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**Chad Chancellor:** Hello and 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 Bob Hess with us. Bob is the vice chairman of consulting for Newmark Knight Frank in Chicago, legendary site selector. There's nobody in the business that hasn't heard of him on the site selection side. He's done some great projects. I got to know him when I was at the low end of the totem pole in Mobile, Alabama as the lowest project manager there when we landed the big ThyssenKrupp

mill the Bob worked on and then later on we spent time at the Ryder Cup in the final four which I think we love to do now, Bob, stuck inside. We were just laughing before we came on. Alabama invited us last year to the final four and all our members are coming back on Facebook a year later while we're stuck inside. So, I wish we were recording this at the final four, Bob, but thank you for spending a few minutes with us today.

**Bob Hess:** Chad, I'm happy to be here and I have great memories working with you on that \$5 billion monster project. For me, it just comes into my mind right now after that project was put in place, everything became chaotic and the world changed, right? So, it's almost like right now everything became chaotic and the world is going to change. Look, we came out of that, too, so hopefully, we'll come out of this COVID-19 situation again. So, thanks a lot for the opportunity, Chad. I really appreciate it.

**Chad Chancellor:** Awesome. Bob, I know you're highly respected obviously on the corporate side and the site selection world real estate side, but I know just in getting to know you outside of the board room that you really care about the economic development profession and I thought you'd be a perfect person to share your thoughts on where we are right now with economic developers who are the majority of people who listen to our podcast. So, give us your take from your site selection perspective of where we are now and where we might be headed.

**Bob Hess:** First of all, I'm sure everybody in the economic development world right now is going through a tremendous amount of change and change relative to recovery. So, first of all, this is about recovery and PPE and taking care of our front line people and getting through this. I know the economic development is being brought into that. I do love working with my economic development colleagues and partners. I've talked to many states and regions and there are some people that have been redeployed into full business recovery, finding real estate assets, and sourcing masks and everything.

So, that's what I've always liked about economic development is the flexibility and the ability to be involved in different things. So, I'm sure that's drawing on several of you folks right now or many of you folks. I'd like to thank you for that. Relative to the economic development or the future, everything is going to be rethought. All the business models are going to change. There's

going to be more digital. There's going to be more renovation. I think robotics and capital investment is going to be accelerated.

By the way, business attraction might be under siege. It might go away a little bit. It could be more about business retention, right? And you want to hang on to your clusters and ecosystems. So, there might be a rebalancing of the score card about how you evaluated your KPIs, your boards. I'm sure you're feeling that already.

**Chad Chancellor:** Bob, there's been a lot of talk on television and every time I get on LinkedIn, I'm seeing people talk about supply chain and what manufacturing might be reshored or what pharmaceuticals might be reshored. Do you think it's too early to really think about that? How long do you think it will take to kind of flash all that out where economic developers might get a strategy if some of that is the case to pursue?

**Bob Hess:** Chad, great question. I've got that question many times. I think there are already people out there in podcasts and in my industry, even the corporate clients I've got prospects right now that are in-house on that topic. It doesn't mean we're doing a lot of the analysis yet, but it's in play.

Anybody-- I want to show my age-- if anybody remembers the mighty Carnac of the Johnny Carson show, I'm going to go on record saying this time there will be a noticeable reshoring backshoring exercise. There has to be because of issues around delivery and responsiveness and concentration and regional supply chains; smaller and medium size facilities not the big gigantic facilities. Everybody wants the big projects, right? I'm sure there will be a few of those here and there; big hyper skill data centers.

By the way, data centers are not going to go away. They are going to explode. The cloud, oh, my gosh! That is a non-impacted industry. Relative to regional supply chains, that's going to happen. We've got two or three new prospects in that area, but we're running network models and looking at different ports where they actually outsourced ten years ago.

I had a recent client come back say hey, we want to reshore. So, ten years ago we advised them to keep their costs down low for their product lines. We're going to have to be competitive, so we got to go to China with our warehousing and sourcing and now, they're going like hey, I think we want to bring that back. It's like anything. Centralization, decentralization, different business models

and I don't want to talk too much about it because I don't want to sound opportunistic or revenue oriented, but Chad, I will go on record saying that I think there will be definitely somewhere a million plus jobs created because of this reshoring activities.

**Chad Chancellor:** Well, you know I was raised in a little small town in Mississippi with no interstate for 30 minutes away, but when I was little, we had a blanket factory and a glove factory in my little rural town. You've probably seen a lot of the old garment factories in Mississippi and Alabama and Georgia in the south. They had the short ceiling so it's hard to do anything with them now, but I was watching Governor Cuomo the other day in New York just pleading to get gloves and masks and it just kind of hit me. We used to have that stuff. We used to have a glove factory in my little southern town and it just kind of hit me that here we are. What the doctors and nurses in New York, in New Orleans is in bad shape now need we used to make all this stuff. So, it only makes sense that some of it is going to come back.

**Bob Hess:** Well, here's the thing about that. We hope to God that that peaking in demand will go down, right, and then some people are saying in my business when that peaking goes down, we'll go back to normal behaviors. I don't think we can. We're going to remember this and so we're going to have to look at where things are and why and sourcing, regulatory models.

By the way, there could be a bigger play in automations. So, it's easier to reshore an automated facility. The labor arbitrage, by the way, is going to change. I'm a little concerned there are old habits in my world where the senior vice president of a supply chain or manufacturing says what! I've got to spend \$40 million to save \$400 million? Oh, that's cash out the door now, but if we have good liquidity and we have healthy companies in the small mid-cap sectors, they're going to have to at least look at the alternatives and new economic developers as site selectors are going to get a shot at advising those people and making sure that we can look at those opportunities. Maybe they won't come initially from China, but certainly they have to look around, Chad. You've got to look at-- it's called real options theory. They have to go through a real options process here hopefully in a few months from now when we come out of this.

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

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**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](http://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.

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**Chad Chancellor:** So, what do you think economic developers could be doing now to prepare? Obviously, they need to be calling on their existing industries, but is there anything in your opinion they can do to prepare for if they do get opportunities at some point in the future?

**Bob Hess:** Well, the first thing the number one driver in location for the last 10 years maybe for the history of the business has always been talent and labor. There are lots of folks out there in my business saying 20% unemployment. Some say 15% some are saying 30%. It's all over the place. So, you're saying nobody has got to worry about labor anymore because there will be plenty of labor.

I think there will be still issues around skilled labor, right? That's not going to change. You might have 5 million people available, but still only 20,000 in the area have even remotely the transferable skills or the occupational background or the skills actually to work in a highly skilled automated manufacturing environment. That's what economic developers know. I would take this time to educate yourself on operations and understanding the workforce at the skill occupational level, what's transferable, what are your ecosystems, and also regional sourcing.

One of my first jobs was in north east Minnesota-- my first job out of college was a community development specialist in Duluth, Minnesota, okay? One of the first things my boss-- John Powers was his name-- said hey, Bob, we're going to do a market matching program in northern Minnesota. What's that, John? I want you to find all the cardboard manufacturers, chopsticks manufacturers that are looking at the area. I want to look at all the raw materials; what's within this region within 100 miles.

So, there I was for four months calling suppliers, sourcing, and understanding that portfolio on that side. Economic developers, you really have to get involved in that work and the ones that actually have those programs, have those databases, have that information I think are going to be a step ahead of the others.

**Chad Chancellor:** I forgot you're from Minnesota. We just did the West Fargo, North Dakota economic development executive search, so we got to know that area a little. It's amazing how much Ag and metal working and all do there. It's really a whole lot of industry up there.

**Bob Hess:** Well, am I allowed to say a joke on your podcast? What's that there in the chipper there, Chad? From movie Fargo.

**Chad Chancellor:** Well, how do you think site selectors and economic developers will work together in the future? Is it going to be just like it always has or do you think that may change?

**Bob Hess:** It's going to change. It's going to change. Speed; it's going to be faster. Speed value. I call it speed aha. I think we're going to need people with more industry expertise, so they are understanding their ecosystems and our life-size cluster generalists are good in certain roles. For us, we need people that understand areas that stand for biotech or life science or anything that stands for medical device or your certain types of ecosystem.

We're going to need people to dive into those industries, understand the business case, understand the terminology, the nomenclature and everything I said from supply chain gaps upstream, downstream, understanding we need product, too. We're still going to need sites. We're still going to need space and so we purpose brownfield sites, infrastructure, power and energy-- energy is going to continue to be a big factor and so some of those top 10 factors you read about in the big magazines they are not going to change, but some of these are going to be way more emphasized and more important to this regionalization of footprints.

**Chad Chancellor:** Well, I'm going to ask you to take your site selector hat off and just put on your really smart guy hat for a second. Do you think behaviors are going to change? You live in Chicago. I live in New Orleans. New Orleans is really struggling with this thing and Louisiana we love to hug and we like to-- we are loud folks. We love to have parties. Do you think behaviors are going to change over this that might change demand for some products, not with your site selection hat just your opinion hat?

**Bob Hess:** I'd like to refer to the task force we all see at 5 o'clock every day from the White House Dr. Fauci just reference what he said. This is not going to be like turning a light switch on and off. We believe in Newmark especially in our work place and human experience. Experts say there's going to be a slight transition and there's going to be a bigger focus on wellness and that is going to involve I think maybe changing some behaviors; greetings, how we meet. Do we take somebody's temperature before they come into a meeting or is that the building landlord's responsibility with sensors at the front door?

So, I think there might be technology and investments that will allow us once we get to a place where we can't shake a hand or give a hug. I don't think we want that to go away, but I think we're going to be surrounded by those innovations and technology and robotics and machine learning put in place to protect us. Let's not have the rise of the robots talk about displacing our people and creating chaos. Let's use rise of the robots to help us keep us safe. And that's kind of where I'm learning right now on that.

**Chad Chancellor:** Well, as we sort of wind down, I want to transition to-- we're recording this on April 9, so this won't be released for about a week, but we lost Woody Hydrick I guess last week. It might have been the week before. I think it was last week. I know you knew him well from your

time in the Site Selectors Guild, but also I think he worked at the ThyssenKrupp project with you if I remember.

**Bob Hess:** Yes.

**Chad Chancellor:** And so I thought we ought to take a minute to honor him and you knew him far better than me. So, I'd like to ask you if you have any thought or stories that you'd like to share about Woody Hydrick.

**Bob Hess:** Well, first of all, thank you for mentioning that. My heart goes out to his wife and his kids. Woody was just a sweet man. I'm going to say that and he loved the profession. Some of the things that we did together, he was always so-- clients loved him. Just his disposition, his client care, orientation. He was always ahead of clients. Clients love it when somebody thinks ahead of them and tries to take care of them and gives them a good experience.

Whether it was business or personal, it was always a great experience with Woody. Some of the stories I can tell, we traveled in five days from Zurich, Switzerland to Ireland to Boston to San Francisco and Singapore on a plane with our client. Woody organized that whole trip for a \$700 million biologics facility that landed in Singapore.

I'll never forget that and I've actually called the client. It's been like 10 or 15 years. I called him and they go Woody, oh, this is terrible. They remembered Woody. Everybody is going to remember Woody. A great man. God bless and rest in peace, Woody. You were just a fine gentleman.

**Chad Chancellor:** And I think he was from Alabama. I knew he had great Alabama ties. So, I got to know him when I was in Mobile and he was in Prattville. That was his last job there. So, he'll certainly be missed all across the country and certainly in the south.

**Bob Hess:** Let me mention something on that if I could. I believe that's the importance of economic developers and site selectors. I don't think all the best ideas come from the top. They come from us working together in the field on projects, on tough situations. How we get together in environments like this to problem solve and work together, that will not change about the best economic developers.



Problem solving, critical thinking, being able to think across the value chain of what you do, relate to what our clients need; that will never change and I think customers and suppliers as we are as site selectors and economic developers, the ones that have that experience and understand what that means and how they communicate, those are going to be the winners in the new normal.

**Chad Chancellor:** And I'm going to ask you one more question non-COVID related, but we have a lot of folks who listen to our podcast who are in small communities and they may only get one or two projects look at them a year. If you are in the big city, I always tell people you don't have to be quite as good because if you mess with one up, you're going to have another project next week.

So, in small towns, you may only have one real opportunity and they don't get access to folks like you very often. So, what advice would you give somebody when they have an opportunity to make the most of it and really work that project professionally and well and give themselves the best shot at it?

**Bob Hess:** I'd like to say that I'm an advocate for rural America and I'll tell you why. I grew up in a town of 210 people all over Wisconsin outside of Superior which is 30,000 people and pretty remote area of northern Wisconsin and Minnesota. I grew up there. I would just like to say people in smaller communities, smaller micropolitan areas you know what? This is the new norm. It's a new opportunity especially if it's not about the physical placement in total.

It's about people working remotely in different ways. If you have broadband and attractive communities, you might be able to retain more than your fair share of the brain power, right? And the people in your community that are innovators and the influencers. It used to be in the old days if you were on one side of a geography you're in the middle of nowhere. Now, you're in the middle of everything and I think that just got reemphasized with how technology is going to impact how work is done in the future. So, keep your head up and viva la rural America. Stay in there.

**Chad Chancellor:** All right. Bob, thank you for spending a few minutes with us today. I've admired you for many years and you're truly one of the nice guys in the profession, but he can be a hard negotiator when he needs to. So, it's part of the job. Thank you for being with us today.

**Bob Hess:** Chad, all the best, man. Take care.

**Chad Chancellor:** Thanks.

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**Chad Chancellor:** If you want to join our movement, which is to create economic growth for small to mid-sized companies, communities, and non-profit organizations, please go to our website at [thenextmovegroup.com](http://thenextmovegroup.com). Browse around and you can see the different services we offer all designed to create that economic growth for the small to mid-sized companies, communities, and non-profit organizations. Most of our leads and growth has come from word of mouth referral. So, even if you don't need a service, we want you to know what we do so when friends and contacts of yours might need something, you know what we do and you can refer us. So, again, go to [thenextmovegroup.com](http://thenextmovegroup.com) to learn more about the Next Move Group.

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