than the "suburban sprawl" so prevalent in the Richmond region. Crupi rightly observes that Richmond-area development in recent years has consumed more land than the far-larger regions of Northern Virginia and Hampton Roads, and he favors a regional approach to transportation and land use. But he leaves those idea scrawny and underdeveloped.

Moreover, Crupi's idea of creating a regional transportation authority and funding it with a regional sales tax presupposes that the problem is a lack of tax revenue -- a notion that we

have critiqued at length in *Bacon's Rebellion* and I won't belabor here. Adopting more efficient human settlement patterns is fundamental: It goes to the heart of transportation, housing, the environmental, social mobility and other issues. Ignoring this challenge will undermine all other efforts.

Transform government institutions. Emphasize lean administration and innovative delivery of government services. As Crupi spells out, Richmonders are unlikely to embrace "regional government" any time soon, but that should not halt regional cooperation on a case-by-case basis when it makes sense. In one of the stronger passages of his report, he provides a number of promising, narrow-bore ideas. Taking just one important area, public safety, he notes:

There is cooperation at the "street" level between police officers and on infrastructure like a unified police radio network, metro aviation and emergency medical services. However, there has been no real strategic look into issues like joint workforce development and training; common operating procedures and reporting; joint purchasing of core acquisitions of technology, vehicles, weapons, etc.; and consolidation of core services [i.e., forensic, canine, etc.].

Likewise, Crupi suggests, Richmonders can build regional approaches for transportation, land use planning, waste water treatment, poverty and aging. I agree.

Build human capital. In the Knowledge Economy, building human capital also is fundamen-

tal. The challenge has three parts, each of which must be addressed with distinct strategies:

- **Transforming the educational system.** Crupi focuses almost exclusively on the grotesquely dysfunctional performance of the City of Richmond school systems. But the entire school system in the region -- indeed, the very concept of marching children in lock-step through 12 grades and mastering the same subjects at the same pace in centralized locations called "schools," whether public or private -- is inadequate to the task of inculcating Richmond children with the intellectual capabilities they need to thrive in a world of ever-changing knowledge. Crupi's idea of ginning up new partnerships between "business" and city schools is window dressing that hardly warrants the effort. The region needs to pioneer entirely new modes of educating its citizens.

- **Recruiting human capital.** This is primarily a marketing challenge, but someone -- presumably the Greater Richmond Partnership -- needs to be put in charge of it. The Richmond region needs to identify those demographic segments it wants to attract, cross-reference them against the region's asset base (as a rule, the region is more attractive to married couples with children than to singles), brand the region, and devise creative ways to reach the target market.

- **Retaining human capital.** Once we get productive, creative people to move to the region, we need to

shape an ambience that keeps them here. That means paying attention to a wide spectrum of factors: taxes, regional cost of living, quality of neighborhoods, quality of schools, quality of entertainment and cultural assets, quality of public spaces and the natural environment, quality of the built environment, and a host of other matters.

This last priority requires a shattering of Richmond group think. One of the questions Crupi was charged with addressing was this: "What transformational projects should the region consider undertaking to improve its competitive position?" The implicit assumption is that a handful of really big, breakthrough projects can transform the region. No such projects exist. As creative class guru Richard Florida has stressed repeatedly, big-dollar projects -- the convention centers, sports stadiums, performing arts centers -- are *not* what appeal to the creative class. Creatives prefer to participate in cultural happenings, not to sit in seats and watch. The region must overcome its Edifice Complex and nurture cultural initiatives that bubble up from the streets and neighborhoods.

The Richmond region does not have the resources to splatter them around. It needs to focus its finite fund-raising capabilities in projects deemed to generate the highest economic and social Return on Investment -- for the most part, in knowledge-creating capabilities at all levels of society.

Crupi argues that Richmond should build its tourism industry. Why? What kind of jobs do tourist attractions create? How well do they pay? How many of those jobs can be filled locally, and how many will require H2-B vi-

sas to import greens keepers from Central America or hotel greeters from Eastern Europe? How will tourism add to the region's productivity, innovation or knowledge creation?

Similarly, Crupi contends that Richmond could parlay its position between the Pentagon and the world's largest Navy base to become the capital of the U.S. military-industrial complex. Assuming that such a feat were even possible on the strength of the Fort Lee Logistical supply center, how would such a strategy play to the region's existing strengths?

Which brings us to the fourth strategic priority...

Build Virginia's Leading Industry Clusters. Rather than building industries where the region suffers a competitive disadvantage, Richmonders should build industries and professions where they are national or even global leaders. Such cluster-building initiatives would entail identifying businesses in selected industry clusters, recruiting targeted businesses from outside the region, enhancing R&D capabilities and expanding academic departments in local colleges and universities that supply critical skills.

Richmond has a number of potential world-beating industry clusters, though they aren't always recognized by the surrounding community: the advertising/marketing profession, the legal profession, the insurance industry, mid-market investment banking, the advanced fibers industry, arguably even the biotech and life sciences industry. As the productivity/innovation leaders in Richmond, these clusters recruit top talent to the region, and they generate pay and profits far higher than the regional average.

Crupi is quite right to observe that Richmond needs visionary leadership. When the Task Force convene to consider his proposals, however, its leaders would be well advised to develop their own framework for building a more prosperous, livable and sustainable region rather than relying upon Crupi's. Indeed, that may be their first true test of leadership.

-- November 26, 2007

Footnotes

(1). Crupi budget busters. Here is a partial list of some of the "transformational" projects that Crupi threw out for discussion:

- Build a presidential museum and monument to religious freedom
- Build a new airport and rename it
- Expand mass transit
- Build a deep water port on the James River
- Modernize waste water treatment capacity
- Build a high-speed rail line to Northern Virginia
- Expand the network of roads and highways

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