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Chad Chancellor: Welcome to this week's episode of the Next Move Group We Are Jobs podcast. This is Chad Chancellor, co-founder of Next Move Group and today, we've got Linwood Thomas with us. Linwood is our first Virginia guest I think. Linwood is the Director of Economic Development in Hanover County, Virginia. So, Linwood, thank you for being with us today.

Linwood Thomas: Chad, thanks for having me all the way up here in the Commonwealth of Virginia.

Chad Chancellor: Yes, yes. So, you're a Virginia fan I guess in basketball. I was at the game last year where Virginia beat Albany on that official' call at the Final Four.

Linwood Thomas: Yes, Wahoowa; big UVA fan. Our basketball program as you know has done pretty well recently. Football has struggled until recently. Mendenhall has come on and turned the program around a little bit, but we're not going to compete with you big SECC boys, but so much. We understand.

Chad Chancellor: Well, that's okay. You got a great basketball team. So, why don't you first tell our listeners where Hanover County is? We have folks listening from around the country so they may not know what part of Virginia that is.

Linwood Thomas: Yes. So, to give you an idea, Hanover County is just about 12 miles north along I95 as the crow flies from the city of Richmond and the city of Richmond is the capital of Virginia for those who may not be aware. Hanover is about two hours from the nation's capital in Washington DC and we're really strategically located centrally on the eastern seaboard. So, we're seeing a tremendous amount of activity here. Again, when you're close to three international ports and the Port of Virginia which is the second-largest port on the East Coast then you've got I95 and 295 bisecting it along with a good quality of life and cost to do business, activity levels have been out of this world recently.

Chad Chancellor: You all have had a lot of success the last two and a half years. So, why don't you kind of detail some of that?

Linwood Thomas: Let me just say that over the last-- a little over two years-- last 30 months, we've done over \$600 million in deals and when I say deals, we've written \$600 million in performance agreements. These are big companies; the Wegmans of the world, Fortune 100s, distribution and middle offers play for Wegmans. That's a \$175 million project.

We also did a big deal with a company Cascades which is out of Montreal, Quebec. That's a cardboard liner company that's going to invest over \$300 million in the county. We had an old antiquated paper mill and we were lucky to position this asset if you want to call it that to this company. They took the building down. That's a big announcement. Those two projects alone will create almost 1,000 jobs for the county.

We also had a 0.6% industrial vacancy rate. We had a tremendous amount of interest here in Hanover for nationally known developers and we said listen, we've got Greenfield sites, but we also need products. So, what we did was we stood up a program called a speculative building program where we would encourage reputable developers nationally and for that matter internationally to build spec buildings here in Hanover and we got over a million square feet of spec space coming out of the ground right now, Chad and what we're finding is it's being leased up before the roof is put on. So, pretty exciting times right now. We've done over \$800 million in projects, but again written about \$600 million in agreements.

Chad Chancellor: So, what are you guys really doing to encourage those developers to build that spec space? Anything in particular you're doing?

Linwood Thomas: Well, so first of all, the market is strong. With a 0.6% industrial vacancy rate, cost to do business, strategic relocation; I can't take credit for any of that, but if all things are considered equal and they are looking at other jurisdictions in Virginia specifically on the eastern seaboard even and we give them a carrot, so what our speculative building guideline does is it will give them a rebate on their real estate taxes for up to 36 months or as the building becomes occupied, that incentive decreases, but it's a carrot. So, if you have a \$10 million building doing economic development math which is always dangerous, let me add, that's in Hanover County at 81 cents per hundred, that's \$81,000 a year in real estate tax rebates. So, it's a carrot but it has encouraged us to be able to compete. We're seeing the likes of the Pantones, the Red Rocks, Fleetwood Capital, Scannells of the world who are making investments in Hanover. So, it's exciting.

Chad Chancellor: Well, I'm sure to do that you had to build consensus with your elected officials. So, talk about-- I've never seen an elected official that just is ready to run out on day one and give away taxes to spec development. Usually, you can get them there, but I guess it's not on day one, so you must be good at consensus building. Talk about that.

Linwood Thomas: Well, let me just say this. I think that-- I know a tremendous amount of practitioners of economic development are much smarter than I am, but I'll say that you can't get anything done without helping to educate elected officials and typically, I like to let them think it's their idea. We got seven elected officials here in Hanover, but they've really been supportive

of economic development and a lot of it has to do with again, trying to educate them first, showing them the return on investment. That always helps when you show them what that's going to generate to the tax base long term is very helpful and then again, coming alongside them.

As you know, two elected officials typically don't line up exactly. They have their own priorities in each of their districts. So, we really work with them to help show them why it makes sense. Now, I think that's why we've had a lot of success. I always say you can't get anything done without a vote. You can have the best ideas in the world, but again, it's been somewhat of a perfect storm. We had a lot of support from our EDA or Economic Development Authority and some places in the USA call them IDAs and the citizens for the most part have been very supportive of economic development growth. So, I do pride myself on the consensus-building component of it, again because nothing can get done without it.

Chad Chancellor: Well, I know you're very active on the social media front and a lot of times, economic developers ask me what should they be doing on social media. So, I know what my company needs to be doing, but sometimes I wonder how do you get consultants' attention and others. So, why don't you give some tips on what you all did?

Linwood Thomas: Well, first of all, when I got here over 36 months ago, we had very little social media presence. We were trying to market to international companies, but we didn't even have our website curtailed to where we could change the languages on our website. So, it sounds great that we're marketing to companies outside the U.S., but they can't even decide for our website.

So, first of all, we made some significant efforts in upgrading our website and so we could market to those companies. We also started doing drone videos. We started updating our testimonials, which many localities do, but the drone videos themselves we're not just flying the site. We're providing infrastructure information that pops up as the drone is flying over. We're providing schematics and layouts for site consultant friends because as you know, they want it right now. And currently-- we started doing this before the pandemic, but currently, it makes a whole lot of sense because they can't really put boots on the ground. So, this is the closest thing. I'll even say that even when they can put boots on the ground, sometimes the sites aren't pad-ready so they can hardly see what they are looking at. So, we found a lot of success doing that.

The other thing that we're doing, Chad, is we're kind of reverse engineering this thing and any locality I think that's smart, would start to look at utilizing those analytic tools to find out who's tracking us. Some companies are smart, they can hide it, but a lot of them aren't and we can find out what consultants, what brokers, what companies are looking at us and we're working smarter because we're a mid-sized locality, right? So, we don't have as many resources as somebody who has 300,000 population. We're about 108,000 on population currently again, just outside of Richmond, but we do compete with some bigger boys across the U.S. So, we're working smarter.

We're also disseminating our message. I always say that if you don't tell them, they won't know. So, we're generating a lot of exposure on LinkedIn and Facebook. We're connecting brokers. So, when we do a deal or we work a deal, if a broker is involved, a site consultant, we're going to tie them in. We're going to thank them. We're going to connect them because they are part of it. You can't get anything done without a team effort in this business as you know. So, that's really how we're trying to move the needle in that regard and they have connections that we don't have, right? So, other people are seeing those posts.

Chad Chancellor: Isn't it amazing the analytics you can get for a little amount of money? When you think about in old '87, you'd just run an ad or get a billboard on the side of the interstate and now, for not a whole lot of money, you can see who's on your website, who's doing all this kind of stuff. It will probably get cheaper over time as more and more competitors get into it.

Linwood Thomas: Yes, and then we could tailor packages accordingly to fit with the needs of those who are looking. We'll try to provide them site information and send them stuff. There's some amazing-- like you said-- databases for very little money that you can use to effectively market your locality.

Chad Chancellor: So, you're 108,000 now. What was the county say 20 years ago? Has it really seen a lot of growth or?

Linwood Thomas: Yes. Over 20 years, it's grown about 30%.

Chad Chancellor: And you are able to keep up with the infrastructure for that?

Linwood Thomas: Well, behind me you'll see a map and I know those listening probably couldn't see the map, but what I'll tell you and describe it is that Hanover County's model has been healthy

sustained growth. So, we want to grow in only 22% of our county. We have a big county. It's 474 square miles, but we said listen, we want to be really good in that 22%. We want to keep the rest rural, but we're going to run infrastructure to those areas where we've deemed in our comprehensive plan that we want to grow and we're doing that and I think what we're seeing is the fruits of our labor. Now, we do need a strategy long term for how to position ourselves because we're seeing so much growth right now. What does the next 20 years look like? Do we expand our suburban services area; that area that we deemed appropriate for growth? Incrementally to be more effective.

Chad Chancellor: So, I know you're getting the specs base build. Are you good on sites or are you having to develop more sites as you fill more buildings?

Linwood Thomas: Great question. I'll tell you what we're finding is we can't get the buildings built fast enough so we still got a challenge there. Our industrial vacancy rate is gone from 0.6% to 1.1%, but from a site perspective, Greenfield sites, we're seeing this all over Virginia. Virginia has a tiering system 1-5; 5 being most competitive, pad-ready, 1 being a piece of dirt. And what we're doing is investing in studies and site analysis to move those properties from a tier 1 or a tier 2 to a tier 3 or tier 4.

Once we get them to tier 3 and tier 4 as you know, Chad, well, we're seeing more interest and activity on them. Getting that infrastructure in place, doing your delineations, doing your phase ones, doing your schematics and geotechnical work, but we still have a challenge there. What we're trying to do again, back to educating our board on what's important and what the future looks like. We've got three or four sites that are over 200 acres, but those are seeing a lot of interest and so, I'm guessing in the next 24 months, a lot of those will be taken down. So, to answer your question, we're trying to move the needle in that regard.

Municipalities like Hanover only have but so many dollars and resources to put toward it, but we are moving the needle there. I think it might be interesting for the listeners to hear that what we did some time back is because we don't own industrial parks in Hanover County. We don't own land to develop. We have to partner with landowners. So, we created what we call a Strategic Zoning Initiative and what we would do is we would work with the landowner who was interested in re-zoning their property for commercial use specifically industrial flex office.

We set the buoys in the water and we said listen, we'll help you re-zone your property. We'll help market it. We'll do some analysis and studies on it. We'll even hold your rollback taxes because you know the moment that property is zoned from agricultural to industrial or commercial, the value is going to skyrocket. We won't charge you that incremental difference in taxes until you sell the property and when you do, they are building it into the sale price of the property.

So, we've come up with another creative way to try and encourage development in a locality that is said hey listen, we don't really want to compete with the private sector from the standpoint of owning property. I have worked in localities that have and it is nice because consultants want the quickest way to help get their prospect off the ground, but this is another way we're doing it.

Chad Chancellor: Thank you, Linwood. We're going to take a quick break for a message for our listeners. We'll be back with a lot more with Linwood Thomas right after this.

[Music]

Chad Chancellor: I want to thank LocationOne-- some folks know it as LOIS-- for sponsoring today's podcast. LocationOne has, in my opinion, the best buildings and sites database in the economic development industry. Now, that coronavirus is here and everything has been disrupted, I've been thinking a lot about it. If I were an economic developer still, what would I do during this time and I know without question I would transition to LOIS and get my buildings and sites as updated as I possibly could so that when we come out of this economic downturn, we're ready to go.

Let me tell you why I like LOIS. It is the most responsive mobile friendly buildings and sites database I have found. It's easy to use. It's just as easy to use on an iPad or iPhone as it is a computer. I was browsing around last week on a state economic development building and site database and the thing it just wouldn't work. It wouldn't work properly. You had to be an engineer to figure it out. It was too much. It had this circle you could draw to look at buildings. The circle wouldn't work when I backed out if I got what square footage I was looking for.

None of that happens with LOIS. This is the best buildings and sites database I have found. I've looked far and wide. It is the most easy to use from a site selection standpoint on any platform. I'm told it's just as easy to use for economic developers. It really walks you through inserting your

information and putting it in so the prospects can use it. So, I really encourage you take a look at locationone.com. Use this time while we're down to update your buildings and sites. Transition them to LocationOne. You'll be really happy you did.

[Music]

Chad Chancellor: Very smart and very aggressive. I tell you you're my first Virginia guest I think on the show. So, walk me through. That's really smart. So, in Virginia, I didn't know they did this. So, they score sites 1-5. So, instead of just either being a certified site or not certified, you're telling me is it the State that does this or the power company, but they'll look at your site and even if it's a 2, you know how to get to a 3. Is this what you're telling me? Kind of walk me through that because I think that's smart.

Linwood Thomas: Yes. That's exactly right. What they've done is they've looked at all the localities across the Commonwealth, have asked the localities to submit sites of that they deemed appropriate for development and then they ranked them. They tiered them. They brought in nationally known developers and consultants. They ranked the sites and then they said okay, Mr. Thomas, you've got a tier 2 site here. They consider it categorized and then here are the things that you need to do to move it from a tier 2 to a tier 4 or a tier 5 and here's an estimated dollar amount it's going to cost to move it there. So, the State really sets the precedent and then we get in line to say okay, this is a tier 2 site, but if I invest \$40,000 in these two studies; let's just say it's geo-tech and wetlands delineations, I can move it from a tier 2 to a tier 3.

Chad Chancellor: I think that is smart. I didn't know you all did that. So, I think that is smart. I see a lot of states still have their certification program and a site will either be certified or not. It's yes or no and sometimes you want to see other sites. Maybe they are not certified because they didn't have some study, but it's really not that expensive and I sometimes feel we're not seeing the whole list of sites because the State is only showing us certified sites in other states. So, I really like your idea and then that obviously-- so you can even have a 1. You can have land that you don't own or whatever. Maybe it's got problems, but at least you've got a site and then I guess you then know what you've got to do to get it up to par.

Linwood Thomas: Yes and what we do is we partner with the landowner and I know consultants will say well, we prefer that the county owns it. It's a controlled asset which makes a lot of sense,

but what we've done is the State has said listen, the landowner has to be on board before we'll certify it. They've got to fill out an application to say they are supportive of marketing their property and then we take it from there. Typically, the property at least has to be zoned or they have to sign that document indicating they are willing to work with the State from a marketing perspective.

But the other thing I will add that I didn't mention-- I'm really proud of this too, Chad, is that Hanover County specifically has added net new jobs in the top 10% of all localities across the Commonwealth over the last three years. 133 municipalities; that's counties and cities in the Commonwealth. That puts us in the top 13 counties across Virginia and those studies were published by Garner Economics and also Virginia Employment Commission. So, we've got tangible data to show that not only are we getting new product on the ground and we're seeing interest, but we're adding net new jobs.

And what we're doing too is our median average wage has gone up by about 8% over the last 24 months. No two jobs are alike, but it's important that we continue to try to grow the economy and create good jobs. Now, that poses the question well, the higher the wages are, you sometimes box yourself out of some other deals, but we'll take the problem any day of the week because I think it shows that we're adding quality jobs to the locality. So, very proud of that as well.

Chad Chancellor: And are you seeing still good deal flow even during this time of COVID? I'm sure it's down, but is it good in your mind considering the situation?

Linwood Thomas: Hanover being about 12 miles again north of the city, we're a little more blue-collar and I'll say this. We have people who are just dying to get back to work. The governor's roll out of phase one, two, and three has not been greatly received by business owners across the Commonwealth. They were hoping to have a little bit more nimble process, but what we're seeing for major developers is foot on the pedal, let's get these deals closed. We want to get them across the finish line. There's no slowing down.

Now, there has been some pain locally. Shoot, there's been pain across the entire U.S. from an unemployment perspective, but we're a little more insulated. One of our major drivers isn't retail and office. So, we really have weathered that storm quite well. I'm tracking continuing unemployment claims and they have all but fallen off. It's not the initial claims we're worried

about. It's the continuing claims of people that are receiving unemployment that I'm more worried about and we're starting to see these really fall off.

So, Hanover County before the pandemic, the unemployment rate was about 2.3%; some of the lowest unemployment in the Commonwealth. Currently, we're tracking that about 6.5 to 7 which is significantly lower than the Commonwealth which is at 9.4 and I think the State-- I looked at May was about 14.7%. We're doing well.

Chad Chancellor: Yes. Well, let's transition a little bit now to your story. So, I always like to ask folks how they got into this profession. So, how did you stumble in economic development?

Linwood Thomas: Great question. I actually lived across the street when I was going to grade school from the Assistant Secretary of Agriculture for H.W. Bush. His name was Eugene F. Bailey. I had always thought I wanted to go into politics, but when I got out of college, I said I don't think I want to do the politics deal anymore, but I did want to help my community.

So, I got involved in the local Chamber in the Fredericksburg region which is just 50 miles north of here and someone once told me give back and you'll have plenty of opportunities and I really wanted to better my community. And he saw me and we knew each other because we lived across the street when I was younger and he saw me speaking at a Chamber event and said hey, you'd be good at economic development. He said I think that you should consider it and I said I never really thought about it.

So, that's really how I got my start. I worked at a regional group for almost seven years where I worked my way up from being the Deputy Director of Finance to the Director of Strategic Planning and then eventually became the Deputy Director there at the Regional Group. Then I transitioned to a small locality; King George County which was in the same Greater Fredericksburg region.

I always say if you can do rural economic development, Chad, you can do it anywhere because it's most difficult in these rural localities that have very limited resources. We had some success there. With the re-districting Congressman Whitman reached out and said that there was an opportunity here in Hanover County which again was just 50 miles south. He said it's a great county. It's positioned well and so from there, I applied and have been in Hanover for a little over three years now.

Chad Chancellor: Where did you really learn your marketing side of this? Is this just something that's in you; you're just born being good at marketing or did you learn it at one of your stops or how did you get so good at that part of it?

Linwood Thomas: Man, I think this business is a majority of building relationships still. I think - don't get me wrong. All things considered, the prospect is going to choose the place that makes the most sense for them. It's a lot about relationship building. It's a lot about telling your story. It's kind that you would say that I'm good at it. I think that I describe myself as a bird dog. We're just going out there and building relationships with site consultants and brokers and trying to educate them on the product we have and then getting out there and telling our story.

You'd be surprised at how many LinkedIn posts and Facebook posts generate interest from a different industry sector that may do business with that specific industry and when they pick up on it, they don't even have to know you. They just know your message and they know what you're working on which has helped us tremendously. So, I wouldn't categorize myself as a marketing guru, but I do think that getting out there and aggressively telling your story is important.

Chad Chancellor: I totally agree. Well, Linwood, is there anything I didn't ask you that you want to share with our audience?

Linwood Thomas: No, I just thank you for the opportunity and I would ask people who are interested to take a look at hanovervirginia.com. We're open for business and again, I know we're coming out at the other side of this pandemic. We hope there's not enough of flare-up, but tremendous amount of interest nationally and internationally in this part of the country and I'm glad to be the first Virginian that you've invited on your podcast, Chad. Very nice of you.

Chad Chancellor: I'm pretty sure you are. I hope I hadn't had another one and forgot. They will be offended, but I'm pretty sure you are, but I've heard good things about you. I've heard you're aggressive and I always like to talk to what I think are up-and-coming aggressive people because that used to be me. So, I like to talk to others like that.

Linwood Thomas: Well, I love seeing your economic development story as well and what you're doing with your business. Obviously, you've got a great story marketing the heck out of your

business and hey listen, that's an economic development success story as well. So, congratulations to you, Chad, and your team.

Chad Chancellor: Yes, thank you. Yes, it's nice to be on this side and having employees and sending in-- people are always complaining about taxes. Having been an economic developer, I don't like paying them. Don't get me wrong, but I do appreciate when we send the checks in to the state and the cities and so forth and thinking about it.

I'm not really appreciative that COVID has come along and we can't really work much, but I do like being on this side and signing the front of the paychecks and paying taxes and having been on both sides of it. And you're right on the marketing. The more we market-- we're just now really getting good at it, but our business is just growing and economic developers can do all of that and I find-- I think on the marketing side, we got real lucky.

Goldman Sachs picked us for an entrepreneurial accelerator program in 2017. They call it 10,000 Small Businesses and they had to readjust our mindset. They had to teach us concepts of if you think you need to send one email, you might need to send it ten times. You got to redo and don't be afraid of somebody unsubscribe because in the long run, you're paying your mail champ or whatever to have them in your list. So, you'd rather them unsubscribe because that gets them out of your list quicker and you have to expose people to things eight and nine times and you can't worry about it.

So, we really upped our online marketing game and it's worked. So, I can just tell you. I think that's one advantage the younger economic developers can have. I think that the folks who are 60s and 50s have been around a long time. They see sending an email well, I don't want to bother somebody when in fact you might need to send it to that broker ten times before that broker responds, but once they respond you've got their attention.

Linwood Thomas: Well, you guys are a talent organization and you look for talent and I tell you, getting your product out there is extremely important. I don't see too many other groups doing what you guys are doing. So, kudos to you because we're seeing it all across the internet which is a good thing because you're getting a tremendous amount of exposure for it. Congratulations.

Chad Chancellor: Yes, that's right. And two, as economic developers listen, what Goldman Sachs did for us, it was an entrepreneurial accelerator program and you may do this in your community, but for the economic developers out there, I used to be of the opinion that you can't train an entrepreneur. I thought that entrepreneurs were born. That's just what I thought and I still think that to a certain extent, but I do think you can certainly train them to go from one level to the other.

So, what this training did for us is it got us from kind of stage 2 to stage 3 if that makes any sense and so for the economic developer, I've told this to the people in New Orleans because they are the ones that invited Goldman Sachs to do this-- the Economic Development Organization-- and I have told them you all need to keep doing that because it worked for us. We have more employees now than we did and so for the economic developers out there that have entrepreneurial programs and you wonder hey, does that ever really work, I'm living testimony and proof that it does. It's worth doing it.

Linwood Thomas: Well, look I really appreciate you having us and allowing me some time to showcase Hanover County today. It was very nice of you. Again, I hope we'll stay in touch.

Chad Chancellor: All right. Sounds good. Good luck to the Cavaliers this season.

Linwood Thomas: Thank you so much. Take care. Have a good one.

Chad Chancellor: All right.

[Music]

Chad Chancellor: Next Move Group has launched a new initiative designed to both grow the American economy and improve the quality of lives of economic developers. So, we're going to grow the American economy in multiple ways. We've got all kinds of different ways to really help economic development organizations be more successful including helping them bring back jobs from overseas and China, reshoring that production into the United States and we're going to help economic developers improve their quality of lives.

So, you always hear this; the economic developer's job is to improve the quality of life of everybody in their community. Well, whose job is it to improve that economic developer's quality

of life? At Next Move Group, we're taking that task on for ourselves. So, to learn more about the movement that we're creating go to thenextmovegroup.com/movement.

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