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LEADING IN THE EAST

RoadSHOW 2002

September 24, 2002, continued (2/4)

Over lunch, I met with another roundtable of Charlottesville-area business leaders. While eating sandwiches graciously provided by the [Virginia Piedmont Technology Council](#), we discussed local business challenges and opportunities, as well as what it is like to live and work in Charlottesville.

The players:

- William Stillely, chief financial officer, [Adenosine Therapeutics](#)
- Carolyn Graves, director of corporate development, [Biophile](#)
- Ted Buchholz, president and CEO, [Explore Learning](#)
- Colin Learmonth, president and COO, [Broadband Network Services Inc.](#)
- Gail Milligan, director, [Virginia Piedmont Technology Council](#)
- Melanie Snyder, chairman of the board, [Virginia Piedmont Technology Council](#)
- Ford Englander, COO, [Musictoday](#)
- David Pratt, managing director of patent risk management systems, [Mosaic Collateral Asset Management](#)
- Terry Woodworth, regional director, [Virginia's Center for Innovative Technology](#)
- Kevin Leibl, president, [Advanced Network Systems](#)
- Lorri Haney, vice president of marketing, [Advanced Network Systems](#)

The following is a rough transcript of our conversation:

The Speed of Business

Carolyn Graves: One of the challenges Biophile faces is finding a local manufacturer to make our biotech equipment. We have to go to Florida when we'd much rather create jobs here, so we're considering starting our own manufacturing. The pace of life is also occasionally challenging. I've lived here 16 years, and you sometimes need to poke the people you work with. Installing a new phone line can take several weeks.

Ted Bichholz: There isn't a sense of business urgency.

Colin Learmonth: Charlottesville isn't really a business-oriented community in general. The real successes are under the radar. The companies like SNL and Crutchfield really don't fit into the culture. Charlottesville's more academic.

Melanie Snyder: There are people here who see any kind of growth as a threat to quality of life.

Kevin Leibl: I think things are slow here because people come here for the slow. You have to plan what you're going to do.

Gail Milligan: There was a city council last week where the city leaders said there is absolutely nowhere to grow. In the 750 square miles in this area, they've identified three areas targeted for growth in Albemarle County. That's it.

Learmonth: Kevin's right. A lot of people come to Charlottesville to escape unhampered growth. This county is one of the least active in economic development in Virginia -- but it's also the most quickly growing.

The Talent Market

Buchholz: We've had to bring in human resources from New Mexico and Canada. We've gotten some great talent from the University of Virginia, but we haven't really gotten all we need locally.

Ford Englander: A lot of students have student loans to pay so they move to the big cities -- where salaries are higher -- and say they're going to move back.

Graves: As a startup, we can only offer a limited amount of benefits so even if we offer a nationally competitive salary, we still can't attract the people.

Learmonth: Charlottesville tends to have about 2% unemployment, so not that many people are hiring in the first place.

William Stilley: We have an overabundance of highly educated people who are having trouble finding positions. But we don't have a lot of lower positions. You don't have to pay people a lot here because people don't want to leave.

Snyder: The intellectual capital in this community is just phenomenal.

Learmonth: There's what they call the trailing spouse effect. When someone comes to Darden or something, they bring a highly educated spouse who wants something to do, too. The university deals with this whether attracting researchers or professors. Oftentimes, there's not a job for the spouse.

Venture Capital

Buchholz: A positive thing here, though, is that there's a lot of wealth.

Stilley: But it's all held by non-professional investors! There's a lot of money here, but not a lot of *professional* money or serial entrepreneurs. We've got a lot of blue blood money down here. It can be hard to use that money. Getting professional venture capitalists to move to Charlottesville is hard.

Learmonth: Much less getting them to stay here.

The Economics of Education

David Pratt: The University of Virginia is also a positive. We get high quality research and testing. Without the university, I'm not sure we'd be here.

Learmonth: It certainly adds to the culture of the town in terms of quality of life.

Milligan: With our new governor, they've identified a \$1.5 billion shortfall. And this is supposed to be a balanced-budget state. There's been an initial round of budget cuts, and all of the universities and community colleges are preparing to cut their budgets.

Stilley: That makes the university more aggressive in terms of working with businesses, though.

Transportation Frustration

Buchholz: But what businesses can locate here? We have an attractive airport, but it doesn't go that many places. Most people go to Dulles. In terms of partner development or any reason to travel, it becomes a time and cost issue. It's also hard to get people to come here to look at businesses.

Learmonth: If you have a significant national or international sales force, you really can't base it here.

Graves: We had to base our sales force elsewhere to work around that.

Kevin Leibl: Oh, I don't know. We're doing more business in Charlottesville than we ever expected. There's a lot of small businesses needing new technology. We based our company on needing to travel elsewhere to find projects, and we do most of our business right here.

Based on Place

Graves: If I didn't have the connections that I've had through difficult circumstances, the seven companies I've started here would not have done what they did.

Lorri Haney: It's a relatively small community. Chances are that you'll know who you need to know.

Milligan: It's true. People are so helpful here.

Learmonth: I think it's because the technology and other companies that are here are leveraging something about the town. The other companies that came in from outside and made a splash regardless of being a dotcom brought in a lot of people but weren't really part of the business community. The people Value America dumped are still around, and there are new companies popping up.

Terry Woodworth: Manufacturing has taken a big hit. Several manufacturers have had to shut down plants in the area.

Stilley: Their competitors are shutting down, too. It's not just Charlottesville.

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