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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. Today, we got Mike Kirchhoff with us. Mike is the economic development director for the Economic Development Corporation of north-central Illinois and Bureau, LaSalle, and Putnam counties. So, I kind of know where that is, Mike, but you might have to give our audience a little overview of the map of what part of Illinois you represent.

Mike Kirchhoff: Sure. We're about 90 minutes southwest of the Loop in downtown Chicago. So, at the intersection of I39 and I80 is roughly the center point of our three counties.

Chad Chancellor: Okay and I know you were in Missouri before. I think that's where I got to know you.

Mike Kirchhoff: I was.

Chad Chancellor: So, talk about your path there to Illinois.

Mike Kirchhoff: Oh, my goodness. Let's see. When I was in Missouri, I was at the EDC of Kansas City, Missouri and from there-- I've been about six years in Missouri then to Illinois. I was in Champaign-Urbana, Champaign County for a while. I spent the last four years in Iowa; about half an hour north of the Quad Cities and then from there to here.

Chad Chancellor: Okay. All right.

Mike Kirchhoff: And that's only about half of my career.

Chad Chancellor: Well, that's good. I want to ask you about that. So, most people stumble into economic development. You are one of the ones I think are meant to be in economic development. So, give us your story how you got into this.

Mike Kirchhoff: Well, in college, I was a triple major and so one of my majors was economics and then I had two business majors. And so, economic development in a lot of respects is a perfect marriage of those three disciplines and so, I was thinking in college of management consulting focus, right? And when I got into Illinois state government as an intern for one of the governors that didn't go to prison--

Chad Chancellor: Well that tells us who it was

Mike Kirchhoff: I worked in the Thompson administration and I came to be aware of the state agency for economic development and so I kind of angled to get a job at the agency and I helped develop new programs for the state based on best practices from around the country and that was my very first job.

Chad Chancellor: Right.

Mike Kirchoff: And then I was recruited to work at a power company in Illinois. I spent some time there and then I went into community economic development because I wanted to be certified. That's a generalist exam and so I wanted some community economic development experience and so I worked in two communities; two small places in Illinois the last being Jacksonville, Illinois. I had a two-county group just west of Springfield, Illinois and I was recruited in Indianapolis and run the Regional Economic Development Focus for the Indi Partnership and it's from there that I went to Kansas City.

Chad Chancellor: I see, yes.

Mike Kirchoff: So, 30 years.

Chad Chancellor: Wow!

Mike Kirchoff: It's like every place is a different lifetime.

Chad Chancellor: Yes, that's true. And you know, of course, we love helping small to mid-sized communities and companies grow together and I find a lot of people think that the whole story of Illinois right now is bad because you always hear about taxes and people leaving, but some of the small towns seem to be making a comeback. So, why don't you give us the positive side of Illinois' story so they don't only hear the negative?

Mike Kirchoff: Well, I think there are a couple of really important factors. First of all, you got to know I grew up in downstate Illinois. My hometown is 2400 people. We have a family farm five miles outside of town.

Chad Chancellor: Okay.

Mike Kirchoff: I grew up in a town of about 13,000 downstate. I grew up in Effingham, Illinois; I70 and I57 intersect there and it's one of the success stories downstate and I think one of the factors there is that kind of a can-do community, they have a positive outlook, and they're big supporters of entrepreneurship. So, if you're familiar with the CEO program Creating Entrepreneurial Opportunities?

Chad Chancellor: Yes, I am, but I bet our listeners are, yes. It's a great program.

Mike Kirchhoff: So, Midland States Bank is headquartered there. The Schultz family is very involved with that. Jack Schultz runs Agracel Industrial Developers. They're headquartered there and that's where the Creating Entrepreneurial Opportunities got started in the high school I went to. And they've just kind of grown it around the country, but they are very focused. They have this mindset of starting businesses and that's one of the three legs of the stool; recruitment, retention, and creation of the businesses.

So, where I see communities that are implementing that kind of a strategy where it's a holistic comprehensive approach, I see success. The communities that are kind of waiting on the state to help them are struggling in Illinois. I think you have to have a focused value proposition. So, if I look at our area; my three counties and I've only been there since Labor Day, but if I look at that, one of our new initiatives is we have six targeted industries. In my opinion, you cannot do-- especially in a small organization you can't do justice to all six of those.

Chad Chancellor: Right.

Mike Kirchhoff: And so I narrowed that to two specific sectors. We've now engaged a consultant with several site selectors on their team and what they're doing is they're crafting a model project; employees, square footage, acreage, utility usage, etc.--

Chad Chancellor: For those targets so you can-- smart.

Mike Kirchhoff: For those targets and then we're going to take that sample project and apply it to the cost parameters in our area and then in cost parameters in competing locations in other Midwest states and also importantly because we're only 90 minutes from the Loop to the city and the county. And so, what we want to be able to say to businesses as they look to relocate, what are their two primary issues?

When any business looks to relocate, they've really two primary-- you can think of things to say all kinds of issues, but it boils down to two things. They want to minimize risk. They want to maximize profitability. That's what they want and so what the strategy does-- is going to do for us is it's going to be able to allow us to demonstrate what that first-year savings looks like versus competing locations. It's a built-in incentive.

Chad Chancellor: It takes off the emotion of whatever-- it shows you real numbers.

Mike Kirchhoff: Yes. So, we're cutting their risk. They don't have to do the research. We've already done it for them from the competing communities.

Chad Chancellor: Right, very smart.

Mike Kirchhoff: So, we've reduced that risk and cost for them and at the same time, we've created a built-in incentive that they don't have to apply for. It just is by virtue of locating--

Chad Chancellor: That is the best incentive.

Mike Kirchhoff: Isn't it the truth?

Chad Chancellor: Yes.

Mike Kirchhoff: And we just heard from a site selector yesterday at the conference here say what's the best incentive? Well, it's cash. Okay, well if cash is the best incentive, saving cash must be a pretty decent incentive, too, right?

Chad Chancellor: That's right. Yes.

Mike Kirchhoff: So, that's our strategy and so probably by the end of first-quarter calendar year next year, we'll be ready to roll that out, but it's very-- you hear of the shotgun approach, the rifle approach. This is the laser-focused approach because we will be very focused on specific market venues, not the big tradeshows where a thousand of my closest economic development friends are; specific venues and the project is going to identify those for us. It's also going to identify the site selectors who specialize in those sectors.

Chad Chancellor: And what are the sectors? Do you know yet what they are?

Mike Kirchhoff: Sure. Yes. One of them is-- we picked because we're surrounded by the raw material. So, it's value-added agriculture and food processing. We've got a number of those companies already and the other one because we're in the heart of the Midwest where we're still making things is metal fabrication because from our perspective, you don't have to make the thing as long as you make the component, right, of the end product and so those two sectors are probably what will best position for now. That's not to say we're not positioned for logistics because we're on the I80 corridor and we're doing a number of logistics projects. I'm not sure it needs the kind of

emphasis that these other two sectors could benefit from because logistics is kind of naturally coming to us.

Chad Chancellor: If you really target those, you can make a difference.

Mike Kirchhoff: So, that's our strategy and you all probably shouldn't be talking on a podcast about our marketing strategy--

Chad Chancellor: Yes, tell everybody you see.

Mike Kirchhoff: --but it's the--

Chad Chancellor: It's okay. I do it all the time.

Mike Kirchhoff: It's a focus-- we will continue relationship marketing with site selectors. We will continue sponsorship and membership in groups like AIR and SIOR and CoreNet here in Chicago-- in the Chicago chapters because again, we're just a stone's throw away and that just makes sense, but in terms of reaching out to sectors, we're going to narrow that focus.

Chad Chancellor: Yes. My business partner Alex Metzger's family is all from the metropolis area.

Mike Kirchhoff: Oh, is that superman?

Chad Chancellor: Yes. They have meat processing facilities there; the Metzger meat packing company if you've ever heard of it.

Mike Kirchhoff: Oh, is that-- yes, yes.

Chad Chancellor: That was like his grandad or-- I can't remember which one, but yes. They were all from southern Illinois and right now, we're helping Mount Vernon, Jefferson County do an executive search and that area is really-- they've got a lot of distribution, too there.

Mike Kirchhoff: Yes, that's a great community, too.

Chad Chancellor: I have really enjoyed-- it's just so easy for people to down-- not only Illinois but California, New York, but then you go up there and there are a lot of pockets that are really growing and doing well for themselves. So, it gives me good hope to see.

Mike Kirchhoff: Again, Mount Vernon has a similar advantage to Effingham because it's 57 and I64.

Chad Chancellor: That's right.

Mike Kirchhoff: And so, you see similar dynamics between those two communities in terms of commerce off the interstates and I think that that's a propellant for growth. So, those two communities are somewhat insulated but I think it's so interesting and you might consider this if you haven't already on a future podcast. Talk with someone about how transportation networks impact economic development because in Iowa, in my previous location, one of the challenges we had was the interstate bypassed the community and I mean by like 30 miles.

Chad Chancellor: It went just around town.

Mike Kirchhoff: Yes, and it was-- the highway that went through the community, the two lane highway was the arterial prior to the interstates and then you take the interstate 30 miles away, what does that do to economic development or the economic trajectory of the community? And I argue that it squashes it.

Chad Chancellor: Right, right.

Mike Kirchhoff: And there was a study-- IEDC did this study on infrastructure some years back through the EDRP program and it talked about that and so we were using that to advocate for a four lane in U.S. 30 across Iowa as a reliever route to I80 and that would also bring economic development to those areas by virtue of increased traffic and the access to markets and so on. I think that's why-- that speaks to why Mount Vernon and Effingham are doing so well.

Chad Chancellor: Yes, yes. Well, and Mount Vernon are Cardinals fans, not Cubs. That's a fact. Probably where you are it crosses over, right through there somewhere. I'm Cardinals myself.

Mike Kirchhoff: Well, I grew up Cardinals too and I get a hard time from my friends in Chicago. They're like they're not even an Illinois team, but my wife--

Chad Chancellor: They might as well be.

Mike Kirchhoff: Yes. Well, my wife is a Cubs fan, so we're a divided household.

Chad Chancellor: Yes, yes. Those Cardinals-Cubs games are fun. We got an office in St. Louis-

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Mike Kirchhoff: Oh, yes, of course.

Chad Chancellor: --and so I go up to opening day and if they make the playoffs, I go, but last year I got into the hockey.

Mike Kirchhoff: Oh, the Blues.

Chad Chancellor: That was a lot fun.

Mike Kirchhoff: St. Louis is nuts about the Blues.

Chad Chancellor: Yes, it is.

Mike Kirchhoff: So then of course Chicago is nuts about Black Hawks.

Chad Chancellor: Yes, it is. I love St. Louis. Well, what kind of product do you have there? Do you have any good buildings or sites available? Is that something you got to work on?

Mike Kirchhoff: You know that was something that really impressed me. So, this was a startup organization three years ago. So, I'm only the second CEO. I took over from Ivan Baker who you may know and Ivan did a really, really good job of developing product for sites and buildings. Buildings is the challenge and we're talking about spec development or virtual buildings or things of that nature because sometimes you simply don't get on the radar screen without a facility.

In terms of sites, we have a great number of ready to go sites right adjacent to the interstate, right at interchanges and that's why again, I think we're seeing some of the logistics projects come to us because we're ready to go. And there's like a 20% savings in taxes versus the city. So, you just drive a few minutes further, you've got lower tax rates, you got lower land costs, you got lower labor costs and so, I think that's a marketing proposition vis-a-vis the city.

We're not looking to attract companies out of Chicago. We're trying to get that next expansion or that next logistics project and so, it's not like we're competing with Chicago to take their companies. We just want their expansions. So, in terms of product, the other thing that's a great advantage to us is our office is at the local community college. And our college is a great partner

for us. In terms of value-added ag and food processing, they just re-started their ag program and they're going great guns in terms of genomics and all kinds of things related to crop sciences and that's going to be a great factor.

Chad Chancellor: And it will fit perfect with what you're targeting.

Mike Kirchoff: It meshes together very well.

Chad Chancellor: Yes, and I like how niche you're being. I've seen some communities do target industries. By the way, we're recording this at the MidAmerica EDC conference and there's a siren going there. So, don't feel-- we're okay. Don't feel bad, but I see a lot of people do targeting and then all of a sudden, I'll read it and they'll be like target airspace. I'll be like that's a lot of-- what part? So, I think the more niche you can be, it really helps you go after...

Mike Kirchoff: Well, you look around and this is true of our website as well. One of the things I read on the website before I took the job was a targeted sector was advanced manufacturing. You will see this for communities around the country. Just what is advanced manufacturing, right? Frankly, it covers all sectors. It's just an approach, right? I would argue that most manufacturing today is advanced manufacturing.

Chad Chancellor: If you're not, you can hardly survive.

Mike Kirchoff: Yes and so we had that and we had healthcare and we had-- there may have been chemicals on there as well, but these two sectors we've picked I think we're most poised to be most successful with if we put more effort into them. So, that's the strategy. I tell you the communities that we have, I live in Ottawa. I work in Oglesby. We have LaSalle-Peru. Each of them are different and unique and really cool in their own right. Living in Idaho, I live just two blocks off a downtown and we're just getting ready to have the launch of the Christkindlmarke, so there'll be vendors in the downtown park which is a block from my house. There are all these cool restaurants, all these cool entertainment venues, downtown movie theatres, very kind of community-oriented and we're minutes from the city. To me, that's a massive asset--

Chad Chancellor: Yes, close enough to get there if you need it.

Mike Kirchoff: Exactly.

Chad Chancellor: Far enough if you don't have to.

Mike Kirchhoff: That's so true. We don't deal with the traffic that you deal with in the city. You can choose to deal with it if you want to go see the Lyric Opera in Chicago or go to the museums or go out on Lake Michigan. You can do all of that. It's just a few minutes' drive away. At the same time, I have a neighborhood where people walk after dark, they're pushing strollers and they're walking their dogs and I live right by a local parochial high school. You'd never even know there's a school by me. It's so quiet. It's just a great historic neighborhood in this really cool community.

I can say the same thing about LaSalle. LaSalle has got a really cool downtown and some awesome restaurants like I used to see in Kansas City. I would have never expected to see in a town of less than 10,000. So, and Ottawa itself where I live is the biggest community. It's about 20,000. So, these are not big places. Collectively, our market is 150,000 in our three counties. So, it's not a small place, but they are all spread out.

Chad Chancellor: And that part of Illinois is easy to get around. There's no traffic and really great road infrastructure. You can go-- in 30 minutes, you can go 40 miles.

Mike Kirchhoff: Yes. Well, if you want to go north, south, or east or west you can do it on 80 or 39; either one of them. That's why it's so good for logistics.

Chad Chancellor: As we wind down, we have some people listen to our podcast who kind of just got in the profession and so as a veteran now of 30 years in multiple communities, what advice would you give them? What tips-- what do you think it takes to be successful and what are maybe some road bumps they ought to be looking for as they are getting themselves started?

Mike Kirchhoff: You know one of the big challenges I've seen lately is how economic development corporations measure success. Is it only about jobs and investment? Over the course of my career, I've done \$2 billion in deals; about 15,000 jobs, which is no small number, but at the end of the day though, how do you do economic development, industrial development and attraction if you don't have the workforce, for instance? And that's the big issue today.

I would say one of the best learning opportunities I ever had was when I went to the Economic Development Institute. I did three years. I'm an EDI grad, but when I went to EDI, after class I

went and hang out in a bar and I listened to the grey beards talk, right? Get a mentor. Talk with the people who are experienced because they've been there, they've seen that, they've done that, they have perspective of time and they can give guidance for pitfalls and bumps in the road and things of that nature.

That would be my best advice and that's my advice. I mentor people as they prepare for the certification exam, too. That's always what I advise candidates for the exam. Get a mentor. They're going to help you prepare in a way that you just can't do yourself.

Chad Chancellor: That's right and you know it's funny. In economic development while it's very competitive, most people help the other one they'll root for them. I tell people it's like golf. On the recruitment side. It's like the PGA Tour. If you win one tournament a year, you're hall of fame. It's not like football.

Mike Kirchhoff: That's right.

Chad Chancellor: You don't have to win every single day. It's easy to help each other. Well, Mike, as we wind down, give these folks your website. Tell them how to get a hold of you in case they got any questions.

Mike Kirchhoff: Absolutely. They can reach me at mike@ednci.org; that's my email address and ednci.org is our web address. Check us out. Give us some pointers if we've done something wrong on the website or kudos if you like what you see. Give me a call and all of our contact information is on the webpage; phone numbers and stuff, but drop me an email, give me a call. I'm happy to help because yes, we're all in competition, but at the same time, if we all work together, it raises the whole profession. So, I really enjoy helping young economic developers especially.

Chad Chancellor: Well, Mike, thank you for spending a few minutes with us today and really letting these folks know Illinois is open for business.

Mike Kirchhoff: Absolutely.

Chad Chancellor: So, obviously, your area is one of them. So, thank you, Sir.

Mike Kirchhoff: I appreciate it. Thanks, Chad.

[Music]