

A Currency of Creativity

How Investing in RVA's Creativity Will Drive Economic Development

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This document is the Executive Summary detailing the importance of investing in Richmond's (RVA's) creative class. This report was created for Richmond's Future, an independent, nonprofit, 501©(3) think-tank established to explore issues that are vital to the future of the RVA region. This report was created in partnership with Padilla/CRT and the Greater Richmond Chamber of Commerce. Additionally, Rachel Burgess from the Southeastern Institute of Research, who led the YRVA study, led the development of the creative dividend.

Imagine you are the mayor of a large American city, and it's 1:24 a.m. You have a problem that is keeping you awake and you've been thinking about it for some time now. In fact, you've been doing more than thinking—you have been actively trying to solve this problem for several years. You stare restlessly at the illuminated letters of the clock as the worry crosses your mind yet again: your city is falling behind. It is not flourishing, and it is not losing ground only in terms of its struggling economy. Not as many new businesses are moving to your city as once were. The businesses in the area are doing well, but aren't making headlines these days. Not as many young people are staying in your city after school, and fewer of them are flowing in.

What are you doing wrong? You've spent a great deal of money to bring life to your city's environment and culture. You've recently erected a brand new sports stadium and poured money into your major sports franchises. Your city has countless beautiful parks, several cultural venues and museums, and is home to some of the best architecture and urban neighborhoods in the country. And still, the growth you desire eludes you, while you watch cities like Austin, Seattle, and Washington D.C. thrive.

What is missing? If this is the question keeping you awake, you are not alone. Cities that once dominated American urban and industrial life, like Detroit, and Memphis, are crumbling at a rate unprecedented.

To uncover the reason for this change, we must first look at the way city economies are built today.

The Creative Age and its Implications

The world economy is changing, as it has always been. Abundance, wealth and new discoveries have brought the US economy through many stages thus far, each stage driven by a particular industry or sector. Our first stages were driven by agriculture, and subsequent ones have been driven by industrialization. As we become proficient in each

stage, the resulting wealth and resources help us move into the next stage of economic development.

The rapid rate at which we are developing communication tools and technology has pushed us into our current Information Age, but this speed is pushing us forward still, and we are already quickly departing. “[T]he U.S. is rapidly moving into its next stage of development—the Creative Age”.¹ This is an age in which the work being done by creative people is driving economic growth and development.

Same Economic Catalyst, Different Product

Innovation has always driven the U.S. economy. It is the main factor in spurring the growth of each stage of economic development, and the Creative Age is no different. The change we are now seeing is in the type of innovation needed to produce wealth. In an age like ours, in which products and services can be produced quickly and cheaply, it is the companies and cities who “push to the higher ground of innovating and creating ‘elegant, refined products and services’—which might well be produced elsewhere” that will continue to prosper.² In an age in which our production capabilities are vast and commoditized, it’s the ability to ideate and innovate, which sets businesses, cities and entire regions apart. This type of innovation, this cultivating of elegance and refinement in our products and services takes a special type of human capital, and a special type of person.

The Right People for the Job

This special group of people has been dubbed the Creative Class, and they are growing. Richard Florida says that ‘the distinguishing characteristic of the creative class is that its members engage in work whose function is to “create meaningful new forms.”’ Within this definition, the group is extremely varied. It includes professors, scientists, engineers, writers, actors, designers, and architects to name a few. It also includes “thought leaders” of the day—editors, cultural figures, researchers, and other opinion-makers.³

Regardless of their job description, what this class of people enjoys and excels at is thinking creatively and working to turn those thoughts into form, in order to produce innovation. For some of them it means producing a sculpture, a painting, a play, or a piece of music. For others, it means solving specific problems or designing a new system or product. In every industry, the value of these individuals is increasing. Their value goes far beyond computer skills or the education they have received. They are adding creative value to every product or service on which they focus their skills, giving businesses and cities the edge they need to cut through the clutter and connect with consumers in today’s busy marketplace. As more and more value is placed on creativity and the rate at which our

¹ Florida, Richard. *The Rise of the Creative Class*. Basic Books. 2002.

² Breen, Bill. “The Business of Design.” *Fast Company*. April 2005.

³ Florida, Richard. *The Rise of the Creative Class*. Washington Monthly. 2001.

businesses can innovate, the group of people who wields them grows. In order to compete and sustain growth in the Creative Age, you cannot do without them.

The Importance of Young Professionals in the Creative Age

In addition to those defined strictly as the Creative Class, young professionals are playing an ever-increasing role in our workforce and economy. Due to the dramatic increase in life expectancy and decline of birth rates, America's population is shifting. For the first time in history, there will be more people over the age of 65 than under the age of 15. Looking out to 2030, demographers see a dramatic change as the 55+ age segment will increase significantly while the 18 to 54 year segment, America's traditional workforce, remains the same size. One expected consequence is the coming battle for young professionals.

Cities across America are now starting to compete for the brightest young professionals. As the demographic age shift plays out over the next 20 years, competition for these highly educated workers is expected to heat up. Urban areas such as Austin, Boston, Denver, Raleigh and Arlington County are setting the pace.

The long-term economic prosperity of metropolitan areas will be based, in part, on a region's ability to become and remain competitive as one of the preferred places for young professionals to live and work.

The YRVA Study

The implications of this new business landscape, those who are driving it, the effect those people have on the economic growth of the Richmond region (RVA), and our ability to retain them are subjects we sought to explore and understand through The YRVA Study, a comprehensive marketing research initiative.

The YRVA Study utilized an innovative approach to ensure a fresh and authentic perspective guided the entire research process. As the YRVA Study was a research initiative designed to understand how young professionals view cities and what RVA can do to become more appealing to this segment, the Southeastern Institute of Research and key members of *Richmond's Future* recruited a team of thirty local young professionals. This group was called the YRVA Project Team. This team helped identify potential issues to study, shaped the survey instruments, facilitated the survey fieldwork, reviewed the results and formulated recommendations.

In addition to the YRVA project team, a YRVA Advisory Committee was created. The YRVA Advisory Committee consisted of a number of members of *Richmond's Future* Council of Advisors, as well as other representative from organizations active in the young professional community. This group worked with the Southeastern Institute of Research to help guide the YRVA Project Team through the research process.

In total, over 3,500 people participated in the YRVA Study, which includes a mix of qualitative focus groups and quantitative surveys across five separate research audiences:

1. College students attending colleges and universities in the RVA region and across Virginia
2. Young professionals who currently live across the RVA region
3. Young professionals living and working in six peer cities
4. RVA's business leaders
5. Senior human resources executives from RVA's largest companies

As part of our understanding of the young professional community in RVA, the YRVA Study also sought to discover how many of the area's young professionals are highly creative, and what impact those creative young professionals have on the region. As noted above, Richard Florida was one of the first researchers to point out that in today's "knowledge economy," creativity and innovation are key traits of the 21st century worker and defining attributes of 21st century companies and communities, which are driven by the "Creative Class." However, Florida's definition of the creative class is not bracketed by any age. As part of the YRVA Study, we sought to formulate a sensible new definition of the "Creative Class". Considering that all of RVA's young professionals are creative in one way or another, we defined a range of creativity—a Workforce Creativity Continuum.

Three key questions were designed to help define the "Workforce Creativity Continuum":

1. How well do you agree or disagree with the following statement: "My job requires me to think creatively and involves problem solving and/or problem finding."
2. In your job, do you do any of the following to some degree? Create new ideas, create new content, create new technology.
3. Thinking about your primary contributions to your current employer/job, what terms best describe you? Select all that apply: producer, facilitator, innovator, administrator.

The answers to these questions created the Workforce Creativity Continuum for RVA's young professionals. Over 1,600 young professionals across RVA participated in the study. Out of those who participated, 23% were characterized as low on the creativity continuum, 45% were characterized as medium, and 32% were characterized as high.

It is important to note that a convenience sample was used for the YRVA study. With this in mind, findings of the study are specifically related to RVA's young professionals sample (respondents) as a de facto representation of young professionals in RVA.

Based on the increasing importance of young professionals and the role that all of RVA's young people play in the Creative Class, the YRVA Study was designed to understand:

- Why do young professionals come to RVA?
- Why do many stay here?
- Who do some leave?
- What would attract more young professionals to RVA?

- How do college students across Virginia view RVA as a place to start their careers?
- How does RVA compare to peer cities and regions?
- What specific actions do we need to take to attract and retain the key segments of young professionals?
- How many of RVA's young professionals are highly creative?
- What is RVA's "Creative Dividend"? In other words, what does RVA realize economically and culturally from the most creative segment of the creativity continuum?

The Effects of Creative Young Professionals on RVA's Economy

Whereas a creative culture has long been seen as an added bonus, a "nice to have", in a city environment, we are beginning to recognize that in the Creative Age, this culture plays a crucial role and contributes a great deal to the amount of money flowing into the economy. The effects of the work of creative minds are far reaching, and the same is true for RVA.

Higher Economic and Knowledge Value

Typically labeled as a group contributing little to a city's revenue, young people matter more now to the work force than ever before. They are willing to work harder and longer hours than most other employees. They are waiting longer to get married and have children and are devoting more time to their careers than has been true in the past. In addition, "in rapidly changing industries, it's often the most recent graduates who have the most up-to-date skills."⁴

This new perspective on the economic and community contribution of young professionals came out strongly in the YRVA study, especially among those higher on the creativity continuum. RVA's most creative young professionals are more educated and report higher household incomes than those who are lower on the creativity continuum. The household incomes of those characterized as medium and high on the continuum were found to be over 10% higher than those who are low on the scale, with highly creative young professionals reporting average household incomes of \$84,805 whereas those low on the continuum reported an average household income of \$73,729.

In addition, the more creative respondents were slightly more likely to have a college degree or a Master's degree, with 2% of those high on the continuum having a Bachelor's degree and 6% more of those high on the continuum having a Master's Degree.

With creative young professionals better poised to contribute both money and knowledge to RVA's economy, this group is indeed important to the region's future. To have a fighting chance in this economy, where industries are changing and adapting every day, RVA must have these newly educated, driven minds amongst its ranks.

⁴ Florida, Richard. *The Rise of the Creative Class*. Washington Monthly. 2001.

Larger Entrepreneurial Contribution

As those who desire to be substantial creative contributors in everything they do, creative young professionals are more likely to be entrepreneurial and contribute new life, growth and energy to the existing business community. In fact, as much as 60% of Millennials consider themselves entrepreneurs.⁵ Those who participated in the YRVA Study were no different, with the more creative young professionals being more likely to work for a smaller company, or to start a business or non-profit in RVA.

32% of those young professionals who were either medium or high on the creativity continuum work at companies with less than 50 employees, as opposed to 21% of those low on the continuum. By the same token, 47% of those who were characterized as low on the continuum work at companies with more than 1,000 employees, whereas of those high on the continuum, only 37% worked at the same size company.

In addition, where young professionals lie on the creativity continuum indicates how likely they will be to start a business or non-profit in RVA. Those high on the continuum are 11% more likely to start a business or non-profit than those who are low on the continuum, and 10% more likely than even those who fell in the middle of the spectrum.

Due to the importance of entrepreneurship to the most creative of our young professionals, RVA's ability to provide and support small business and non-profit opportunities will be of tantamount importance in attracting this group and harnessing the energy and growth that their contributions will produce.

Revitalization of Established Businesses and Industries

Not only can creative people breathe life into a city as a whole, they can also revive businesses and industries whose ways are set and need refreshing. About 80% of all U.S. industries are competing in mature industries. This means that demand is declining, businesses are finding themselves in cost-cutting wars, profits are sinking and margins eroding, and competition is declining as once-competing businesses merge to create much larger companies.⁶ The majority of our businesses here in America are declining and are badly in need of revitalization. This is a perfect task for a creative and open mind, and the presence of young professionals has revived industries and systems all over the United States.

For instance, when the Elliott Bay Book Company in Seattle's historic Pioneer Square closed its doors, it was not for the last time. The owner, Peter Aaron, and all of his employees did not pack up and go home, but rather rolled their sleeves up and got to work. Though the book company was a landmark in the city, Aaron realized that the only way the bookstore would continue to thrive was in an area of town that was thriving, itself. Although a move was risky, Aaron had long been worried about the changing environment around his store.

⁵ <http://www.entrepreneur.com/article/228464>

⁶ http://www.merrifield.com/articles/1_1.asp

Perceptions that the area was no longer safe were growing and no one shopped at night; finding parking during the day was a nightmare; the makeup had shifted from one in which people lived to one in which people headed to bars or nightclubs; the area was no longer a destination, but a point you passed on the way to somewhere else.

All 175,000 books and all 36 employees were trucked a mile and a half to a new storefront in Seattle's growing Capitol Hill neighborhood. This neighborhood had a dense population that was vibrant, showed staying power and was culturally diverse and open-minded. Aaron spread the word about his location in ways that connected with young professionals, through social media and work of mouth. Not surprisingly, the area and the tactics Aaron used in his communications efforts shared many of the same characteristics that drive creative young professionals to a city or area. Sections that had sold poorly in the old location, like the lesbian-gay-bisexual-transgender section, are now being regularly stocked due to an open and diverse community, and sales from more traditional sections are increasing as well. Sales are now up 15-20% and attendance for reading and events has skyrocketed.⁷ A vibrant, culturally open community can do wonders for a business in decline, and young professionals are the drivers of these factors.

All businesses mature or flounder, but when the majority of American businesses are in a stage of decline, it gradually destroys growth; however, there are many ways to create new growth and success within mature industries and for struggling businesses. Within each of our industries are untapped potentials for new markets, products, and segments of customers.⁸ Within each setback are opportunities for transformation and increased relevance. It takes a creative and innovative mind to see these new opportunities. In IBM's 2010 Global CEO Study, CEOs picked creativity as the most crucial factor for future success, citing disruptive innovation, changes to old business models, inventions of new models, and employees altering the status quo. CEOs said that creative leaders "consider previously unheard-of-ways to drastically change the enterprise for the better setting the stage for innovation".⁹ In producing growth for any business, but especially for maturing ones, the recipe is centered on consistent innovation, a significant contribution of the creative mind.

More Staying Power

Due to crushing student loan debt and lower wages for college graduates, only 9% of those ages 29-34 got mortgages for the first time between 2009 and 2011.¹⁰ To be sure, this is an age group that is very wary of purchasing a home; however, RVA's creative young professionals are bucking the status quo.

In a time where young people are choosing not to buy homes, the region's creative young professionals are slightly more likely to have already purchased a home in RVA. Highly

⁷ <http://www.success.com/article/american-comebacks-elliott-bay-book-co>

⁸ "Milking More from the Mature Business". Harvard Business Review. July 2003.

⁹ <http://www-03.ibm.com/press/us/en/pressrelease/31670.wss>

¹⁰ <http://www.reviewjournal.com/business/economy/many-millennials-wary-first-home-purchase>

creative young professionals are 8% more likely than those low on the continuum to have already purchased a home. Furthermore, of those who do not own their own home, the more creative young professionals are 18% more likely to be planning to buy a home in RVA in the future.

In addition, the more creative young professionals are more likely than their counterparts to stay in RVA longer. 28% of them say they are likely to stay in the region for the next 5 to 10 years, as opposed to 20% of those who are not highly creative. Even more promising, 27% of those who are highly creative say they will stay in RVA until they retire or for the rest of their life, as opposed to 23% of those low on the creativity spectrum.

The choice to buy a home or stay in RVA for many more years could be due to the fact that highly creative respondents are more likely to feel like they can make a difference in RVA. In fact, creative young professionals are 24% more likely than those low on the continuum to feel like they can make a difference in our city.

The more creative young professionals are more likely to earn more money, create jobs and make a difference here. This coupled with their desire to stay in the region longer and buy a home here suggests that the more creative young professionals may offer a higher economic and community value to RVA.

More Likely to Spread the Word

In an age of social media and peer reviews, in which 51% of Americans trust user generated content over content produced by a brand¹¹ and a good review from a friend matters much more than any advertisement, the need for RVA citizens to spread the word about the benefits of living in this city is more crucial than ever.

For this reason, our highly creative young professionals become even more important to the reputation of the region. Those high on the creativity continuum are not only more satisfied with RVA overall, they are also more likely to recommend the region to friends and family. Overall, a majority of respondents love living in RVA, with 79% of respondents saying they love living here; however, those high on the creativity continuum are even more likely than their counterparts to enjoy living in RVA. 83% of those high on the continuum love living in RVA as opposed to 78% of those in the middle of the continuum and 69% of those low on the continuum.

Although we want all of RVA's young professionals to be happy and satisfied in the area, it does not do us much good in attracting more of them if the ones who live here now do not spread the word. Luckily, nearly half of all respondents said they were very likely to recommend living in RVA to a friend or relative. Even more encouraging, the young professionals high on the creativity continuum are more likely to recommend RVA to friends or family, which is reflected in their much higher net promoter score. A net promoter score is calculated by subtracting the percentage of detractors (those who would

¹¹ http://resources.bazaarvoice.com/rs/bazaarvoice/images/201202_Millennials_whitepaper.pdf

not recommend RVA or would say negative things about the region) from the percentage of promoters (those who would positively recommend RVA). Highly creative young professionals had a net promoter score which, at 37%, was 32% higher than those who were low on the spectrum and 18% higher than those who were in the middle of the spectrum.

With young people turning to their peers and social media for “expert” opinion, what our young professionals say about our city, and how often they say it, will have an impact on whether or not their peers decide to live here as well. For this reason, our most creative young professionals are more valuable to RVA in advancing the region’s reputation, acting as positive catalysts for the region, its reputation and its ability to attract young professionals.

Increased Innovation

Innovation has always been one of the main factors driving economic development, but it is also adapting to this new age of creativity. The product required of innovation has changed significantly. As places like Asia become better able to manufacture products cheaply and efficiently, many of our jobs are being outsourced, and businesses here in the U.S. must find ways to compete. As we transition out of the Information Age, the best way to gain a competitive edge is through innovation.¹² No matter how well our products or business systems work, if they are not properly designed or they are no longer relevant, they will fail in the marketplace. Now, more than ever, businesses need to attract those with artistic sensibilities and inventive minds in order to survive.

Luckily, RVA already has some innovative minds in the young professionals living in the region. 71% of young professionals who participated in the study said that creating new ideas is part of their job; furthermore, when asked whether or not they consider themselves innovators, 44% of young professional participants said that they do. This is no surprise, as RVA is taking major steps toward landing on the map as a champion of innovation. Many events and initiatives that center on innovation and the cultivation of new ideas and businesses are taking place in the region.

The Importance of Creative Young Professionals to RVA’s Business Leaders

It is apparent that creative young professionals play a major role in the economy, culture, growth and reputation of RVA, so it should not come as a surprise that the region’s business leaders value creative young professionals very highly and see it as important that the region attracts creative and innovative young professionals to the region.

Nearly all business leaders surveyed find it important to attract creative and innovative young professionals to the area, with 94% describing this effort as “Very important”. In fact, three-quarters of business leaders believe that the availability of young professionals

¹² Nivin and Plettner. “Arts, Culture, and Economic Development.” *Economic Development Journal*. Winter 2009. Volume 8, Number 1.

is important for their own business's success. When leaders were asked what their greatest concern is today, in relation to the workforce, the two concerns cited most often were finding skilled, educated employees and retaining employees with good work ethics. It is no wonder that availability of young professionals is so important to these business leaders, as this group is known to be highly educated and maintain long term focus on their careers, satisfying both these major concerns.

Unfortunately, our city's organizations and young professionals are not on the same page in terms of workforce offerings and opportunities. Business leaders are over 10% more likely than young professionals to believe that they offer jobs that allow for the creation of new ideas and 2% more likely to believe that they offer jobs that allow for the creation of new content.

Business leaders are also more likely to rate their organization higher on those attributes important to creative young professionals than the young professional workforce does. For instance, business leaders are almost 20% more likely than young professionals to believe they provide opportunities to interact with senior management, and that their organization values creativity, innovation and problem solving. Furthermore, they are almost 10% more likely than the young workforce to believe that they provide opportunities for increased responsibility and the opportunity for a good work/life balance. They are also almost 15% more likely to believe they offer community service opportunities for their employees.

Having noted this, the study found that highly creative individuals are less likely to have gaps between their employer's perceived ratings and their actual satisfaction. Those more creative individuals are more satisfied and recognize more opportunities than their counterparts. Even so, because attracting young professionals is so important to the region's business leaders, gaps must be addressed from both perspectives—young professionals' expectations and business performance. Closing these gaps and motivating local businesses to invest in the types of attributes that attract young professionals will make RVA a more desirable place to live and work.

Attracting More Creative Young Professionals to RVA

If you build a birdhouse, a bird will nest in it. If you plant a butterfly garden, you will soon see a multitude of butterflies flitting about your yard. But by the same rule, if you erect a tropical fish aquarium, a bear will not take up residence. People are not so different from other living things. We want to make our home in a place that fits us—our personalities, our needs, our wants.

If you place value on and spend time growing the type of environment that young creative professionals find it easy and desirable to plug themselves into, they will show up.

Cities who want to attract these types should spend time learning about the factors that draw them in. In fact, taking a good look at what this group is interested in can save a city quite a bit of money. So many cities spend taxpayer dollars believing they already know what will bring more people and growth. Richard Florida cites Pittsburgh as an example of

a city that has poured money into its sports stadiums and franchises, only to find that these things do not matter to creative professionals.

Though varied as they are, creative young professionals share a set of values, and there are certain characteristics they look for in a city. Though RVA has several factors that can limit its ability to attract young people, it has just as many factors that are drawing in this group and gaining momentum for the region.

Limiting Factors

Quality and Affordable Housing

For young adults entering the workforce, affordable housing and living options are a big draw for young professionals; however, in many cities, starting a career can be a struggle if there is a shortage of affordable and quality housing nearby. Many young professionals are choosing to live in the suburbs as a result, but many of them would prefer the culture of a vibrant city to the quiet lawns of a residential neighborhood. 91% of young professional respondents cited quality and affordable housing as one of the most important attributes when choosing which city to call home.

Unfortunately, those same young professionals do not feel that RVA is doing well when it comes to affordable housing. Only 67% of overall respondents felt that the region had good options for affordable housing for its young people, leaving the region with a performance gap of 24%. RVA needs to do a better job of communicating the quality and affordable housing options available or, if the perceived lack is due to reality, work with developers to recognize the need and benefits of creating comfortable, quality housing that is affordable for those in the beginning stages of their careers.

Variety of Employment Options

Variety of employment options was the single most important attribute the young professionals in our study chose when it comes to evaluating a city as a possible hometown. 92% of respondents listed it as a top attribute; however, our respondents did not see RVA as a city with many choices and opportunities for employment. RVA college students and Virginia college students outside of RVA both say job opportunities are the most important thing they are looking for in a city, 95% and 96%, respectively. And although 92% of our young professional respondents listed this as an important factor, only 52% think that RVA performs well in this area, leaving us with a large performance gap of 40%. Those young professionals who are more creative scored RVA a little higher, with 60% citing RVA as a city with a variety of employment options, but a performance gap of 33% still remains for this group. Even more concerning, student respondents reported that it is a perceived lack of jobs and the variety of jobs that are available that is limiting their interest in the RVA region after college. In fact, more college students say they are attracted to cities by job availability than say they are motivated first by the location itself or the people there, and only 20% of Virginia students outside of RVA think the region is an easier place to find a job compared to other cities in general.

In addition to making it apparent that RVA has myriad opportunities for employment, it will also be important to showcase small businesses and non-profit opportunities. As discussed earlier in this paper, creative young professionals consider themselves entrepreneurs and many look for opportunities outside the sphere of a traditional career or large organization. “Embraces small business” was listed by 72% of respondents as an important attribute when choosing a city. RVA lags a little behind in performance, as 61% of respondents feel that RVA does embrace small business as a city.

Due to the paramount importance of this varied employment opportunities when it comes to attracting creative young professionals, it is of great consequence that RVA alter the perception that options and opportunities are limited.

Safety

Public safety is a large concern for young professionals. Cities that are actively working to curtail crime and who are welcoming the participation of community groups and businesses in this effort contribute to a feeling of security for those who might choose to live there.¹³ Our respondents classified safety as one of the top considerations when evaluating a city, with 90% of young professionals listing it as an important attribute. Unfortunately, RVA’s largest performance gap lies in the perception of its safety. Only 36% of our respondents believed Richmond to be a safe city, revealing a performance gap of 54%. Publications on public safety are not spreading good news either—Neighborhood Scout gave the city of Richmond a crime index of 8, on a scale in which 100 is the safest¹⁴. In order to attract and keep creative young people, RVA must address this large gap, either through changing false perceptions or through working together with local organizations, businesses and communities to make the region a safer place for all its residents.

Music Scene

Although RVA is seen as having an adequate music scene, the region could be doing better in this area. Although maintaining an active music scene is an important attribute for young professionals, only 64% felt that the music scene was a top attribute of the RVA area. Other popular cities have used a focus on their music scene as a way to become hot spots for creative young professionals with great success.

For a great example of a thriving music scene, look no further than Austin, Texas, a city that was leading the nation in job growth at the beginning of 2011.¹⁵ One of the biggest draws for this young, creative city is its live music scene. The region has invested a great deal in this scene and now boasts almost 200 live music venues. Furthermore, the music scene blends with the other colorful cultural aspects the region has to offer, as exemplified in the

¹³ http://www.huffingtonpost.com/katharine-frase/ibm-millennials-make-cities_b_3874043.html

¹⁴ <http://www.neighborhoodscout.com/va/richmond/crime/>

¹⁵ http://www.cbsnews.com/2100-18563_162-7224063.html

annual South by Southwest festival of music, film, and interactive arts.¹⁶ Driven by the college presence and already-existing communities surrounding blues, jazz, country, and rock, Austin has created for itself a unique musical identity and reputation that is a drawing in creative-types from all over the country.¹⁷

Active Art Scene

Washington, D.C., a city long known for its politics, is now considered one of the up and coming cities in this Creative Age. According to the Washington Post, “Washington has a vibrant, under-the-radar art party scene that has long been visible only to those in the know.”¹⁸ But this scene is now emerging as one of the best in the nation, dating back to the beginning of the local arts festival, Artomatic, in 2004. As one eloquent blogger put it, “What characterizes the DC art scene has been openness, a lack of formality, disdain for hierarchy and a do it yourself spirit.”¹⁹

In order to encourage growth in this area, it is important to build a support system for the arts. One such support for this area is placing value on performance spaces and theaters. One city currently making a great case study for this subject is Philadelphia. For several years now, Philadelphia’s local theatre scene has been developing rapidly and successfully, resulting in skyrocketing growth of annual ticket sales and additional revenue to the shops, restaurants, and parking garages that surround Philly’s theaters. Most importantly, the workforce is growing, with college graduates remaining in the region to start their theater careers and more established actors choosing to call the region their home.²⁰

With many peer cities placing value in this area, it is ideal for RVA to present itself as a region that can compete. More importantly, RVA will need to find its own niche as the region moves quickly into this scene. With 78% of young professional respondents characterizing RVA as having an active arts scene, the region is well positioned to take advantage of and grow the current art culture.

Drivers

Good Food Scene

Food is increasingly becoming one of the key elements of city life and culture, and this is especially true for young professionals. In fact, a group documenting the New Orleans food truck scene on Facebook described having a food scene as “vital” and named eating as “often the most important decision of the day”.²¹ RVA’s young professionals listed a great

¹⁶ http://money.cnn.com/galleries/2012/real_estate/1204/gallery.US-Cities/5.html

¹⁷ “Creativity in RVA”. VCU Brandcenter. 2012

¹⁸ <http://www.washingtonpost.com/wp-dyn/content/article/2008/11/28/AR2008112800814.html>

¹⁹ <http://joeflood.com/2008/12/02/the-open-source-art-scene-in-dc/>

²⁰ http://articles.philly.com/2012-03-18/news/31207733_1_philadelphia-theater-theater-lovers-barrymore-awards

²¹ <https://www.facebook.com/NOLAfoodtrucks/info>

food scene as the most important driver for choosing a city as a place to live, with 88% of respondents describing it as important. In fact, it was one of the only attributes that was a driver of overall satisfaction for those at all levels of the creativity continuum. Fortunately, with 83% of overall respondents and 85% of more creative young professionals indicating that RVA is performing well when it comes to the food scene, young professionals see RVA as a culinary success.

Outdoor Recreation

The young creative class is one that appreciates active outdoor recreation. They're into a variety of sports and activities, from jogging to extreme kayaking, so it behooves a city to invest in this type of recreation. San Francisco, Austin, and Seattle all made Forbes' list of top American cities for those who love the outdoors.²² This quality, added to the cities' own unique cultures, contributes to their growth substantially. In fact, all three of these cities also made Forbes' list of the twelve fastest growing cities in America.²³

This is not a surprise considering 78% of our young professionals listed outdoor recreation options as an important attribute for a city they would consider living in, and 75% listed access to water as an important attribute.

Luckily, RVA does very well in this area. Outdoor recreation options and access to water were rated two of the top attributes of the region, with 83% of respondents listing outdoor recreation options as a top attribute and 90% of respondents listing access to water as a top attribute. These top characteristics of the region are being recognized elsewhere as well—in 2012, RVA was voted #1 river town by Outside Magazine.²⁴ In order to attract more creative young professionals, RVA should vocalize and take advantage of its high performance in these areas of importance.

History and Urban Environment

Young creative professionals place value on the authenticity of a city's distinctive urban environment. In some respects, it's a measure of uniqueness and "comes from several aspects of a community—historic buildings, established neighborhoods, a unique music scene or specific cultural attributes. It comes from the mix."²⁵ If while reading this you have been feeling as though in order to attract creative people you have to give up a focus on the region's history, breathe a sigh of relief. In fact, it is quite the opposite.

Although history was not found to be a driver on its own, a city with no sense of history or established neighborhoods lacks character and uniqueness in the eyes of those who have the ability to help its future blossom and grow. RVA, with its rich and varied history, and its long record of honoring and cultivating that history, scored very high in this area. Rich

²² <http://www.forbes.com/2009/05/11/best-cities-outdoors-lifestyle-health-outdoors.html>

²³ <http://www.forbes.com/pictures/mlj45hdfd/americas-fastest-growing-cities/#gallerycontent>

²⁴ <http://www.outsideonline.com/adventure-travel/best-towns/Best-Towns-Richmond-Virginia.html>

²⁵ Florida, Richard. *The Rise of the Creative Class*. Basic Books. 2002.

history was seen as the top attribute of the region and contributes to the authenticity of the urban environment, with 93% of this study's young professionals listing it as a strength of the region.

Innovation

RVA is placing ever-increasing importance on innovation, and young professionals are taking notice of the thought-leadership, entrepreneurship and startup nourishment taking place in the region.

There are a myriad of events designed to support RVA's entrepreneurs and to find the region's next great start-ups. One of these is the i.e. Entrepreneurial Trilogy, launched in 2011. i.e.'s goal was to begin to transform the region into a nationally recognized hub of creative talent, and it is well on its way to doing just that. The Entrepreneurial Trilogy brought together entrepreneurs and innovators to come together, discuss ideas, get advice, talk to potential partners and get prepared to compete in start-up competitions. Due to the press received during the Entrepreneurial Trilogy, RVA was voted one of the "Top Ten Most Underrated Hotbeds of American Innovation".²⁶ Startup Weekend is another event that is bringing young innovators together to develop their startup ideas, meet with other entrepreneurs and compete for funding.

RVA is also going to great lengths, and with much success, to shake up the region's thinking and become a thought-leader. A conference that brought the likes of Sir Richard Branson, President Obama and Greg Gillis to Richmond, #DSRPT11 was a conference that aimed to bring disruptors of thought together in one place to start conversations, with the intent to "innovate, interact and involve."²⁷ This event also had young professionals in mind, and they gathered at a cocktail reception called Richard Rocks Richmond, where RVA's young creative minds could mingle with Sir Richard himself.

But it's not all about thought-leader celebrities. To push innovation and creative thinking even further, RVA Hackathon invites young people and their friends to "make something awesome together" in a one-day, 12-hour "hackathon". Young minds come together to develop an idea they've been ruminating on, but have not yet had the personal bandwidth to complete. This event, in all its innovative glory, involves no boundaries of any kind—there are no restrictions on platform or language, and there is no theme. The event culminates in presentations of what was made, and awards for the best creations.²⁸

All of these events come together to create and support a culture of true innovation and thought-leadership. RVA places value in this area, and the young minds of the region reciprocate by attending these events and using them as a platform for pushing thought boundaries. As a result, RVA has created an ecosystem that supports startups and the innovative thinking that creates them. The William & Mary Mason School of Business Field

²⁶ <http://www.ie-rva.org/about/>

²⁷ http://www.richmond.com/city-life/article_71034aab-12ca-5e6a-91a5-4cc37ebc3b45.html

²⁸ <http://2013.rvahackathon.com>

Consulting took an extensive look at RVA's startup ecosystem and found a strong startup community with many positive characteristics. For instance, RVA has a committed group of champions committed to the long-term growth of a startup ecosystem. This is one of the strongest attributes of the innovation culture here.²⁹ These people see the vision and potential of RVA, and they are actively promoting that potential. Another boon to the region's culture of innovation, RVA has a diverse base industry, made up of companies like Altria, MWV and the Martin Agency. This in turn has led to a startup ecosystem that is widely invested, and not focused on any one thing. As people continue to move to the region to work for our base companies, the potential of the startup ecosystem grows. Bringing all of this together is the Greater Richmond Chamber of Commerce, which is playing the role of a bridge that unites multiple parties and elements in the entrepreneurial ecosystem.³⁰ In fact, the Chamber has created a three-year strategic plan, which focuses efforts on growing RVA's startup system through innovation.

Despite RVA's amazing advances in the support of innovation, there are a few elements holding the region back. RVA currently lacks a "hub" for entrepreneurs, a space where they can congregate, live, work and play. The region has several spaces for innovation, including 804RVA, the Corrugated Box and the BioTech Park; however, in order to further champion the culture of innovation, the region needs to invest in a "front door" for the ecosystem, providing a central resource for aspiring entrepreneurs and those who might be new to the city. This is especially important because RVA's startup ecosystem faces some communication challenges. First and foremost, although the region has great base industries, none of these industries are communicating with one another. This leads to disconnect when advancing innovative thinking for the region, a tendency toward industry silos and a lack of focus or defined purpose. This disconnect extends to the higher education community which, while producing great student ideas, sees few of them come to fruition in RVA. In addition, the researchers at William & Mary found that once an individual is plugged into the startup community, it is easy for her to receive information on the community; however, it is difficult to become plugged in in the first place. This is being addressed in part by those in the startup community who act as mentors and the Greater Richmond Chamber of Commerce coordinating with local universities and organizations to increase participation in startup competitions. Overall, RVA needs to invest in more concrete ways, such as defined spaces and communication systems, to allow the participants in its community of innovation to congregate, share ideas freely and bring new young minds into the fold.

Despite challenges, RVA has created a unique and vibrant culture of innovation, and the culture is gaining momentum. Strong mentors, growing numbers of young creative and pride and energy around the community contribute to the excitement that makes the culture engaging and the thinking that will make RVA a thought-leader among its peer cities.

²⁹ Ekofo, Hoskins, Padden, Periasamy, Song. *Developing a Startup Ecosystem in Richmond*. 2013.

³⁰ Ekofo, Hoskins, Padden, Periasamy, Song. *Developing a Startup Ecosystem in Richmond*. 2013

Acceptance and Participation

Regardless of a city's attributes and attractions for the creative class, it will never become a truly creative city unless acceptance and participation are gained from the community. Although we've listed many attributes needed to point a city toward creativity, "acceptance and subsequent participation breed creative ideation and innovation."³¹ Ideation and innovation are the goals—the factors that drive growth through the free exchange of ideas. They produce the most tangible effects in the growth of local businesses and a city's economy, and allow industries to create a dialogue that stimulates everyone involved. Without the community truly on board, the exchange of ideas that produces innovation will never take place.

Community attitude and participation when it comes to creativity and new ideas proved to be important for our creative young professionals. 74% of young professionals felt it was important for a city to embrace innovation and 72% felt it was important for a city to embrace creativity. In the sphere of creativity, RVA does well, with 70% of respondents listing the embracing of creativity as one of the top attributes of the region; however, in the eyes of our young professionals, RVA falls behind when it comes to embracing innovation. Only 53% listed this as a top attribute of the region. In order to attract these valuable young professionals to our region, RVA will need to make it apparent that creativity and innovation, and the experiences produced by both, are at the forefront of our culture.

How RVA Stacks Up

The creative people you want to attract are looking for an environment in which they can have new experiences, whether those experiences are new types of food, emerging musical groups, a conversation with a person completely unlike them, or trying an outdoor activity for the first time. "They want to pack their time full of dense, high-quality, multidimensional experiences".³² They want a place to trade ideas with those produced through other backgrounds and by other industries. More than any one of these characteristics or experiences, creative people look for a city in which all these things mix. This is why Portland, Oregon's nightlife is so successful and Austin's South by Southwest festival has brought the region so much recognition. Their cultural characteristics and myriad points of view are allowed and encouraged to blend, creating a unique environment, a city's cultural identity. Because RVA competes for talent every day with cities around the country, it is important to take a look at how RVA stacks up to other regions in terms of attracting and retaining creative young professionals.

For comparative purposes, the YRVA Study included surveying, at random, 200 young professionals in 7 major U.S. metro areas: Arlington, Atlanta, Austin, Charlotte, Denver, Metro D.C. and Raleigh. RVA was included in this national effort in the same manner in order to generate a scientific random sample of 200 RVA young professionals that could be directly compared and contrasted to the young professionals in the other metro areas. The

³¹ "Creativity in RVA". VCU Brandcenter. 2012.

³² Florida, Richard. *The Rise of the Creative Class*. Basic Books. 2002.

Workforce Creativity Continuum was calculated for these 8 major U.S. markets, including RVA.

Based on the percentage of creative young professionals on the high end of the creativity continuum in the areas studied, RVA may lag behind other metro areas. Of the sample of young professionals taken from RVA, 21% of them were on the high end of the continuum. Denver, Austin and Raleigh may be leading the race, with 31%, 28% and 28% of their market's composition of people on the high end of the creativity continuum, respectively.

In addition, young professionals in other markets have very little familiarity with RVA. Even young professionals in nearby D.C., Charlotte and Raleigh have low familiarity ratings despite being so geographically close to RVA. Given the low levels of awareness, it is not surprising that there is low to little awareness of what RVA has to offer; however, Raleigh and D.C. are more aware of RVA's food scene and outdoor recreation options compared to other peer cities.

As "birds of a feather flock together," RVA's most recent focus on the creative young professional segment seems very timely. These other leading cities will naturally build on their early momentum, and RVA and its business leaders must quickly take the next steps in facilitating change, increasing awareness of the region and its options, and helping the region to compete.

The Path to Prosperity

The path to economic development and growth no longer depends on "harder, better, faster, stronger".³³ The Industrial and Information Ages already made certain the countries of the developed world are proficient in those things. Rather, riding the wave of the new economy has come to depend on the elements machines, computers, and our left brains cannot offer us: feeling, meaning, beauty, and the ability of human beings to relate to and serve one another through innovation and creativity. These are qualities the highly creative people of the world value, and can provide to their home city.

Creativity contributes to the growth of cities and businesses in countless ways, whether that means revolutionizing old processes, developing new products, recognizing new markets and trends, or adding a competitive edge through elegant design and the understanding of human experience. Continued business growth means continued prosperity for a city and all its inhabitants and now, in this new economic age, the innovation and creativity created by creative young professionals are the largest drivers of that prosperity.

The RVA region is doing well in many areas that creative young professionals value, but our city still has a ways to go. For the future economic growth and development of RVA, it is of utmost importance that we foster the kind of environment, business culture and community that will gain the attention and, ultimately, residency of this group. Those cities

³³ Daft Punk. "Harder, Better, Faster, Stronger". 2001.

that consistently draw in highly creative young professionals by building a unique cultural identity, an adventuresome and varied environment, and a community of acceptance and participation, are the ones that will thrive in this creative age.

STRATEGIC RECOMMENDATIONS

1. Create an Innovation Council of Business Leaders to focus on enhancing creativity and innovation in the workplace.

- Increase opportunities for young professionals by supporting in-house think tanks or innovation committee.
- Relax dress codes and create casual spaces for interaction in the office environment.
- Create opportunities for business leaders to spend face time with the young professionals who work in their organization.

2. Brand RVA nationally as creative and innovative.

- International PR campaign, beginning with the RVA Look Book, published in October 2013 (*i.e.**)
- Tell the stories of placemaking successes and the tremendous strides of RVA's innovation ecosystem. (*i.e.**)
- Broaden the promotion of RVA beyond Civil War history, to include the 400 years of history that gives RVA true grit, authenticity, amazing architecture, cobblestones and a rich cultural heritage that can never be forgotten. (*Richmond Region Tourism*)

3. Lead placemaking efforts.

- Shockoe Revitalization through community fundraising for creative lighting (*i.e.**)
- RVA gateway enhancement (*i.e.**)
- Improve way finding with cohesive signage.
- Implement YRVA study findings by supporting Active RVA (*Sportsbackers*) and our thriving food scene. (*HYPE*)
- Highlight and leverage the natural asset of the James River. (*CRC*)
- Bolster RVA's art scene to further enhance creativity. (*Cultureworks*)

4. Attract creative talent.

- RVA is IT campaign to be launched by i.e.* initiative
- The Y Richmond program
- Attract college students to RVA with an annual job fair showcasing creative and innovative jobs available in the region. (*i.e.**)

5. Continue to grow our innovation ecosystem.

- i.e.* Entrepreneurial Trilogy
- Help create more start-up competitions throughout the region.
- Start a statewide college start-up competition to position RVA as an entrepreneurial hub for students. (*i.e.**)
- Strategi.e* in November 2013, an afternoon of superstar advice and connection making (*i.e.**)
- Obtain funding for a "Front Door" to RVA's Start-up Scene, including an accelerator.

6. Enhance relationships with universities.

- Retain talent coming out of local universities.
- Work closely with college tech transfer departments to help great ideas born on local campuses become successful businesses.
- Work with local colleges and universities to craft programming that satisfies the needs of RVA's business environment.

7. Evaluate young professionals' perceptions of RVA in critical gap areas.

- Gather statistics on the safety of the region and either address misperceptions or work toward a decrease in crime.
- Evaluate the affordable quality housing options in the region and either correct misperceptions of lack, or target developers who can address this gap.