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Chad Chancellor: Hello and welcome to this week's episode of the Next Move Group We Are Jobs podcast focused on creating economic growth for small to mid-sized companies, communities, and organizations. This is Chad Chancellor, the co-founder of Next Move Group and today we've got Anatolio Ubalde with us. Anatolio's been a highly successful entrepreneur in the economic development space really for the last 20 years and he's just started a company called SizeUp, which helps economic development organizations and chambers of commerce really help

their small to mid-size businesses in their communities expand and create economic growth which just fits right in with our mission.

I got a chance to visit with Anatolio in the last week and he showed me a demo of his new product and I said Anatolio, I have got to get you on our podcast. It just excited me very much and I think many of our listeners can use it. It would make you very, very, successful. Many of you know Anatolio from founding GIS Planning. He founded that company back in 1998 and it was highly, highly successful.

So, Anatolio is very well thought of, well respected and it's really an honor to have him with us here today. Before that, he was an economic developer, so he comes out of the profession and he's founded now two technology companies focused on helping economic developers. Anatolio, it's really a pleasure to have you with us. Thank you for being here. Why don't you start with telling us a little bit about SizeUp?

Anatolio Ubalde: Thanks, Chad. I'm happy to be here. So, just as a little bit of background about Size Up, SizeUp is designed to help economic development organizations better serve their local and small businesses. So, it's really about helping the businesses that are already there in the town, so that they can make smarter decisions based on data.

Chad Chancellor: And where did you get this idea because we all go to all these conferences and we talk about BRE and business retention expansion and I find most people spend all their time dealing with their top 10 employers. We're an executive search business and we're hearing more and more from committees and all we've got to do stuff to help our small businesses and economic development and all. So, where did you come up with this idea because I think it really ties a whole lot together.

Anatolio Ubalde: Well, when I was doing local economic development, I would go out on these BRE calls. We'd meet with many of our top employers and things like that and one of the things that I discovered is many of the solutions we thought we had weren't really great solutions. We weren't helping as much as we would like to and in some cases, businesses weren't even sharing the information that were some of their top problems.

Another part of the problem was we just weren't scalable. When I was doing local economic development, one of my jobs-- we were three people. So, how do three people serve a city with a population of 120,000 people and get to all of the businesses? It's not possible. It's not scalable. So, sometime when I was actually-- in the early days when we started my other company, GIS Planning, I had this idea of how do we serve local and small businesses, but it wasn't possible.

It wasn't possible because at that time, cloud computing didn't exist, big data didn't exist. So, it was something that just sat in the back of my head which is what if we could find a way to help all businesses? Our economic development organizations can serve everybody and what SizeUp does is it does that. It is a do-it-yourself model so that small and medium and local businesses can go on to the economic development organization's website and get information that they need so that they can make smarter decisions, data-driven decisions.

There are four main components of SizeUp, which I can talk about more if you like, but the idea is in today's information economy, if you don't have access to information, your business is very likely going to be stunted in terms of its economic growth. So, this helps small businesses do the things that every successful large business does, which is make data-driven decisions.

Chad Chancellor: And so the model is that the Chamber of Commerce or the economic development organization purchases the platform or subscription from you then all the members within their community can log in. So, tell these folks if there's a person out there that owns a high-end clothing store in downtown, I don't know, Cleveland, Ohio, how does this work for them?

Anatolio Ubalde: Right. So, SizeUp is both hyper-local and industry-specific. How could I say this? So, we wouldn't look at a business and say you are a retailer in the state of New York. We'll say you're a florist in the SoHo neighborhood of Manhattan and let us tell you somethings you don't even know about your own business. To your question about how a business would use it, what we do is we license our online software to economic development organizations, chambers of commerce, utilities that are focused around economic development and they put our software on their website to be able to serve their local businesses. It's not a license model. It's an all-you-can-eat model and since I like to eat, I think that's appropriate example. All of their local businesses can use that.

Chad Chancellor: But I really can see chambers using it and economic development organizations because it's-- these organizations are always looking for ways to create value for their members. What better way than giving them access to big data that you're not going to be able to get on your own?

Anatolio Ubalde: That's right. So, if I'm a small business, I'm very unlikely going to be able to afford it. If I'm a small business, I can't afford to hire McKinsey or Deloitte or Accenture or someone like that to do market research for me the way a big company can, but using GIS Planning's big data algorithm and algorithms, I can get some of those same and similar insights. For the Chamber of Commerce and a lot of chambers of commerce are reinventing what they do to improve their value propositions, seeing as how many of them are getting disrupted. This is a direct way to create value for their members.

And similarly for economic development organizations because there is clearly political pressure on elected officials and economic development directors from local businesses who say what have you done for me lately. Where's the love for the local businesses? You're spending time on recruitment, but what about us? We're the tax base that pays your salary today. So, how do you help us grow? So, there's no political downside if you're an elected official or economic development director or CEO to deliver services to help your local businesses.

Chad Chancellor: What really interests me I shared with you last night. Our company, Next Move Group, went through an entrepreneur accelerator with Goldman Sachs and they gave-- they did a lot of this market research for us and it has really helped our company take off and we've grown just probably, I don't know, 50% since they did it, but there's no way I could have afforded that. I even knew what I was looking for I would not have had the expertise to do it without them.

So, really what you're doing is giving people access to kind of what they did for us. They fueled our growth. You're giving them this through this platform. So, I've literally-- even though I've not used your product, I've lived exactly what you're doing and it excites me to think about how it can work.

Anatolio Ubalde: So, one of the trends that's happening and this is happening across many industries is a move toward do-it-yourself. Today, we buy things online. We used to use travel agents, but now we're using whether it be Hipmunk or KAYAK or Expedia or whatever, we're

doing things on our own and it's the same for businesses. They can now help themselves. So, some of the things that used to require going to an incubator or hiring a management consultant, now they can do that themselves.

I'll give you an example of some of the things that SizeUp can do. So, the first thing is-- and this is something that businesses want to know, but they don't know is how am I doing? That's a very simple question, but very few businesses can know how they are doing. They may know I'm doing 10% better, 10% worse than I did last year, but how am I doing relative to my competitors?

So, what SizeUp does is it benchmarks a business compared to its industry competitors from the local to the national level. So, for example, here in New Orleans where we're seated, if I am a roofer, I could find out how my roofing company or my dental office or chiropractor or manufacturer of big goods, whatever the industry is. How am I doing versus those here in New Orleans, Orleans County, the New Orleans metro area, the state of Louisiana and the United States across key performance indicators?

We don't use words like key performance indicators with small businesses, but that's in fact what we're doing. We're just saying hey, how would you like to know how you're doing? Is your revenue-- how do you perform? Are you in the 78 percentile? Are you in the 46 percentile? Are you better than average or worse or are you larger or smaller by number of employees or do you pay more or less than your competitors? Are you in a growing or declining industry? So, that's one of the tools.

The second tool SizeUp helps these small businesses find customers, suppliers, and better understand their competitive landscape. This is the type of market research that every business plan will tell you you need to do, but how does a small business do that? They don't have access to industry data, but they can through these economic development organizations, which are helping them.

Third major feature of SizeUp is it helps them optimize their advertising. Small businesses know that they need to do a better job in advertising if they need to market their business, but they waste a lot of money doing old-fashioned ways such as mass marketing, which just doesn't work. What SizeUp does it helps them clearly identify the optimal customer and how to target them. And then the fourth tool helps with better understanding the demographic landscape of what's around them.

Chad Chancellor: I would think too it would help on the financing piece. So, if you go into the bank and you need to extend your line of credit to be able to show how you're comparing with the rest of the country and being-- and a lot about being bankable is showing you have a plan and you know what you're doing. So, talk about that if you could.

Anatolio Ubalde: So, there's a couple of different ways that small businesses and entrepreneurs can use SizeUp. One is they can use it to do analysis of their future business. So, let's say that I am thinking of opening up a pizza restaurant and in my model, I'm going to do \$3 million a year in pizza and of course, in my proforma everything works because I'm going to make \$3 million, but if I made \$3 million, that would put me in like the 99th percentile of all pizza places. So, it's unrealistic. We also want to prevent businesses from failing from the very start. So, they are negotiating the right price lease and all of these other things.

It also is useful for putting together that business plan. If they can go into the bank and show the bank that they have thought through the issues, they are limiting risk. What does the bank want? Less risk.

Another issue is maybe a business wants a larger line of credit and the bank looks at them and they say, you know, you're doing \$600,000 a year. That's not great. You've got 10 employees. That's small. But if you're let's say a flower shop with 10 employees and you're doing \$600,000 revenue a year, by employee size you might be in the 82nd percentile.

So, when you look at what's big and small through the lens of data, not through general things, what is a normal business? Well, what's normal for a florist is very different from an automotive manufacturer and the banks need to understand that. So, it can help with the business plan and access lines of credit or loans; things like that.

Chad Chancellor: So, how easy is it to use? I'm a Mississippi boy, so I'm not the best at technology. Can I get on and play with it and figure it out? How easy-- what would it remind people of of online applications I guess?

Anatolio Ubalde: So, the design is-- it's very specifically designed to be idiot-proof, right?

Chad Chancellor: So, I can use it?

Anatolio Ubalde: So, what we recognize is look, small businesses are great at what they do and what they are great at is probably not data. So, we did not design this for quantitative analysts or MBAs. We designed this for the person who has the corner grocery store or the person who is a three-person chiropractic office. You don't need to be an expert, but this is what you do need to know to use our tool.

You need to know what industry you're in and you need to know what city you're in. If you don't know those two things, our technology might be a bit much, but if you know those two things and some very basic things about your business. How many employees do you have? What is your revenue? What year you started. If you don't know those things, you might have some problems that are more basic, but it's really designed for everybody.

It's also designed in a way that's so simple to use and understand. I've used some terms with you: benchmarks, key performance indicators, market research. We don't use those words on the tool. We just walk the business through getting information they want.

Chad Chancellor: So, one thing I'm asking all of our guests is really how they got into this economic development world. Few of us grow up and when we're eight years old, we go I want to be an economic developer. We're going to be firemen or football players or whatever. So, how did you get in? Most of our listeners are going to know you from GIS and the great work you did there, but I know you were an economic developer before. So, what got you into this business?

Anatolio Ubalde: So, I started my professional career doing local economic development and it was one of the happiest times in my professional life because I worked for government and even though a lot of people think that that's not great, it was absolutely one of the greatest moments for me ever because my job was just to help people and that's actually what I see the entire spectrum of my career.

Whether it's work that I have done in government or private sector, volunteering with non-profits, I want to help folks and specifically, I want to help the people who are most disadvantaged. So, I see economic development as a means to help those who are without whether it's without a job, without money or without opportunity, but it's also about helping the have-nots.

It is unfair-- I think it is morally and ethically problematic that small businesses have less access to information to be successful than large ones, which is what SizeUp is about. So, I worked in local economic development. I decided that I did not want to do economic development the way it had been traditionally done and I wanted to use some of the technology that was available at the time.

If you think back, there were some emerging trends of reinventing government. There was-- geographic information systems had just started to become more user-friendly and then there was an emerging technology that seemed like it had some promise called the internet, which seems to have done pretty well. And so we took those ideas, we put them all together and we created the company GIS Planning, which has done very well; serves the majority of larger cities in the U.S. The majority of U.S. states use it. I think we cover about 60%-70% of the U.S, population and we're now in ten countries.

So, that's great and I really enjoy that, but when you look at it from a scale perspective, which-- there is-- the technology entrepreneur in me is always thinking I am platform thinking. I am thinking in terms of scale and in the U.S. there are 750,000 businesses each year that have to make a location decision. For some of them, it's going to be a very simple decision. For some it's going to be very complicated, but the entire universe-- and that does not include relocations. That's new or expanding.

Chad Chancellor: Wow! I've never heard that figure.

Anatolio Ubalde: 750,000 and I have the data because-- it's kind of a silly story and I joke about this because the founder of DCI, he had a quote that was amazing and it stuck. I think it was-- I don't know if it was in the Wall Street Journal. He said there are 1500-- no, I think he said there are 15,000 economic development organizations chasing 1500 site selection projects.

Basically, what does that mean? It means it's the hunger games. You got to kill nine other economic developers if you're going to eat, but that's actually not true. When you look at the actual data, it's 750,000. So, there's plenty for folks.

However, if that's how many decisions are made each year about a location, there are 22-24 million businesses that already exist that aren't having to make a location decision and that's what SizeUp

is. It is a focus on where the greatest opportunity is and I want to take that a little bit further, which is if you put two economic developers side by side and you tell them you guys both have to compete against each other.

One of you only gets to work by growing jobs in your community with big businesses. You tell the other guy you only get to work with small businesses. From 1993 to 2015, the guy who could only-- the economic development professional that could only work with small businesses would outperform the one who focused on big businesses by 425%. So, if you're an economic developer and you care about job creation, you have to care about small business. You need to focus on entrepreneurship and so I think that's a big opportunity, but here's the problem. If I'm an economic developer, what have been my barriers to supporting small business?

Well, one, there are so many of them. They are so different. I have a small number of staff. There's only so many meetings I can get to and the small business services that may be available to these businesses may be geographically far away. I'm a huge fan of the things that [SPDCs score SPA? 00:20:01.03] are doing, but sometimes they're just not convenient. If they're providing services from 9-5 when a small business is trying to grow their business, well, that's not a good match and that's where I think the do-it-yourself-- help the small business help themselves on your website with tools like SizeUp, I think that that is the way to go.

Chad Chancellor: And an economic developer can't have the expertise to know how to help the flower shop and the microbrewery and the car dealer. You have to be a genius, which basically, you can bring the data to them. It's not the economic developer's fault they can't help them. You'd have to be such a jack of all trades. What your technology does is really give them the data to understand how to grow their business and then the economic developer can find them resources like finances and low-interest loans and so forth.

Anatolio Ubalde: Economic developers have been put in an impossible position because they know that they should help their local businesses, but they didn't have the tools and resources to do it, which is why we built SizeUp; so that they can, so that they can enable these businesses to be successful using software.

Chad Chancellor: Well folks, you can hear the passion in Anatolio's voice and as an entrepreneur in the economic development space, you're a real hero to look up to and we all want to be you one

day. So, thank you for being with us. Is there anything that you wish I had asked you that you'd like to share that I didn't get around to?

Anatolio Ubalde: I was asked a question-- I just spoke at a conference and someone said they're asking questions about what I saw in the future and what we would be talking about in an economic development conference in five years and what would be different in the room that we were in. And I think there are two themes that really came up.

The first is that what made us great in economic development five years ago is not what is going to make us great in economic development today and I think that's going to be even more so true in five years. The things that made economic development organizations great 20 years ago, people just advertised more and that was enough. It was just marketing and go do enough shows, but now you really need smart economic development.

As a bit of a metaphor, I don't know what one of your first mobile phones were, but here's your moment to share. Mine was a Star TUCK; the Motorola Star TUCK and it was really cool and you would flip it open and you think this is star trekking cool, but the difference between a Star TUCK and an iPhone is data and the internet. One is data and internet-powered and the other is not and we don't keep Star TUCKs in our pockets anymore.

So, economic development organizations need to think about are they going to be a Star TUCK economic development organization or are they going to be an iPhone organization? Because the ones that use the data, use the internet to make them more successful is going to-- those are the people who are going to be the future CEOs. I said what's different five years from now is the people-- the economic developers that have the right tools are going to be the ones who are the future CEOs or they stay as the CEOs.

Chad Chancellor: Right and surround themselves and figure it out. Anatolio, give these folks the website for SizeUp and contact information in case they have an interest in it.

Anatolio Ubalde: Go to sizeup.com and then click on the link for economic development.

Chad Chancellor: And I'm sure you have demos you can show folks if they are interested and web meetings and all that kind of stuff.

Anatolio Ubalde: That's fine. Just give SizeUp a call, you can see some videos and demos on the website, but we'd be happy to talk to you and give you a private demo of the technology.

Chad Chancellor: All right. Thank you for spending a few minutes with us today.

Anatolio Ubalde: Thank you for having me.

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Chad Chancellor: A special thank you to Younger Associates for recording, editing, and publishing this podcast for us. I encourage you to visit their website at younger-associates.com.