HOW STATES & UTILITIES CAN HELP RURAL COMMUNITIES LAND MORE DEALS

WORKBOOK

What to keep in mind as you review this workbook. *(00:02:37)*

- Chad Chancellor personally visited 400 manufacturers via lead generation meetings set via cold calls from 2010-2014
- 323 out of 400 manufacturers told Chad they wanted to be in a suburban or rural community (80.75%)
- Therefore, the idea that companies do not want to locate manufacturing in rural towns is a fallacy
- The companies Chad called on typically were between $100 million-$500 million in revenue, had 2-3 locations and 50-500 employees
- The challenge rural towns have is they are invisible to manufacturers; they must get on the map, so manufacturers hear of their town
- Most of the companies which will place plants in rural communities are currently headquartered in "red (conservative voting)" counties across the United States.

Most manufacturers make decisions on where to place plants on 2 factors *(00:08:38)*

- Upfront costs to startup the plant
    - Most companies lose money the first year, even the large companies like Airbus and Toyota. They must buy, rig, and set equipment, train employees, manage utility startup costs, optimize their supply chain, etc.
        - So, most companies locate in the rural community which will be "cheapest" for them to get the plant up and running.
    - Typically, rural communities have a lower upfront cost to startup a plant than metro areas.

- Ongoing costs to operate the plant
  - Most companies look at a 10-year operating proforma as part of their decision-making process. This proforma contains typical operating costs: labor, utilities, real estate, taxes, shipping, etc.
    - So, the rural communities which can lower the ongoing operating costs will have a leg up on others.
  - Typically, rural communities have the lowest ongoing costs to operate manufacturing plants.

Because of this, rural towns will give you a competitive advantage to win certain projects over your metro areas.

States & Utilities need to focus on marketing rural community as much as they help them prepare. States & Utilities should strive for a 50-50 split with time and money spent helping market rural communities as much as helping them prepare.

Of your state or utility's current efforts to help rural communities, how much time and effort do you spend helping them prepare versus helping market them?

Brainstorm ways you could create a 50-50 program, 50% of your time and effort spent helping rural towns prepare and 50% spend helping them market:

#1 Key to Helping Rural Towns Land Manufacturing Plants: Fish in the Right Pond *(00:06:31)*

- To build a systematic program to help market rural communities to manufacturers, you need a concerted effort to do both inbound and outbound marketing to "Red" counties across America.
  - Manufacturers headquartered in "Red" counties are far more likely to want to put manufacturing plants in your rural areas than those headquartered in "Blue" counties.

Do you currently have business development outreach efforts to "Red" counties in external states to drum up opportunities from manufacturing decision makers to consider expanding or relocating to your rural areas?

#1 Challenge States & Utilities Must Take on To Help Land Deals in Rural Counties: Putting their rural communities on the map with industries in "Red" America *(00:24:45)*

How can you get your rural communities on the map?

- Use the following inbound marketing techniques to generate prospect activity from industrial decision makers in other "Red" counties

- Testimonial Videos
    - Create testimonial videos from manufacturers' plant managers or HR managers located in some of your rural communities with them detailing why the area is a good place to do business.
    - These can be as short as 1 minute.
    - Once you create these, post to your LinkedIn and share with the plant manager or HR manager you interviewed and encourage them to share on their LinkedIn profiles
    - By having them share on LinkedIn, their connections will see the testimonial video, and their connections are likely to be suppliers or customers of theirs who could also be successful in your community
    - If you really want to get aggressive, you can pay LinkedIn to bring up this video as an ad to people who you are not connected with in various "Red" counties to people across America with manufacturing in their profile
- You can repeat the same process above by having:
    - Case Studies
    - Blogs
    - White Papers
    - Slide Decks
    - Checklists
    - ROI Calculators
    - Podcasts - note, if you try podcasting, we recommend sending at least a new podcast every 2 weeks, so you would need a minimum of 26 rural plant managers or HR managers interviewed. As you release these, those plant managers and HR managers would share on LinkedIn to attract their connections.
    - In all these scenarios, what is critical is to interview your plant managers and HR managers and get them to share the post on their LinkedIn so their connections see the content to create prospects within their network.

- Do not just do these once, you need to be creating new content or resharing previously posted content at least once per week.

Additional inbound marketing ideas to consider:

- Pay a PR Firm to feature a story on why your rural areas make great places for manufacturers in places conservative businesspeople typically find their news: Fox News, Forbes, etc.
- Pay for Google AdWords Pay Per Click advertising to geographic counties that are red. Buy words to where you come up when manufacturers in "Red" counties type in "best places to manufacture."

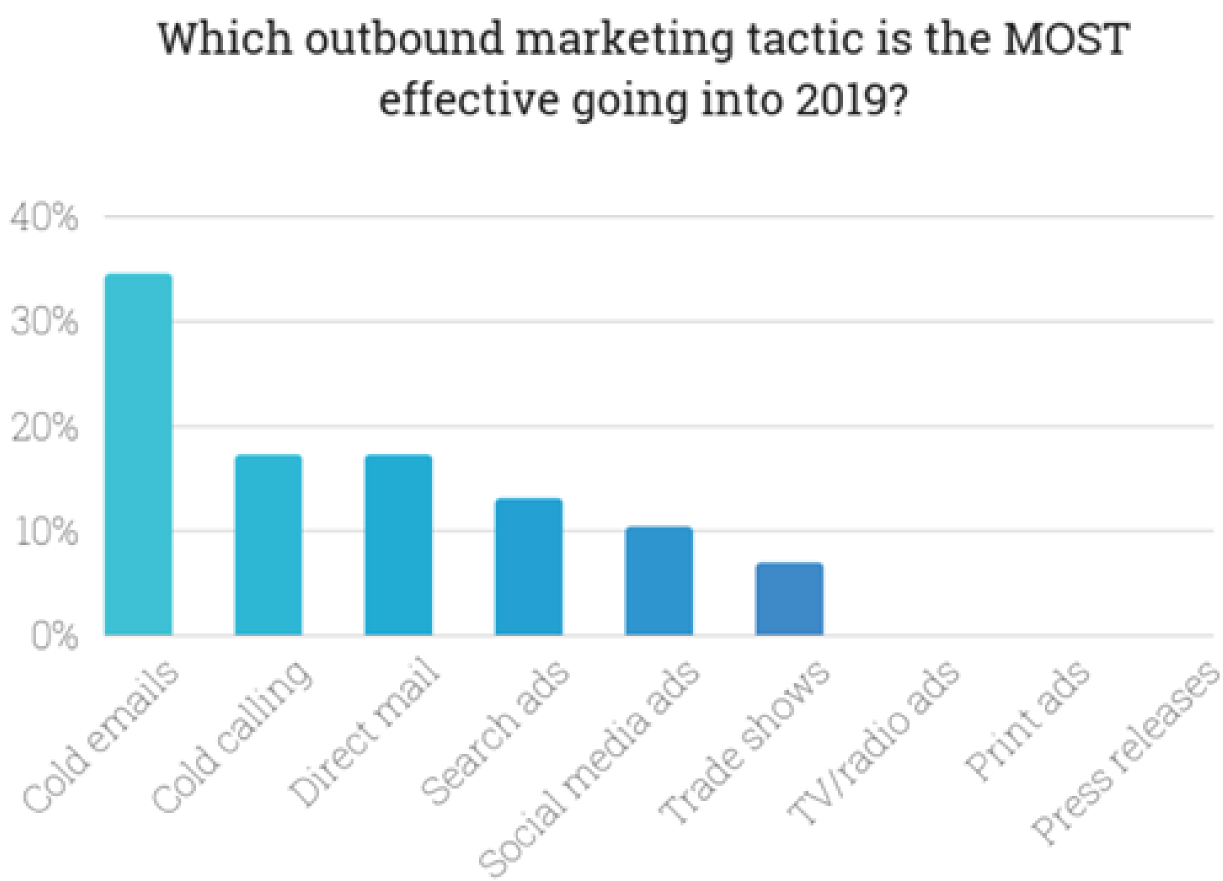
What inbound marketing efforts of the above are you interested in undertaking where you feature plant managers or HR managers in your rural towns bragging on your area as a place to do business then having them share it on LinkedIn to attract prospects from their contacts?

Use the following outbound marketing techniques to generate manufacturing prospects for your rural communities *(00:36:10)*

- Go to tradeshows with some of your most successful companies located in your rural communities
    - You will meet people in similar industries who can be successful in your region
- Pay a lead generation firm to set you meetings in “Red” counties
    - Use a lead generation firm like www.researchfdi.com to set meetings for your sales people to call on manufacturers in “Red” counties close to metro areas
    - You would tell the lead generation firm that you want to go spend time in city xyz the week of October 15th. You say, “I want you to set me meetings with manufacturers around this city in “Red” counties with at least $50 million in revenue.” The lead generation firm then sets you in-person meetings with ~10 companies in the area.
    - Chad Chancellor did 100 meetings per year like this in his previous role before founding Next Move Group and averaged getting 20 such companies to visit his small community after conducting these outbound meetings. So, a state or utility should have an even higher percentage of prospect visits given your territory is much larger than what Chad was representing.
- Send 1,000 email marketing emails per day to manufacturers in “Red” counties
    - You can use **www.infousa.com** to download a list of decision makers for manufacturing companies, they charge around 15 cents per email.
    - We recommend downloading a list of 20,000 emails which you then send 1,000 per day, repeating monthly.

- We recommend using mailchimp.com as your emailing provider.
- To learn more about this see our “Reshoring 3 Video: Email Marketing”
- You should be able to run this whole program for less than $7,000/year and it should generate between 10-20 good prospects interested in your rural areas in one year.

- Cold calling
    - If you really want to build upon the email marketing in the step above, use **www.upwork.com** to find a freelance call center employee to call all the companies which open and click your emails once a week to try to set web meetings for you.
        - You can easily do this for less than $300/week.



What outbound marketing efforts of the above are you interested in doing?

- If you hire a "Director of Rural Development" to run these programs, ensure he or she has had success landing manufacturing deals in rural communities. If not, he or she might not speak the same language that the decision makers in "Red" America speak.

#1 Key to Winning Deals in Rural Communities: Having a reduced cost of building or build-to-suit building *(00:47:07)*

- In his career as either an economic developer or site selector, Chad Chancellor has been part of 27 manufacturing deals which landed in rural towns. 27 out of 27 had reduced real estate as part of the deal in some form or fashion. 100%.
- Popular examples of how reduced real estate helps rural towns win include:
    - Site being fully prepared including utilities extended to pad before ownership transfer
    - Deferring lease payments or making the interest only for the first 2 years on an industrial building to offset startup overhead costs for manufacturer
    - Building spec buildings which can be sold or leased for below market rate
    - Leasing old manufacturing spaces for below market lease rates

How can you help your rural communities defer startup costs of real estate for manufacturers or ongoing costs of real estate for manufacturers? If you cannot provide direct financial help, how you can you find expertise to help your rural towns accomplish this?

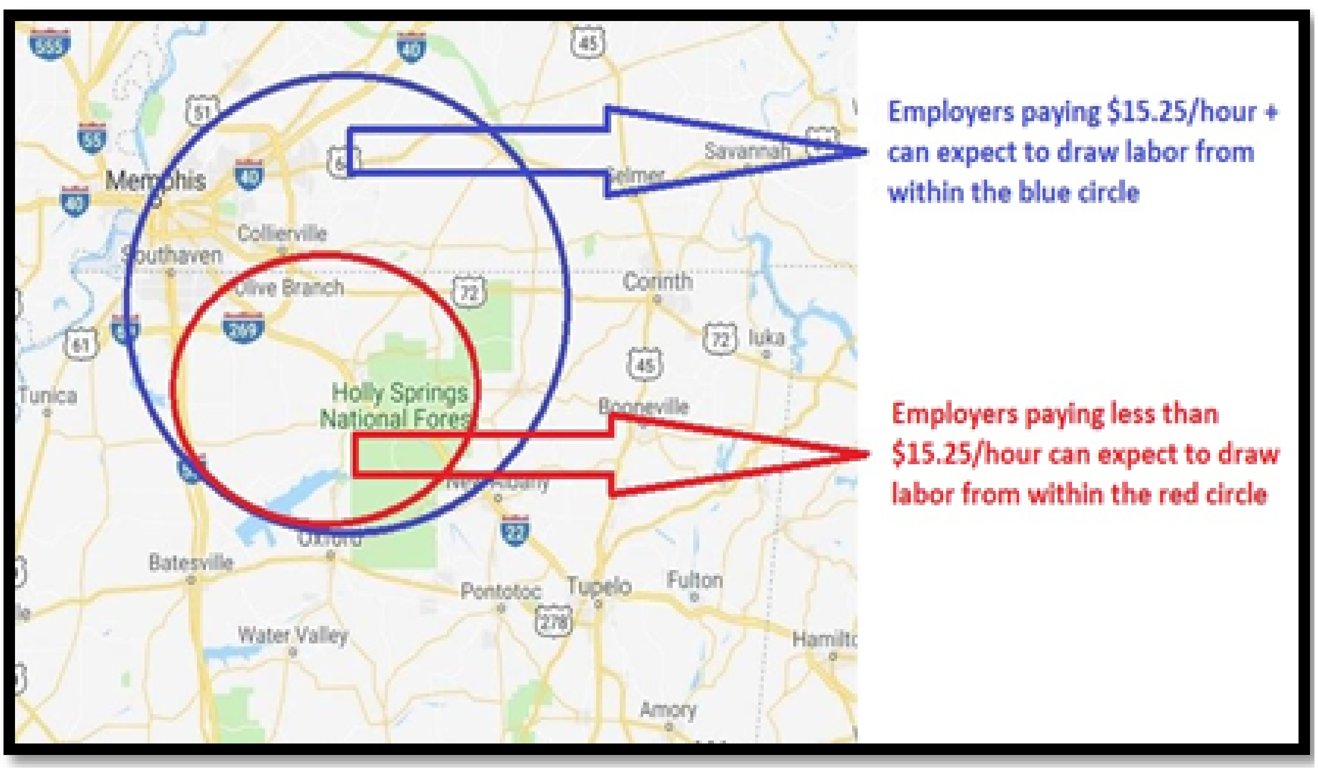
Help Rural Communities Get Prepared *(00:55:21)*

- Rural Preparation Key #1: Labor Force

  - In your rural communities, you must be able to convey to prospects that you can do these 3 things:

    - How can you help a company recruit employees?
    - How can you help a company screen employees?
    - How can you help a company train employees?

  - You could consider having one person to "Sell' these 3 things to a prospect rather than having multiple training providers give a "jargon" type pitch
  - And, you could consider having an existing industry to give a testimonial you can deliver on these 3 items.
  - You also must be able to convey to prospects what they will need to pay for labor in your various regions. Example:



How can you help your rural regions all demonstrate the labor they have, the pay needed to attract it, and how you can help companies by recruiting, screening, and training in each region?

- Rural Preparation Key #2: Basic Training in How to Answer RFPs
  - States and utilities could consider offering training classes or on demand videos for rural economic developers, so their responses are better than without such training.
  - Items rural communities must convey to be successful in an RFP:
    - Show a critical mass of existing industries and support type industries within the rural town's region
      - Do not only quantify existing industry but also machine shops, tool and die shops, trucking firms, industrial suppliers, etc.
    - Labor will be no harder to find in this rural town than anywhere else in America
    - The rural town has a building or site which will work
    - The rural town sounds aggressive, even without committing to anything
      - Sample aggressive answer, which sounds aggressive while committing to nothing:

- We will explore every opportunity imaginable to increase the water line capacity to this site to satisfy your demands before you make a siting decision.

Do your rural economic developers need training on how to answer RFPs? How can you help them? In-person training, On-Demand videos, etc.?

- Rural Preparation Key #3: Buildings/Sites, Infrastructure
  - You must help your rural communities understand the infrastructure needed to recruit the type companies they realistically can pursue, and help them build a plan to provide it for the following utilities:
    - Electric
    - High speed internet
    - Gas
    - Water
    - Sewer

How can you help rural economic developers have a basic knowledge of average prices of various utilities, so if they have a price which is very expensive, they can work with their local leaders to address the issue?

- Rural Preparation Key #4: Incentives
  - Help communities brainstorm ways they can help reduce startup costs of a manufacturing plant in the following ways:
    - Reduced real estate
    - Training
    - Site prep including utilities installation
    - Funding to rig equipment
  - Anything to reduce ongoing operating costs:
    - Payroll rebate programs (in Next Move Group's opinion, most state's payroll rebate programs are too hard to qualify for)
    - Utility discounts
    - Tax abatements
    - Tax credits

How can you help drive rural development with your incentives?

How can you help train rural economic developers on incentives they can use to be better effective at closing deals?

- Rural Preparation Key #5: Elected Officials
  - Help prepare rural communities' elected officials in the following areas:
    - Their role in the process
      - Train them to be the offensive line blocking and clearing the way rather than the quarterback which is the skill position expert
    - Help existing industries, so they can use the things they have done to help their existing industries in their "sales pitch" to new industries
      - Help them understand items as simple as paving the industrial park road can be told as a success story in a "sales pitch"
    - Basic sales training of what to say and what not to say
    - Incentives
    - Preparation of industrial sites, buildings, utilities

How can you help train local elected officials of their role in economic development? Case studies, in-person training, on demand videos, etc.?

Rural Preparation Key #6: Basic Sales Training, Build Sales Team

- Must rural economic developers need training in the following areas which states, or utilities could help train them in:
    - Fundamentals of selling
    - How to come up with a value proposition for each project
    - Creating a sales funnel
    - Selling with stories
    - Never sell against yourself
    - How to make the right first impression
- Additionally, rural towns really need help building a "team" of local professionals who can help sell the community with the economic developer when they have prospect visits.
    - Do not just put people on a sales team due to their role in town, try to find people with the following mix:
        - People who did not grow up in a town but moved there and can talk about why its better than other places they have lived, preferably plant managers
        - Mix those folks with your best "salespeople" among elected officials, engineers, and utilities providers
        - Then train the team quarterly

How can you help rural economic developers learn basic sales training?

How can you help rural economic developers build a local "sales" team and then train this team?

Common Mistakes Rural Communities Make *(01:09:33)*

- Most Common Mistake – Local People Purchase a Building Out from Under the Community & Change the Deal
    - Ways you can offset this:
        - Option
        - First Right of Refusal

How can you help rural communities prevent losing a deal because a building gets bought off the market out from under them by a local developer speculating, he or she can make some money off the swing?

- Other Mistake:
    - Utilities Pricing
        - In some small towns, you can find very expensively priced utilities especially of water, sewer, or gas
        - States and utilities should provide guidance to rural developers as to average costs of each of these services

What can rural communities do to stand out? *(01:12:13)*

- Understand existing industries
    - Who is there?
    - Why are they making money there
    - Who do they sell to?
    - Who do they buy from?
    - Why are they successful in this rural town?
- Understanding support services
    - Machine shops
    - Tool and die
    - Sheet metal
    - Temporary labor
    - Trucking
    - Etc.
- Having a good website

How can you help your rural communities map out all the support service type companies in their region for RFIs and prospect presentations?

How can you help your rural communities build and maintain good websites?

How would we structure a manufacturing recruitment effort for rural communities if we were you?

- Step 1: We would hire a "Rural Development Director" Who Had Experience Winning Multiple Deals in Rural Communities to Coordinate All Our Efforts, *(01:13:54)*
  Projected Cost: $150,000
- Step 2a (marketing): We would pay a lead generation firm to set us 100 meetings per year in "Red" counties across America with companies of between $50 million and $1 billion in revenue *(01:14:24)*
  Projected Cost: $175,000
- Step 2b (marketing): We would create an "inbound" marketing campaign featuring success stories of our existing industries in our rural communities via podcasts, whitepapers, videos, etc. released weekly having plant managers and HR managers in rural towns featured so they share with their contacts on LinkedIn *(01:15:06)*
  Projected Cost: $50,000
- Step 2c (marketing): We would pay a "PR Firm" to get stories placed on Fox News, Forbes, etc., *(01:15:37)*
  Projected Cost: $25,000
- Step 2d (marketing): We would go to tradeshows with some of the successful industries from our rural communities *(01:15:52)*
  Projected Cost: $45,000
- Step 2e (marketing): We would do email marketing with cold calls to industries located in "Red Counties" *(01:16:17)*
- **Projected Cost: $15,000**
- Step 3: We would create an incentives fund or revolving loan fund designed to help rural communities reduce the cost of real estate *(01:16:58)*
  Projected Cost: $2 million
- Step 4a (preparation): Labor Force Overview + Recruiting, Screening, & Training in Different Rural Regions *(01:17:37)*
  Projected Cost: $200,000
- Step 4b (preparation): Training of economic developers in how to answer RFPs (Host once a year in person provide on demand videos) *(01:18:22)*
- **Projected Cost: $10,000**

- Step 4c (preparation): Create a "best practices" pdf of utility capacities needed for certain type projects, and keep an updated file of average costs of each type utility among likely competitors outside the state and across the nation *(01:19:03)*
  Projected Cost: $10,000
- Step 4d (preparation): Make "rural" incentives easier to qualify for *(01:19:36)*
  Projected Cost: $0
- Step 4e (preparation): Elected Officials Training (Host in person annually and have "On Demand" Videos) *(01:19:56)*
  Projected Cost: $10,000
- Step 4f (preparation): Help communities identify their "sales team" and have basic sales training for the teams (Once a year in-person plus "On Demand" Videos), *(01:20:32)*
  Projected Cost: $15,000
- Step 5: Help communities build good, state-of-the-art websites *(01:21:24)*
  Projected Cost: $75,000

Now that you have seen our budget examples, and with your budget in mind, what items from the above are you interested in adding to your efforts in helping rural communities?

Thank you Gift:

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