

# BACON'S REBELLION

The Op/Ed Page for Virginia's New Economy

## Not Your Father's Old Home Town

**The Richmond region has seen a sweeping turnover in its business and civic leadership. Far from being a haven of blue bloods, the town is wide open to newcomers.**

By James A. Bacon

**E**ugene Trani heard the stereotypes of Richmond 15 years ago when he was working for the University of Wisconsin and pondering an offer to take over the presidency of Virginia Commonwealth University. As the son of an Italian immigrant father and an Irish-American mother – and as a northerner to boot -- there wasn't much chance that he'd be numbered among the First Families of Virginia. Despite concerns about how he would be accepted, he decided to make the move.

It turned out to be the best decision he ever made, Trani says. "Lois and I were warmly welcomed." Since then, both of his children, including a daughter who relocated from London, and his five grandchildren have joined him in Richmond. "People from all over the world are heading here. ... Richmond has its own melting pot taking place."

Like Trani, we've all heard the rap against Richmond. It's an old, Southern city dominated by genealogy-obsessed blue bloods: bankers, industrialists and investors whose great grandfathers all fought for

Robert E. Lee. By reputation, this "aristocracy" is paternalistic, resistant to change and closed to newcomers; the movers and shakers drink three-martini lunches at the exclusive, men's-only Commonwealth Club, while their wives organize debutante balls and join the Junior League.

Here's the reality: The people who run the Richmond region today can hardly be called "blue bloods". The corporate base of the Richmond regional economy has undergone incredible churn over the past 10 to 15 years, causing massive turnover in the business and civic leadership. Most of the old faces are gone, and it's far from settled where the new generation of leaders will come from -- although it's a good bet that nearly all of them will have made their money, not inherited it, that only a few will be native-born Richmonders, and that a good number will be women and minorities.

Far from being a hard town to break into, Richmond has dozens of business and civic organizations where newcomers can plug in right away. Some are large and well established like the regional Chamber of Commerce and Greater Richmond Technology Council. Others are small and run by volunteers. But

they're all looking for warm bodies to help out. As newcomers quickly learn, one of the most admired virtues among Richmonders is a willingness to contribute to the community. If you don't have money, donating your time and energy is perfectly acceptable.

The fact is, nobody cares anymore whether you can trace your genealogy back to Pocahontas and John Rolfe. The metropolitan area is so mobile, so blessed by in-migration from around the country, that it can be hard to find native-born Richmonders even when you're looking for them. According to recent research, of the 140,000 residents in the 25- to 34-year-old age group, 68 percent came from somewhere else!

Even a cursory look at Richmond's leadership shows the blue-blood stereotype to be ludicrously out of date. Any list of the richest, best connected and most powerful individuals in Richmond would include men like Eugene Trani, Bill Goodwin, Doug Wilder, Ivor Massey and the Ukrop brothers. Let's take a look at who these people are.

**Eugene Trani** came to Richmond 15 years ago, by way of the University of Wisconsin, to run VCU. He hardly fits the mold of conservative, Southern gentry. An academic by training and demeanor, he recently published a revisionist history tracing the origins of the Cold War not to Soviet aggression after World War II but to United States intervention in the Bolshevik revolution in 1918. In his main job, as president of the region's largest university, he has trans-

formed VCU into the fastest-growing university in Virginia, recruiting students from an ever-expanding market, building strong life science programs, launching Virginia's newest engineering school, and investing more than \$1.1 billion in new facilities in the past 10 years. Trani doesn't see VCU as an elite school like the University of Virginia or William & Mary but as an inclusive institution appealing to the working class and minorities, to students who are the first in their families to earn a college degree.

**Bill Goodwin** is a Horatio Alger story: He grew up in a small Southside town, studied engineering at Virginia Tech and business at the Darden School, and accumulated a portfolio of manufacturing and resort properties. Selling AMF Bowling for more than \$1 billion, he gave away multi-millions to the AMF employees who'd helped make the company successful. Since then, he has lavished tens of millions of dollars and considerable time on two institutions crucial to Richmond's emerging knowledge economy: the Massey Cancer, a leading center of cancer treatment and R&D, and the VCU School of Engineering. Goodwin doesn't waste much time on "how's your daddy?" small talk: He demands results. Setting high goals -- he wants VCU Engineering to become a "Top 25" engineering school in 25 years -- he drives people hard to meet them.

**Doug Wilder** launched his political career by becoming the first African-American ever elected to the Virginia state senate, then went on to break the 300-year-old color line in American politics, winning statewide elections as Lieutenant Governor and then Governor of Virginia -- the first African-American ever elected governor of any U.S.

state. He made his mark as a fiscal conservative, cutting spending without raising taxes during the recession of the early 1990s. Since leaving government, he founded the National Slavery Museum, chaired government study commissions and invested in a number of business concerns, including one that developed an electronic voting machine. Currently, Wilder is running for mayor of Richmond as a reform candidate, largely on the basis of his reputation as an independent thinker beholden to no special interest or constituency.

**Ivor Massey Jr.** does come from one of Richmond's wealthiest and most respected families -- not that you'd ever guess it from meeting him while he's driving to work on his Harley-Davidson with his Z-Z-Top beard protruding from under his motorcycle helmet. A risk taker, he backed Monument Capital, a late-90s venture capital fund that bankrolled a slew of start-up technology companies. Crippled by the dot.com bust, Monument has since folded. But Massey has funded a number of other start-ups that have proven successful, and he's pioneered the revitalization of buildings along the historic Canal Walk. Impatient with red tape and bureaucracy, he can usually be counted on for a contrarian view of the current conventional wisdom regarding downtown development.

**The Ukrop Brothers**, Jimmy and Bobby, own Ukrop's Supermarkets, one of the most successful regional grocery chains in the country, which they built from a mom-and-pop store they took over from their parents. The brothers do contribute to the region's reputation for cultural conservatism: closing their stores on Sunday, refusing to sell alcohol, and leading the

charge several years back to chase Howard Stern off the Richmond airwaves. But they're anything but conservative in business, where they pioneered many of the grocery industry's best practices and launched one of the region's most successful community banks, or in the civic realm, where they've worked tirelessly to bring new voices into the process and new perspectives to community and economic development.

So, there's your "Southern aristocracy".... a scholarly, Catholic-ethnic university president.... a self-made millionaire from a small town.... The grandson of a slave and political maverick.... A bearded, Harley-riding angel investor/venture capitalist.... and two brothers, descended from Czech immigrants, who made it big in the grocery store business.

The old-Richmond stereotype is just "crazy," says Bobby Ukrop, whose grandparents emigrated from Czechoslovakia to the United States in 1900. "They were poor farmers who didn't speak any English." His father quit school at 14 and went to work as a meat cutter. It wasn't until the 1980s that the family grocery business became big enough to garner any visibility for his brother and him in the community. As a sports enthusiast, he got involved with the Diamond, home of the Richmond Braves, and the Richmond Sports Backers, an organization that promotes amateur sports. Needless to say, he wasn't driven by power or prestige. "It was fun. I was just trying to serve, to be helpful."

Ivor Massey, who describes his family origins as "a bunch of West Virginia rednecks," sums up the reality this way: "Who are the blue bloods? I guess you could name a few of the old

names, and some are still influential. But it's not like they run things. ... Richmond is wide open for anyone who wants to come here and wants to work and do something constructive."

Once upon a time, Richmond did have a stable, identifiable power structure dominated by bankers and industrialists. Home to the Federal Reserve Bank of Richmond, the city was headquarters to most of the leading banks in the state. Boasting one of the major concentrations of corporate headquarters in the Southeastern U.S., the region also had its fair share of industrial corporations whose CEOs were extremely active in the community: Ethyl Corporation (gasoline additives), A.H. Robins (pharmaceuticals), James River (paper products), R.J. Reynolds (aluminum), CSX (railroads); Dominion (electric power) and Universal Leaf (tobacco).

But a wave of corporate restructurings and interstate bank consolidations gutted the old guard. The bank headquarters moved to North Carolina and Atlanta, while several Fortune 500 companies either relocated or got acquired. New leaders from emerging giants like consumer electronics retailer Circuit City and credit-card marketer Capital One filled the vacuum, but they hardly fit the mold of Southern gentility. Richard Sharpe, former CEO of Circuit City, came to Richmond by way of Northern Virginia, as did Richard Fairbank and British-born Nigel Morris, the co-founders of Capital One. Since then, Sharpe has retired, while Fairbank and Morris moved with their corporate H.Q. to Tysons Corner.

Even Media General, whose Bryan family has published the *Richmond Times-Dispatch* for ages and built a regional media

powerhouse, soon will see a changing of the watch. CEO J. Stewart Bryan, a pillar of Richmond old guard, is nearing retirement age. With no family members involved in management, he has elevated Reid Ashe, former publisher of the *Tampa Tribune*, as COO and heir apparent.

The corporate leadership of Richmond is, arguably, in greater flux than at any time in the past century. New players are continually arriving on the scene. The past year has seen an influx of New Yorkers as Philip Morris USA relocated its headquarters to the city and Wachovia Securities absorbed the brokerage operations of Prudential Securities. Meanwhile, the CEOs of up-and-coming, home-grown companies -- John Petze at Tridium, John Vivadelli at AgilQuest, Jim Brady at PayerPath, Brad Evans at Cavalier Telephone -- are all run by CEOs who moved to Richmond from somewhere else.

The changing foundation of Richmond's economic base means that power and influence are distributed widely. The Richmond Ballpark Initiative is a case in point. RBI, which proposes building a downtown baseball stadium in Shockoe Bottom, came out of nowhere. The backers are mostly 30- and 40-something professionals who fell in love with the idea of a downtown ballpark. One need not agree with their vision, which is highly controversial, to appreciate the fact that 26 individuals, none of whom would be considered part of any aristocratic elite, have banded together and raised \$500,000 in cash and in-kind contributions to move their idea to the forefront of the public agenda.

Susan Hardwicke has seen the change that overtook Richmond

in a single generation. The daughter of a prominent architect, she grew up here in the 1960s and found it stifling. It was like the old joke that Richmonders tell about themselves, she says: "How many Richmonders does it take to change a light bulb? Seven. One to change the bulb and six to stand around and say how great the old one was." As a teenager, she could hardly wait to leave. Blazing through the University of Virginia in three years, she moved to Northern Virginia and then to San Diego, where she pursued a career in human relations consulting.

Twelve years ago, after having children of her own, Hardwicke moved back to Richmond in search of a more family-friendly environment. She was astounded at the changes that had taken place. Race relations were much more cordial, and there were so many newcomers, she recalls. The new Richmond seemed full of possibilities. Starting a business in business-process consulting, she found, ironically, that it was advantageous to represent herself as an outsider. Outsiders had *more* credibility, she explains. Out of her first business grew another -- a successful online testing service. More recently, she has launched a business around cognitive development in early childhood.

Meanwhile, Hardwicke has gotten involved in the community through work at the Virginia Museum of Arts, a community bank board and other organizations. How did she get so plugged in? It wasn't her old-Richmond social connections, she says, but friendships she has made professionally. It was a lot easier breaking into the Richmond business scene than San Diego, she adds. "If you weren't connected to one of the big-name

companies there, you couldn't get anyone to pay attention."

Hardwicke is typical of the rising generation of civic and business leaders: She springs from the ranks of what economic development theorist Richard Florida calls the "creative class" – those artistically, scientifically and entrepreneurially gifted people who create new ideas, technologies and business models. Typically well educated, they are engaged in occupations where they either master highly specialized bodies of knowledge or solve complex problems. In a time of technological and social ferment, they drive innovation and change.

With the Richmond regional economy in flux and the old order passing away, members of the creative class are bringing a new generation of leadership to the fore. Many new leaders are idealistic and want to change the world -- Hardwicke, for instance, wants to help parents emancipate their children from the negative cognitive consequences of too much television and video games – but they aren't what you'd call "social activists" of the same stripe you'd find in Boston or San Francisco . The up-and-comers would rather work within the system than expend energy trying to transform it. In turn, they insist, "the system" should be open to anyone demonstrating competence and a willingness to contribute to the common good.

To grasp the nature of the emerging leadership, it is crucial to understand how Richmond is being transfigured by the knowledge economy.

The regional economy can be divided into three parts:

- o The old-line economy: manufacturing, banking and

other bastions of the traditional economy.

- o The professional economy: law, investment banking, accounting, advertising/marketing, architecture/engineering.

- o The entrepreneurial economy: start-ups and fast-growing companies in widely varied fields, most of them developing information-technology applications for traditional sectors.

**T**he story of modern Richmond begins in the late 19<sup>th</sup> century with the rise of the tobacco and cigarette industry. Although the tobacco sector has shrunk under withering market pressures, Richmond remains home to Philip Morris USA, the world's largest cigarette manufacturer; Universal Leaf, the world's largest tobacco trading company; several independent manufacturers of cigarettes and smokeless products; and a slew of equipment suppliers and packaging companies that support the industry.

Although Virginia history is steeped in tobacco, industry executives have assumed a low profile in the community. Their involvement has been limited mainly to workforce development, supporting the arts and fending off anti-tobacco initiatives in the legislature.

Another world-class industry cluster in the region consists of specialty chemicals and high-performance fibers. Heavyweights DuPont and Honeywell manufacture super fibers-strong like Kevlar and Spectra used in everything from body armor to industrial safety apparel. As multinational corporations, the chemical giants rotate executives through the Richmond re-

gion; although some stay because they like it here, few linger long enough to develop leadership roles in the community. Most of the chemical plants are owned by German or Japanese firms, and their executives tend to transfer home after a few years.

It's safe to say that old-line industrialists, drawn from the ranks of manufacturing companies, have all but disappeared from Richmond 's leadership, though that may change if senior Philip Morris executives choose to get more engaged. As it stands now, the region's leadership is drawn disproportionately from the service professions.

**T**om Bowden, who heads the strategic transactions practice for the McCandlish Holton law firm, maintains a client base that does business across four continents. He talks to one client in South Africa on a daily basis and he's building connections in Israel . The law firm runs an office in China , and business ties to Europe are ubiquitous. "My practice and career have been centered around capital transactions and technology," he says. "In this day and age, with telecommunications the way they are, there's no need to be in an expensive city to do international business."

With a law degree from the University of Pennsylvania and a business degree from Wharton, he could practice anywhere he wants. He chose Richmond . Bowden's wife, a native Richmonder, had something to do with that decision. But he wouldn't have moved here, he insists, if the city hadn't made a good impression. Richmond has a fantastic legal profession for a city its size. Scores of attorneys, like him, run national and inter-

national practices from downtown offices. And, in his experience, the city is wide open to newcomers.

Says Bowden: "I heard all the negative things people said about Richmond but I was convinced by the people I talked to that they weren't true." It turns out that his sources were right. "There are a lot more comers than from-heres – not that there's anything wrong with being a from-here!"

With a number of top-flight law schools in the state to draw from, law firms have no difficulty recruiting top talent. It's little surprise, then, that the legal profession is one of Richmond's growth industries. The city can boast of far more than its share of major law firms, and senior partners of Hunton & Williams, McGuire Woods and the mid-sized law firms cut a high profile in community organizations.

The pre-eminence of the professions in Richmond is all about talent – the talent generated through Virginia's system of higher education. The city draws also upon some of the top business schools in the country – three of the top 100 in the world are located in Virginia, according to a *Financial Times* ranking – and a lot of those MBAs wind up in the investment banking sector. Wachovia Securities, one of the leading brokerages and investment banking houses outside of New York, recruits top talent from Virginia and around the country and, in turn, has seeded dozens of smaller firms with its alumni. The Richmond region is notable for the large number of boutique and mid-tier investment banking firms that close deals flying under the radar screens of the New York giants.

The situation is much the same with the advertising industry. Fed by highly rated programs in advertising and the arts at Virginia Commonwealth University, the advertising/marketing profession enjoys a cornucopia of talented young employees. The Martin Agency, the largest ad agency in the Southeast, plays the same role as Wachovia Securities: It has the clout to recruit top national talent to the region and it fertilizes the local economy with entrepreneurial break-aways.

While there is a strong corporate base to support a local advertising industry, the plethora of ad agencies, marketing shops, P.R. firms and esoteric boutiques couldn't possibly survive on local business alone. Many firms, from boutiques to the larger, full-service agencies, work with clients outside the region and even outside the state.

Much the same can be said of the multiplicity of architecture and engineering firms. Richmond has proven to be a congenial setting for smaller firms serving niche markets like clean room construction, environmental remediation or the design of hospitals, schools and other public buildings. Most firms could not survive without a larger, regional or national clientele.

Although no one would characterize Richmond as a major info-tech center, the region does support a healthy base of IT firms that serve the local corporate market and, increasingly, businesses in neighboring cities. The Richmond IT community has prospered despite living in the shadow of a world-class IT community only two hours away in Northern Virginia. While Northern Virginia firms play in national and global markets, Richmond companies have staked

out strong positions serving regional markets.

Increasingly, political and civic leaders are being drawn from the ranks of the professions. Paula Gulak, a partner in SyCom Technologies, is a case study. She moved to Richmond 30 years ago but never thought of herself as an "outsider." She simply found out what was going on and threw herself in.

"I was so naïve when I came into town," Gulak remembers. "I just looked to get involved in areas, like the arts and community areas, that I had a passion for." She soon developed many close friendships, both personally and professionally. Then, about eight years ago, after 15 years in the technology sector, she and four partners joined to form SyCom, a company that has since become one of the fastest-growing IT vendors in the region. As the gregarious one in the group, she took on the marketing responsibilities and the informal job of schmoozer in chief.

Among her many contributions to the community was a four-year stint, first as president and then chairman, of the Greater Richmond Technology Council, a high-visibility position in one of the region's most high-visibility organizations. Even two years after stepping down, if there were a list of "The Most Plugged In Women in Richmond," Gulak would be on it. Her advice to newcomers: "There are so many great organizations in Richmond, and they're all looking for people to get involved. Just follow your passion whatever it is, but when you step in do something – don't just have your name on a list. Richmond is wide open. You'll end up meeting all sorts of people."

— November 11, 2004

**Editor's Note:** A version of this column appeared originally in the October 2004 edition of [WORK Magazine](#) published by the Greater Richmond Partnership under the title "A New Kind of Heavyweight."

To obtain a copy of the magazine, complete with photographs and sidebars, as well as other fabulous features about the Richmond region, call the Partnership at (804) 643-3227.