

# The Business Journal

of Tri-Cities Tennessee / Virginia

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## Women in Manufacturing

**Advanced manufacturing moves beyond the Rosie the Riveter stereotypes**

Front row: Carolyn Powers, IPN Packaging; Carol Blankenship, ABB Bland; Christa Glassburn, PBE Group. Back row: Megan Pack, Woodgrain Millworks; Nichole Manz-Young, Northeast State. Photo by Earl Neikirk.

**Plus**  
**Anita's expands Kingsport operations and Washington County, Tenn. Industrial Park getting new tenant**



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### | ON THE COVER

## Women in Manufacturing

Women in advanced manufacturing environments are rising beyond the Rosie the Riveter stereotype.



Cover Photo by Earl Neikirk

### | FEATURES

#### 12 New tenant wants into Washington County, Tenn. Industrial Park

Plans to set up shop in former mattress manufacturing location in the meantime.

#### 14 Eastman doubles down on sustainability

Turns out there's a market for recycling previously unrecyclable materials.

#### 16 Anita's expanding Kingsport plant

\$2 million and 25-30 new jobs are the key numbers in the expansion plan.

#### 17 Pushing for the Pinnacle

Johnson Commercial Development says it's "working it's (butt) off" to make the project happen.

#### 18 FTZ 204 regains relevance in a tariff world

Tariffs on China driving regional importers to consider once-dormant FTZ.

#### 19 Ignite blows up – in a good way

The number of Ignite internships in Southwest Virginia is moving up with a bullet.

#### 20 The Angel Roundtable pays out

The Tri-Cities-based angel investors group is growing after distributing its first returns.

#### 21 When coal leaves, grants take its place

Virginia announces distribution of federal funds to revitalize former mine sites.

#### 22 Changing of the guard at Emory & Henry

Jake Schrum is retiring as president. Provost John Wells will succeed him.

### | DEPARTMENTS

News Briefs.....	5
From the Editor .....	7
Trends .....	9

On the Move.....	24
Awards & Achievements.....	26
The Last Word .....	30

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**Southwest Virginia Economic Forum announces keynote speakers**

Wendy and Dario Marquez of Wize Solutions will open the 2019 Southwest Virginia Economic Forum May 15 at the University of Virginia at Wise. The theme of this year's forum is Transforming Through Technology.

Wize Solutions is an IT company which focuses on creating sustainable high-tech jobs in rural areas of Virginia through partnerships with local community colleges and national remote-based employers. Wendy Marquez is founder and president. Dario Marquez began his professional career as a member of the United States Secret Service, serving under the Administrations of Presidents Nixon, Ford and Carter. In 1979 he founded MVM Inc., a security personnel management firm which later expanded into IT management network administration, system security, system analysis and development of proprietary IT solutions.

Breakout sessions will address the challenges of attracting IT companies to the region and potential ways to leverage opportunity zones in Southwest Virginia. Tickets to the forum are available via Eventbrite.

**Thompson & Litton acquires Beeson Lusk & Street**

Two of the region's oldest and best-known architecture and civil engineering firms have merged. Thompson & Litton (T&L) has announced the acquisition of Beeson Lusk & Street (BLS). Both firms have been in existence for more than 60 years. BLS

employees have joined Thompson & Litton's employee-owned operation, which is now doing business as BLS Thompson & Litton. The firm will retain its office in Johnson City, Tenn.

Founded in 1956, T&L serves its five-state Mid-Atlantic client base from offices in Tazewell, Wise, Radford, and Chilhowie, Virginia; Bristol and Mosheim, Tennessee; and Princeton, West Virginia. BLS's staff joins T&L's existing staff of architects, engineers, surveyors, land-use planners, construction administrators, grant/financing specialists, and other support personnel. BLS was founded in 1912 in Johnson City and has been in continuous operation for 106 years.

**Ballad, Signature cut ribbon on assisted living center**

The former Northside Hospital site in Johnson City is once again an active component of the region's healthcare economy. An assisted living center owned and operated by a partnership including Signature HealthCARE of Louisville, Ky., and Johnson City-based Ballad Health will have 47 skilled nursing beds and 60 assisted living apartments.

"When one hospital went down, this rose up," said Alan Levine, chairman, president and CEO of Ballad Health at a recent ribbon cutting for Princeton Transitional Care and Assisted Living Center.

Princeton Transitional Care will create somewhere in the neighborhood of 200 jobs when it reaches capacity. 

- 9:00am Took an order for 100,000 extra units.
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- 9:10am Stopped celebrating.
- 9:12am Started freaking out.
- 9:15am Called Phil at First Tennessee.



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# Healthcare The Business Journal HEROES of Tri-Cities Tennessee / Virginia



**The 27th annual recognition of the extraordinary individuals and organizations that go above and beyond the call of duty every day.**

Healthcare Heroes are the men and women who go above and beyond the call of duty everyday. For more than 25 years, *The Business Journal of Tri-Cities, TNVA* has honored these heroes on behalf of the business community they serve. Without healthy employees and customers, business cannot survive. Healthcare Heroes keep our region's people and businesses well cared for.

To nominate an individual or organization today, email [news@bjournal.com](mailto:news@bjournal.com) or mail to P.O. Box 5006, Johnson City, TN 37602 with a letter of recommendation telling what makes them a Healthcare Hero. Deadline for nominations is the close of business on May 17th.

Nominations are judged based on the impact nominees make on the community, the difficulty of their accomplishment, innovation of their work, their leadership qualities and the quality of the nominee's documentation.

The **2019 Healthcare Heroes Luncheon** will be held **July 19** at the **Carnegie Hotel** in Johnson City, Tenn.

In addition to recognizing general Healthcare Heroes, five special Cup of Kindness© Awards will be presented from the following categories:

**INNOVATION AWARD:** To a provider whose inventive thinking furthered the delivery of care.

**DISTINGUISHED SERVICE AWARD:** To a provider who has shown leadership and excellent service over a sustained period of time.

**COMMUNITY SERVICE AWARD:** To an individual or organization for excellence in public health.

**MERITORIOUS SERVICE AWARD:** To an individual who has shown excellence in administration.

**SUPPORT SERVICE AWARD:** To a provider for outstanding assistance in the field of health care.

# One reason today's regionalism is better



For as long as I have covered regional economic development, there has been tension between government and business about how (or even whether) it should be done.

Today, regionalism at last may be beginning to take hold, and while both public and private sector leaders should be encouraged to continue this trend, they also deserve praise for realizing they – even together – can't answer all the important

challenges the region faces.

We in business and our friends/rivals in government have tended to think of the world in very black and white terms – us and them. But, and I was shocked to hear this number, did you realize there are more than 3,000 organizations doing good works in the region (including the eight counties of Northeast Tennessee and the United Way of Southwest Virginia coverage map)?

There are education-based efforts. There are work-force-based efforts. There are initiatives to eliminate the drug problem, the problem of lack of food and clean water, and the problem of recidivism.

These efforts are led, in some cases, by churches. Others are led by civic groups. Still more are simply grass-roots efforts.

These initiatives involve thousands of us, our friends and neighbors – all giving our time and efforts for the betterment of our communities. Yet for years, the public and private sectors have hogged the headlines in economic and community development, despite the impact of the not-for-profit sector's impact on the attractiveness of the region to potential new employers.

Now, at last, both of the traditional "powers" in economic and community development are seeing not only the necessity of working with each other to address community needs, but also the necessity of working with the individuals and organizations that can fix the problems that neither government nor business has the time, ability or inclination to address.

The "accountable care community" concept being driven by

Healthy Kingsport, the United Way of Southwest Virginia and Ballard Health is the best example of the new effort to leverage the not-for-profit sector to help the region reach its potential, though it is not the only example.

More than 150 organizations have joined forces in the accountable care community, which has yet to be formally named. Together, they will, according to a Ballard Health press release, "focus on supportive systems, programs and environments that nurture strong children and families to help them develop the key characteristics that will lead to success in life.

"The initial group of organizations and many more who will join the effort will focus on key markers of success, such as strong starts for children – which will be characterized by factors like third grade reading proficiency and substance-free families. Improvement will be accomplished by focusing on the social and cultural systems that impact these issues over time."

In short, the accountable care community wants to improve the chances for prosperity for the region's citizens.

None of this is to say that the efforts of the public and private sectors are any less important. Government, despite all the flack it earns, does important work. The efforts locally to see that every Washington County, Tennessean with a permanent address has access to clean water at their home is laudable and, most would say, long overdue.

Just so, the private sector is doing great things with work-force development, including the Eastman Foundation's efforts in robotics, the arts, and recognizing top achieving students.

Like many of you, I rolled my eyes a bit when a formerly prominent national politician made a big deal of the phrase, "It takes a village to raise a child."

What it takes a village to raise is a village. More importantly, every village – for the sake of our discussion, every community and every region – has the obligation to raise itself up, or it will surely fall as other regions become better places to live, work, play and worship.

To our public and private sector leaders, kudos for realizing the value of the not-for-profit sector in the discussion of how best to raise up our region.

# Inaugural Regional Business Excellence Awards



The complete class of 2019 honorees. PHOTOS BY JEFF DERBY



Keynote speaker Tom Tull raises the roof

By Dave Ongie

The inaugural Regional Excellence Awards were held March 29 in Johnson City.

In the Excellence in Community & Culture category, businesses were separated by size. Preston Construction (small), Tri-Cities Behavioral Therapy (medium) and Advance Financial (large) were all winners while the Tri-Cities Military Affairs Council, Greater Eastern Credit Union and A.O. Smith were named runners-up in their respective divisions.

Appalachian Resource, Conservation & Development Council won the Excellence in Environmental Support award while Nuclear Fuel Services finished runner-up. Tennessee Hills Distillery took top honors in the Excellence in Customer Experience Category and was named runner-up in the Excellence in Marketing & Innovation category, which was won by Creative Energy.



Teresa and Tony Treadway



Neil Poland with Ernie Rumsby



Stephen and Jessica Callahan



Neil Poland, Susan McKinney and Roy Settle

# Pending home sales increase for second straight month

Continued drops in mortgage rates are paving the way toward a robust spring home buying and selling season in the region.

New approved contracts at the end of February were down from January's spike while the number of active pending sales awaiting closing were at a four-year high.

There were 665 new approved contracts for single-family and townhome/condo resales in the 11 counties monitored by the Northeast Tennessee Association of Realtors (NETAR) at the end of February. That figure represents a decrease of 43 from January 2019, but the year-to-year figures show it to be 77 more than February last year.

The preliminary total number of approved contracts moving toward closing was 1,060. That total is up 179 from January 2019 and 310 more than February last year. Total active contracts include new contracts from February and those from January that had not closed. Pending sales are forward-looking indicators based on new contract signings reported by Realtor Property Resource (RPR).

"Lower interest rates are welcome news

in this era of tight inventories," NETAR President Karen Randolph said. "Not only do they move sales, they make buying a home more affordable."

The 30-year fixed rate dropped to 4.28 percent for the week ending Feb. 23. Another drop is likely this week on the heels of the Fed's decision to not increase its benchmark rate – a signal that it would not take rates higher this year over concerns about a slowing global economy, according to NETAR's market research analyst Don Fenley. The Fed does not set mortgage rates, but its decisions do influence them. The March 21 Freddie Mac summary of 4.28 percent is the lowest since Feb. 1, 2018, when it was 4.22 percent.

A home sale is listed as pending when a contract has been signed, but the transaction has not closed. Pending sales usually move to closings in 30 to 45 days. But not all contracts in the pipeline will move to closing. It is normal for as many as 5 percent to fall through and the fall-through rate has been higher recently due to the number of contingency contracts.

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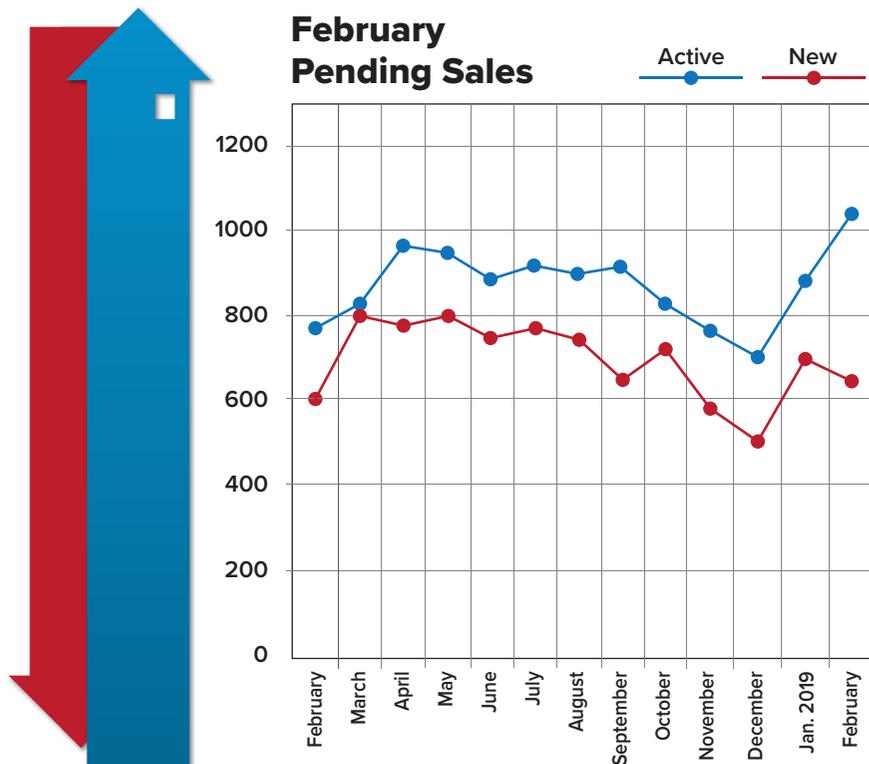


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Megan Pack of Woodgrain Millworks speaks as (L-R) Carolyn Powers, Nichole Manz-Young and Christa Glassburn look on.

## Women in Manufacturing seminar focuses on challenges, opportunities

by Scott Robertson

When the Women in Manufacturing seminar at the Bristol Train Station got underway March 28, one of the first references made by any speaker was to Rosie the Riveter, the World War II era image that has come to symbolize powerful women, especially in the workforce. Yet as the seminar went on, it became apparent that more than one member of the panel was not entirely on board with using that bit of historical iconography to symbolize women in the era of advanced manufacturing.

The image of the woman with her hair in a bandana as she rolls up her sleeves to get to work on the plant floor can bring to mind



Carol Blankenship



Christa Glassburn

what manufacturing was like when women were building planes and tanks while men were off fighting World War II. Those often-grimy manufacturing jobs are as much a thing of the past as P-51 Mustangs when compared to today's advanced manufacturing work environs.

"Manufacturing is not necessarily a dirty thing," said Christa Glassburn, chief operating officer at the PBE Group in North Tazewell, Va. "Our manufacturing is very clean. There is no dirt in there.

I can wear the same clothes to work in that I wear to dinner at night. I can wear my suit. It's not getting dirty."

Megan Pack, HR manager at Woodgrain Millworks in Marion,

Va., agreed. “When I was little, both my parents worked at a clothing factory that’s no longer here. That was more what people thought of as a typical factory, but it’s not like that anymore. So many things are automated, advanced technology. It’s so much different than it used to be. And I think that puts women more on a level playing field.”

But it’s not just ignorance of the changes in the nature of manufacturing that keep women out of the industry, Pack said. Some women feel uncomfortable even considering a career in manufacturing simply because of their gender. “There has always been a stigma attached to factories. There’s always been stigma attached to women. And I think it’s important for us to acknowledge that and talk about it because that’s the first step in getting past that stigma.”

Nichole Manz-Young, advanced technologies coordinator at Northeast State Community College in Blountville, Tenn., said community colleges are working to help get the word out. “We need to change that perception of what manufacturing looks like for females - that idea that manufacturing is a dirty environment where you’re lifting a whole lot of weight and at the end of the day, you’re always exhausted. Manufacturing is not that way. It has changed.

“One other thing women need to understand is that manufacturing is well-paying work,” Manz-Young said. “Women who work in manufacturing aren’t struggling to make ends meet.”

Carolyn Powers, regulatory and compliance specialist at Scholle IPN Packaging in Chilhowie, Va., said it is incumbent on employers to showcase the opportunities for women in the workplace. “It is such a diverse industry. You can go anywhere with any skill set.”

Still, Glassburn said, it’s not always easy to showcase opportunities when one operates a manufacturing facility. “It’s hard to get young people into manufacturing facilities. Unlike a hospital, for instance, where you can walk the floors with students and show them what it’s like to be an X-ray technologist or a doctor, it’s very difficult to take a 15-year-old student and walk her through a manufacturing facility. Because of that, it’s hard to break through to them.”

To meet that challenge, Glassburn said, the PBE Group is partnering with Southwest Virginia Community College, but the first cohort of students had 14 males and only one female. Young women seem intimidated by what they don’t understand about advanced manufacturing, Glassburn said. “They hear that it’s manufacturing, and that it’s electronics, and they think, ‘I don’t know anything about that.’”

Yet when those same young women do get on the plant floor and see many other women enjoying the work experience, Glassburn said, their outlook changes.

Glassburn credited the Southwest Virginia Alliance for Manufacturing for producing a group of videos that show what

Carol Blankenship, human resources manager at the ABB Group in Bland, Va., was honored at the Women in Manufacturing Seminar with the Outstanding Woman in Manufacturing Award. Blankenship was the fourth employee hired at what is now ABB Bland in June, 1973. Since then she has gone from being a receptionist using shorthand and teletype machines to negotiating labor contracts while overseeing online onboarding and benefit enrollment.



The seminar was held at the Bristol Train Station and hosted by the Southwest Virginia Alliance for Manufacturing and a coalition of community colleges. PHOTOS BY EARL NEIKIRK

an advanced manufacturing workplace looks like, so students can see for themselves without having to jump through the hoops involved in having under-aged individuals on a plant floor.

Perhaps the biggest challenge, though, is the same challenge that faces employers everywhere, regardless of gender or industry. Unemployment is low and the labor pool is weak. “We are in a position now where we are hiring for the first time in eight years,” Glassburn said. “We’re having a really hard time finding employees, whether they’re engineers or whether they’re just people interested in a technical career.”

That’s particularly troubling because unlike most manufacturers, PBE Group has a long history of hiring women. In fact, the workforce is predominantly female. “Our company has been historically female for 30+ years,” Glassburn said. “We have had a lot of female employees who have then pushed their children or their other family members to go into jobs that can come in to us. So, I think the secret sauce is women talking to other women about the fact that they have opportunities in our manufacturing facility, and that it’s not the place they think it was 40 years ago.”

# Washington County, Tenn., wooing German HVAC manufacturer

by Scott Robertson

Economic developers in Washington County, Tenn., are hoping to lure a German company that manufactures fans, motors and other components for the heating and air conditioning units in the automotive and other sectors. The county is competing with one other location in Tennessee and one site in Texas for the business, according to Alicia Summers of the Northeast Tennessee Regional Economic Partnership (NETREP), who first publicly revealed details of the project at a meeting of the county's Commerce, Industry and Agricultural (CIA) Committee April 4. "The company has manufacturing facilities in the U.S. and worldwide," Summers said. "It has around 14,000 employees worldwide."

*“By the end of the five-year window, their capital investment is projected to be at about \$37.5 million.”*  
- Alicia Summers

"In its first five years, the company plans to create 179 new manufacturing jobs," Summers said. "The average salary of these positions is \$37,193. By the end of the five-year window, their capital investment is projected to be at about \$37.5 million."

Even before benefits, the salary figure alone would represent an increase in the median income for the county. Per capita income in Washington County, according to 2017 US Census Bureau figures, is \$27,334. Median income is \$30,173, according to the US Department of Labor's Bureau of Labor Statistics.

The company would be responsible for filing an annual job creation report tallying the total number of new jobs created and the average wage, because the county would be offering a payment-in-lieu-of-taxes (PILOT) agreement as an incentive. The company would be required to hire at least 161 of the projected 179 new employees within the five-year window or the PILOT would increase in proportion to the percentage of the missed employment level.

The full county commission must approve offering the PILOT incentive. The first step in that process was Summers' report to the county's CIA committee.

The company and NETREP have signed a nondisclosure



agreement, so Summers referred to the project only as Project Starlight. Under terms negotiated between the company and NETREP, the project would begin with the company leasing an existing building in Washington County for the better part of three years. During the third year, it would begin construction of a new facility at the Washington County Industrial Park on Highway 11E in west Washington County.

The new building would initially be a 110,000-square-foot space, Summers said. The site in the industrial park the company would be occupying is 67 acres, but the company would only



Alicia Summers PHOTO BY SCOTT ROBERTSON

take 30 acres of that, leaving the rest for the county to continue marketing to other businesses.

The industrial park does have a smaller site that would have accommodated the original building, but, “this particular project is very interested in the larger site because it will accommodate at least three expansions for the company,” Summers said. “That was one of their major concerns,” Summers added. That’s good news because it implies a long-term commitment to the site.

The company plans to decide on a site late in April or early in May, Summers said. “Sometime in August or September, their plan is to create 60 to 68 new jobs and invest about \$8 million in the machinery and equipment. Year two, they’ll continue with assembly and create a few more jobs, about 16, and then bring in some more equipment at about \$1.4 million. And then in 2021, it’s kind of the transition year, so they’ll be doing a build out at the industrial park and then adding the new jobs and the capital investment. The same with year four. They anticipate occupying the building, creating more jobs and having over a \$25 million investment in the building. In year five they’ll do another push for new jobs and then some more capital investment.”

Because the agreement would take away the county’s ability to sell the industrial park site to any other business during the two years the company leases another building, the company will, if it chooses to locate in Washington County, sign a 3.5-year option on the industrial park site. The price on that option will be \$1.2 million, with \$400,000 due at closing at another \$100,000 per month for the first four months. The final \$400,000 would be paid when the option is exercised. <sup>13</sup>



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# Eastman announces two innovations in sustainability-driven technologies

Kingsport, Tenn.-based Eastman has, over the last month, announced two initiatives designed to use innovation to address world sustainability issues. The first, utilizing a process called methanolysis, involves a circular recycling technology to utilize polyester waste that often ends up in landfills and waterways because until now there has been no applicable recycling technology. The second, an innovation called carbon renewal technology, is capable of recycling some of the most complex plastic waste, including non-polyester plastics and mixed plastics that cannot be recycled with conventional recycling technologies. With this new recycling technology, the company says, materials such as flexible packaging and plastic films, among others, can be diverted from landfills.

By modifying the front end of Eastman’s cellulose production, carbon renewal technology uses plastic waste as feedstock and converts it back to simple and versatile molecular components. The process partially oxidizes the plastic and, at a very high efficiency, converts it into the basic building blocks of certain Eastman products, including Advanced Materials and Fibers segment products that serve ophthalmics, durables, packaging, textiles and nonwovens end-use markets.

Eastman has completed pilot tests at its Kingsport site and plans commercial production in 2019 using existing assets. The company is also exploring commercial collaborations to yield mixed plastic waste to be recycled through carbon renewal technology at commercial scale. “Eastman is embracing its stated purpose of enhancing the

quality of life in a material way for people around the world,” Chairman and CEO Mark Costa says. “This translates not only to producing superior materials for the products consumers use daily, but also contributes in a meaningful way to a circular economy – an economy where we reuse and repurpose our resources, so they retain their value for as long as possible.”

Steve Crawford, senior vice president and chief technology officer for Eastman, said the new recycling portfolio is a perfect example of the company’s innovation-driven growth strategy.

“As a leader in materials innovation, Eastman can now provide unique solutions that will support our customers and end-users in achieving their sustainability goals,” Crawford says. “Eastman’s circular technologies represent the opportunity for partnerships to provide solutions, including end-of-life options, that will have an impact on the global waste problem.”

“We believe we have an obligation to enhance the quality of life in a material way,” adds David Golden, senior vice president, chief legal and sustainability officer, and corporate secretary. “As the desire grows for products that have a sustainable life cycle, Eastman continues to build on its heritage of world-class technology platforms and product innovation to offer solutions at the molecular level. Today, more than ever, the world needs innovation, and Eastman is excited about the possibilities we can achieve by working along the value chain, across industry sectors and with community partners to expand our efforts and make the greatest collective impact.”

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Ricardo Alvarez and Jim Street at the Anita's groundbreaking March 29

## Anita's breaks ground on 40,000-square-foot Kingsport plant expansion

by Scott Robertson

When the building that currently houses Anita's Snack Foods in Kingsport opened under the ownership of Pure Foods back in 2015, much was made of the fact that it was built to accommodate expansion easily. Today, Anita's is putting that feature to good use.

The company hosted a ceremonial groundbreaking March 29 to announce its plans to expand the facility by around 40,000 square feet, adding 20-30 new jobs in the process. The same company that built the plant, JA Street and Associates, will build the expansion.

Dr. Ricardo Alvarez, president of Anita's was on hand for the event. "We want to continue growing the business in order to supply great tasting products to our customers, grow employment and serve the communities in the Tri-Cities area," Alvarez told a crowd of around 50 community and business leaders.

Anita's was recruited in 2018 to make use of the facility that had been left empty when Pure Foods filed for bankruptcy protection in 2017. The company, headquartered in San Bernardino, Ca., initially began production in Kingsport with around 20 employees in August of last year.

Since then the facility has added production and staff. Alvarez said the company is currently running two shifts a day, six days



Ricardo Alvarez

a week. The facility employs 85-90 people. By the time the expansion is complete and fully staffed, a third shift will be brought on, bringing total employment at the facility to around 120.

Kingsport Mayor John Clark, welcoming Alvarez in both English and Spanish, expressed the city's gratitude that Anita's will use the Kingsport location as its center for eastern seaboard production and distribution. The company operates a larger manufacturing facility in San Bernardino to handle west coast clients.

Anita's produces snacks for both retailers and private label sellers. A company statement regarding range of operations says, "Through our diversity we've developed top industry skills and packaging expertise in private label, co-packing, club stores, c-stores, delis, food service, vending, airlines, schools and more. Our customers are welcome to take advantage of our new product and recipe development, package design, and marketing experience."

In recent years, the company has expanded its lines from its base tortilla products to include corn chips, pellet snacks and extruded snacks. Extruded snacks include puffs and onion rings. Pellet snacks are made from multigrain bases, as well as potato, corn and other vegetables to create shaped products including squares, straws, sticks, rings, ripples and twists. The company also makes a variety of taco shells. 

# Pinnacle Virginia project work continues on multiple fronts

by Scott Robertson

When the \$10 million of requested funding for a new road through the property failed to appear in the Virginia General Assembly's proposed budget in late February, there was some speculation in local media that the project would not happen. That speculation, says developer Steve Johnson, was premature.

"We're working our (butts) off to make this happen," Johnson told *The Business Journal* in early April.

Johnson confirmed that two things outside his direct control still need to happen for the project to move forward. The aforementioned road must be budgeted, either by the state or by Washington County, and the county must levy an admission tax, which will need to be used as an incentive.

Though the road was not included in the General Assembly's budget proposal, Johnson says, he's working to get the \$10 million included in the final version of the budget that Governor Ralph Northam will eventually sign. Last year, the budget wasn't



Steve Johnson

signed until June, so there could well be time to successfully lobby for that change.

"We've invited the Secretary of Commerce and Trade (Brian Ball) down to have a look at the property," Johnson says. "We're hopeful he'll be down here this month. With everything that this project will do for the economy of this part of the state – with how transformative this can be – and with the fact that it's not my job to build public infrastructure, I'm looking forward to the opportunity to talk with him."

As for the admission tax, the county is still considering that. Johnson warns that Johnson Commercial Development won't turn the first shovel of dirt without that tax having been approved. "If they – the folks in the county government – screw around and mess this up,

there are going to be a lot of people wondering what kind of people are running the show down there," Johnson says. "For them to lose \$240 million in capital investment and 2,600 new jobs over a county admission tax? That'd be tough." ■

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# Increasing tariffs reignite interest in FTZ

by Scott Robertson

When President Donald Trump reintroduced large-scale tariffs into the list of acceptable American trade strategies, most domestic reaction ranged from “reservedly supportive” to “aghast.” Tariffs, after all, are taxes, and most businesspeople see taxes as anathema to growth. But in a world where free trade is suddenly bound up in political gamesmanship, there’s one place where business can go for at-least-partial relief: foreign trade zones. Scarcely utilized for the last decade because of the prevalence of free trade between the United States and its partners, FTZs are regaining relevance.

While FTZs don’t allow American companies to escape paying duties on imported goods for domestic consumption, they do allow businesses to defer or totally escape paying U.S. Customs duties on imported goods in certain situations. For instance, no duties are paid if the goods are re-exported, and businesses are allowed to store goods within FTZs for an unlimited amount of time. Businesses are also allowed to manufacture products within an FTZ and pay duties at the duty rate of either the foreign parts used or on the finished product, whichever is more advantageous.

Also, FTZs are not geographically limited to the point (Tri-Cities Airport for FTZ 204, for instance) at which they are headquartered. Eastman, for instance, utilizes FTZ 204’s benefits at its Kingsport manufacturing facilities.

“For Eastman, the FTZ provides greater flexibility in manufacturing operations and strengthens the nimbleness of the company as a global leader in specialty materials,” says Thomas Donegan, Eastman trade compliance manager. “The FTZ allows area businesses the opportunity to potentially reduce duty expenses on foreign materials that are further manufactured or processed in the region. Additional advantages include indefinite duty-free storage on foreign materials, so-called ‘inverted tariff’ manufacturing, and duty exemptions on re-exports.”

Mark Canty is director of Trade and Business Development at Tri-Cities Airport. As such, he is responsible for the Grantee administration of FTZ 204 and for the marketing and promotion of the zone to business. He is also one of the few people you will ever meet whose eyes light up when the topic of tariffs is brought up for discussion.

“I think simply the discussion of tariffs has caused a lot of businesses to do more research and to look into how FTZ could impact them now and impact them under certain scenarios,” Canty says.

In March, for instance, a prodigal community came back to the region’s FTZ. “We had a meeting to vote on whether or not to authorize Bristol, Va., to rejoin the foreign trade zone,” Canty says.

Two years ago, the city had cut membership in the FTZ from its budget. “They had some things they were going through at the time,” Canty says. However, a Bristol business, Aerus, developed



an increased interest in using the FTZ after the U.S. trade war with China began heating up.

“It’s gotten to the point that the increase in tariffs have pushed Aerus to where it’s beneficial for them now to go through with an FTZ activation,” Canty says. “And, of course, without the city of Bristol being a member, then there’s not a mechanism in our current structure to activate a business inside of a community that’s not an FTZ member.”

The changes in the world marketplace that have reintroduced the FTZs into business relevance, for Canty, prove the value in having maintained the FTZs through the preceding time of relative disuse. “I think it’s helpful for the communities to see that just because you may not have a user in a certain year, that doesn’t mean that the zone, that the harmonized tariff schedule’s not going to be changed. It doesn’t mean that there aren’t going to be tariffs slapped on by executive order and it shows that it’s necessary to maintain a foreign trade zone regardless of current usership.”

That having been said, Canty says he’d be pleased with the increase in the use of tariffs even if there were no direct benefit to FTZ 204. “In what I do, I do see that it’s not a two-way street. The tariffs when we send something to a country are higher. Yet when they bring products into the United States, a lot of times there’s no duty whatsoever.”

While uncertainty remains the word of the day in international trade relations, Canty says at this point, one thing is certain. “Any company that imports on the front end should be aware of the FTZ and how it could help them.”

# Ignite internship program catches fire in Southwest Virginia

An internship program designed to bridge the gap between education and employment in Southwest Virginia is growing at a rapid pace.

United Way of Southwest Virginia is creating a talent pipeline that prepares the region's emerging workforce for the jobs of tomorrow through the Ignite Program. Ignite connects area schools and students with local employers by deploying two simple strategies: career awareness about the vast job opportunities among our regions' employers and skill development through hands on learning.

Thanks to the thirty-five businesses that are partnering with United Way of Southwest Virginia, more than 90 high school students will have the opportunity to experience the best training ever: work.

Internships build on the soft skills training students receive during the academic year. Students are taught the importance of communication and teamwork, critical thinking and problem solving, as well as the importance of attitude and professionalism. Mary Trigiani, senior vice president, strategic planning and development, said "New Peoples Bank is excited to welcome Ignite interns this summer. My first job outside our family business was wrapping gifts at Mike's Department Store in Big Stone Gap, Virginia, during the holidays. Growing up in a coalfields community, a teenager had many mentors. They taught us how to come to work on time, answer phones and make customers feel appreciated. We are looking forward to tapping these roots with our New Peoples Bank interns this summer."

Travis Staton, president and CEO of United Way of Southwest Virginia, said, "I am grateful to our region's employers who have chosen to be a part of the solution. This is a great opportunity for these employers to share their insights and experiences with high school students as they prepare for future careers."

Funding for the internships comes partially through a grant United Way of Southwest Virginia received from GO Virginia Region 1. A recent grant from GO Virginia Region 2 will allow Ignite to expand into Pulaski and Giles County and the city of Radford.

Thirty-five employers in Southwest Virginia have partnered with United Way to offer more than 90 internship opportunities to students. The employers participating in the 2019 Summer Internships are providing month-long, paid job opportunities for students 16+ years of age who are enrolled in high school. United Way of Southwest Virginia is providing pre-employment train-

ing to the students and mentoring training to the employer mentors who will be working with the students. Each business that participates is receiving technical assistance via United Way's internship technology, MajorClarity. Ignite Coordinators at our region's high schools are recruiting high school students to apply for internships. **BJ**



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# Angel Roundtable celebrates first return, aims for growth

by Scott Robertson

There's a commonly recognized phrase in the current vernacular of digital communication – “pics or it didn't happen.” The analogous phrase for angel funding might be “return or it isn't investing.”

The Tri-Cities-based Angel Roundtable (ART) recently received a return in excess of 50 percent on its first transaction event. The company in which ART had invested, FarmShots, sold to Sungenta, with the final closing allowing ART to capitalize in March.

Tony Lettich, managing director of ART says FarmShots caught ART's attention with the combination of a strong idea and an early record of success. At the time FarmShots pitched to ART, the company already had \$100,000 in sales.

“FarmShots had come up with an idea to utilize satellite imagery and analytical techniques to look at crop fields and determine if there were issues related to those fields.

At the time, and currently, the primary way of identifying whether the crops are progressing satisfactory is to have a consultant come in and check for blight, walk the fields, these kinds of things. The idea behind FarmShots was to utilize existing satellite photographs and future satellite photographs and analytical capabilities to understand better what was happening at various farms.”

FarmShots' founder immediately went out and was able to put in place contracts for significant historical photographs taken by satellites passing over the nation, Lettich says. “That served as a database from which he and his tech team created an analytical tool. So as customers were brought on, they would take new pictures of the sites utilizing those tools to analyze what was going on with the farms.”

FarmShots is the first investment to pay off for ART, but the 30 or so members who make up the ART have taken part in 10 different financing rounds with 18 different syndication partners including several well-known venture capitalists and accelerators.

“Our goal is to put together a diversified portfolio of start-up companies with a goal of around 25 percent return,” Lettich says. “We tend to invest in them when they're late seed, early in the early stage and they're looking for something in the range of



Tony Lettich

\$100,000 to maybe \$1 million.”

The process is simple. Lettich hears hundreds of pitches each year, eliminating most from consideration while scheduling one or two pitches for the ART membership to hear at its monthly meetings.

“It seems to me like we all have a very good gestalt in the room for when it's a great idea,” says Pediatrician Susan Jeansonne, who joined the ART along with her husband Greg. “You can tell when somebody is making a pitch when it feels right and when the group is more likely to make a bigger investment. The same thing holds true if it seems like there are missing pieces in a start-up – you can feel that in the room.”

Once the pitch is complete, the entrepreneur is excused and the ART members begin deliberations. “It is a very diverse group,” Jeansonne says. “So, it's a learning curve for all of us to share ideas and hear from each other on things we had maybe never considered.”

Should the group decide to move forward, a due diligence period begins in which individual ART members research the start-up. “The due diligence process where you take a deeper dive into the company – its leadership, its management, its financials, who else has invested in it – that due diligence process is very, very rigorous,” says Dennis Depew, Dean of ETSU's College of Business and Technology and ART member. “The discipline this group employs in determining which of these companies they'll invest in is impressive. We have seen really good ideas from really good companies and still determined that they don't fit the criteria.”

The ART is looking to grow its membership ranks, Depew says. “You want to continue to expand that diversity and scope. You not only want members who are potential investors. You want members who will bring some talent, expertise and perspective that nobody else in the room would have.

“Should we be able to, say, double our size, we would bring greater diversity in, but we would also be able to scale up. There will be some things we'll be able to do that we can't do right now. We would have leverage to be involved in some start-ups in a way we can't do right now.” ■

## Ten Southwest Virginia economic development projects receive Pilot Grants

Ten economic development projects centered around revitalization of former coal mine properties have been selected for grant approval from the Abandoned Mine Land (AML) Pilot program administered by the Virginia Department of Mines, Minerals and Energy (DMME) and funded by the Federal Power Plus Pilot Program.

“This grant program will provide Southwest Virginia with a range of unique and valuable economic development opportunities,” said Governor Ralph Northam. “These projects will support important infrastructure improvements, increased tourism, and manufacturing growth in addition to bringing a first-of-its-kind solar project for the region.”

Recommended projects include:

- Wise County: Appalachian Homestead – a unique community offering property rights through community based sustainable farming, \$1,600,000
- City of Norton: Country Cabin II – a music venue along the Crooked Road will make improvements to become a year-round site, \$47,420
- Russell County: Dante Community Redevelopment – construction of a mountain bike and ATV trail, \$269,000
- Buchanan County: Ecotourism in Nature’s Wonderland – a scenic vista to view the elk and other wildlife, \$2,254,750

- Tazewell County: Pocahontas Exhibition Mine – enhancing the museum experience and creating a visitor tram stop for rides through the mine exhibit, \$379,178
  - City of Norton: Project Intersection – an industrial site development aimed at attracting new manufacturing businesses, \$1,782,685
  - Wise County: Solar Value – a large solar project, providing renewable energy to an industrial park tenant, the Mineral Gap Data Center, \$500,000
  - Dickenson County: Splashdam Waterline Extension – a public water expansion project will improve the quality of life for rural residents affected by historic mining, \$356,500
  - Russell County: Project Reclaim – an industrial site development aimed at recruiting new business, \$1,645,340
  - Wise County: Enhancing the Mountain View Trail System – will improve ATV trail between St. Paul and Coeburn, \$222,000
- Virginia received grant dollars to develop AML sites through an amendment to the Federal Omnibus Funding Bill passed in May 2018. The amendment provided \$10 million each to Virginia, Ohio, and Alabama, in addition to funding for Kentucky, West Virginia, and Pennsylvania in the underlying bill. The projects must still undergo a review from the Office of Surface Mining Reclamation and Enforcement (OSMRE) prior to official award. [BJ](#)



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# John Wells named Emory & Henry's next president

A changing of the guard is on the horizon at Emory & Henry College. Jake Schrum has announced plans to retire from the presidency.

At the March 30 meeting held at the college, it was recommended by the Executive Committee of the Board to name current Provost and Chief Academic Officer Dr. John W. Wells to be the 22nd president of Emory & Henry. The vote by the full board was unanimously approved. Wells will assume the role beginning July 1, 2019.

Wells began his work as provost/chief academic officer at Emory & Henry in May 2017. "His ability to interpret and understand strategic goal planning has been helpful to the campus community," said Kyra Bishop, chair of the Board of Trustees. "We are fortunate to have someone within our organization, grounded in the liberal arts, vetted by the faculty for his position as provost, who can step into the presidency and move immediately forward on our 'Pivot to the Future' strategic three-year plan."

Prior to arriving at Emory & Henry, Wells served seven years as the executive vice president and chief academic officer at Mars



John Wells



Jake Schrum

Hill University in North Carolina, creating new programs in both professional and traditional liberal arts and increasing enrollment by 30 percent in four years. Prior to that he served as provost and interim college president for four years at Young Harris College in GA; and was a professor and dean of social sciences at Carson-Newman, where he earned his undergraduate degree in history. He has a master's degree and doctorate degree in political science from The University of Tennessee from 1993 and 1996 respectively.

"John is a pleasure to work with and will bring about significant and meaningful change at Emory & Henry College," said Schrum. "He's a leader with integrity, sound management principles, appreciates collaboration and autonomy. He values the role of faculty in the academy and understands the concerns of access and affordability for many students and their families in this region and beyond. His goal is to ensure students have a solid return on their education from Emory & Henry and can easily transition to the world of work or continued education." 

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ON THE MOVE

Administration

The Kingsport Chamber is pleased to announce its recent hire of **Caroline Jones**, who will join the Chamber team as a marketing & administrative coordinator providing administrative and marketing support to the Kingsport Office of Small Business Development & Entrepreneurship and the Tennessee Small Business Development Center at East Tennessee State University Kingsport Center. Within her new role, Jones will serve as the first point of contact for partners, vendors, clients and the public.



Caroline Jones

Jones has extensive experience in the Healthcare industry and is a Certified Hootsuite Academy Social Marketing Professional. For the last 10 years, she has worked in various roles at Holston Medical Group, from Operations until most recently as the Marketing/PR Specialist where she specialized in Provider Relations and Social Media campaigns and content creation.

Jones is a Leadership Kingsport alum, Class of 2016, and a current Leadership Kingsport council Member and Logistics Chair. She has also served on the Kingsport Walk to End Alzheimer's Planning Committee, serving as walk co-chair in 2018.

Retail

JCPenney has named **John Wright** general manager of its Mall at Johnson City store in Johnson City, effective immediately. Wright has been with the company for more than five years and brings more than 27 years of retail experience to his new role.



John Wright

"I am thrilled to be serving as general manager and leading an extraordinary team of dedicated associates who are passionate about delivering great products and exceptional service to our customers," said Wright. "I look forward to serving the local Johnson City community and ensuring every customer's shopping experience at JCPenney is worth their time, money and effort."

Wright earned his associate degree in business administration and management from Virginia Highlands Community College. Through his career, he has held positions of increasing responsibility, building and managing teams with JCPenney, Pier 1 Imports, Best Buy, The Home Depot and Lowe's. He is transferring to Johnson City from Kingsport, where he served as general manager of the JCPenney store there.

JCPenney has been a part of Johnson City for 94 of the city's 150 years, having first opened its doors in the heart of downtown in 1923. The Company took its current place in Mall at Johnson City on March 5, 1980.

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**AWARDS & ACHIEVEMENTS**

**IBM Watson Health: Holston Valley Medical Center one of nation's 50 Top Cardiovascular Hospitals**

Holston Valley Medical Center in Kingsport has been recognized nationally for its excellence in cardiac care. The hospital was recently named one of the nation's 50 Top Cardiovascular Hospitals by IBM Watson Health.

This is the fourth time Holston Valley has been recognized with this honor. Organizations do not apply or pay for this recognition or pay to promote their award for top performance. The Watson Health 50 Top Cardiovascular Hospitals study uses 2016 and 2017 Medicare Provider Analysis and Review (MedPAR) data, 2017 Medicare cost reports (2016 if 2017 reports were not available) and U.S. Centers for Medicare & Medicaid Services (CMS) Hospital Compare data published in the second quarter of 2018. Hospitals were scored in key value-based performance areas: risk-adjusted mortality, risk-adjusted complications, percentage of coronary bypass patients with internal mammary artery use, 30-day mortality rates, 30-day readmission rates, severity-adjusted average length of stay, wage- and severity-adjusted average cost per case and, new this year, CMS 30-day episode payment measures.

"I am so proud that Holston Valley was recognized once again for the superior care it provides our community," said

Eric Deaton, senior vice president of market operations for Ballad Health. "Holston Valley has served this region well, and continues to do to, and this honor validates that we are providing world-class cardiac care."

Holston Valley offers a wide array of highly sophisticated cardiac services and procedures, with robust technology and a large staff of specialized physicians and team members who are well-equipped to care for cardiac patients.

"This recognition speaks to the kind of high-level cardiovascular care available at Holston Valley," said Dr. Herbert Ladley, chief medical officer of Holston Valley. "The team of cardiologists we have here on staff are the best of the best, and we are honored to be recognized for the quality care we provide to our community."

Along with the IBM Watson recognition, Holston Valley holds many accolades and recognitions for cardiac care and cardiovascular research, including:

- Gold-level recognition from the American Heart Association for heart attack treatment (2018)
- Platinum-level recognition from the American College of Cardiology for heart attack treatment quality measures (2018)
- Leader in cardiovascular research and training, with annual visits from Harvard fellows who come to learn the techniques offered by Holston Valley's prominent cardiologists.

According to IBM Watson, if all cardiovascular providers in the

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**AWARDS & ACHIEVEMENTS, CONTINUED**

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**MUFSO Selects Creative Energy President Tony Treadway For Advisory Board**

America's long-running foodservice trade event has tabbed Creative Energy founder and President Tony Treadway as a member of its national board of advisors. As the Multi-Unit Food Service Operators (MUFSO) Super Show turns 60, event organizers are energizing the event for a new generation of restaurant chain leaders.

"There have never been so many challenges facing restaurant chain leadership than today," explains Treadway. "From third-party delivery to labor costs and social media, chains are looking for fresh ideas and solutions at events such as MUFSO. I'm honored to be the only ad agency voice at the table with some of the top chain innovators and food brands to help them make this year's event the very best in its history."

Joining Treadway on the board of advisors are top executives from restaurant chains, including Red Robin, Boston

Market, Cracker Barrel, Captain D's, Red Lobster, Sonic Drive-In, Walk-Ons Bistreaux & Bar and Fazoli's. Food and supplier brands represented include: Garner Foods, EcoLab, Ventura Foods and Koala Kare Products.

The group recently met to tour a new venue for the October 14-16 event in Denver and to provide show organizers with fresh ideas on creating new platforms for learning, sharing best practices and celebrating the success of some of America's top restaurants. The event is run by Informa USA and Nation's Restaurant News. This year, the event projects more than 600 of the nation's top restaurant chains to register for the event along with their top suppliers.

Treadway has played an integral role in bringing fresh ideas to trade events, such as MUFSO for more than two decades. At this event, he and his agency's team have developed chain chef-centered cooking competitions and bartender competitions as well as unique trade event booths, fresh trade event content, contests and communications. **BJ**



Tony Treadway

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EOE

# Everything about Leadership I Learned in the Boy Scouts

by Dan Ragan

The headlines for white-collar crime this year and in 2018 have largely been grabbed by disgraced former CEOs. Elizabeth Holmes, Ray Kelvin, Les Moonves have been among the most prominent. Even with all the negative publicity CEO's have received in the last few months, though, I believe the vast majority of CEO's are dedicated, committed, and are persons of high integrity.



However, corporate corruption has shaken public confidence in the CEO, and other key executives. I am a former Scout leader and the father of three sons. One of my sons is an Eagle Scout, one a Life Scout, and both are God and Country Award recipients. I believe the corruption and scandal in America would never have happened if the individuals involved had lived by a simple oath many of us were taught as young men...the Boy Scout Oath. How does this oath relate to leadership and what are the traits typically associated with a good CEO?

- A personalized understanding of your role as a leader...A successful CEO develops a leadership philosophy that is the operating statement. This individual must have values and priorities which will serve as a guide on the search for excellence. As Vince Lombardi said, "The quality of a person's life is in direct proportion to their commitment to excellence regardless of their chosen field of endeavor."
- The vision to lead...The successful CEO must transform purpose into a core ideology that points in the direction to attain short and long-term goals. This person must have a need to succeed! Mary Kay Ash described it perfectly, "If you think you can, you can. And if you think you can't, you're right."
- The ability to set and achieve smart goals...You must determine the plan of action that will enable you to remain focused and align your efforts to maximize results. You must track your progress and identify action steps.
- The ability to motivate people to achieve results...The effective CEO knows what motivating is and how to foster a corporate environment which allows individuals to achieve their goals within the organizational framework.

- Effective leadership decision making skills...Good decisions made on a timely basis with incomplete information are one of the hallmarks of a great CEO. These decisions must not only reflect quality and commitment, but must be morally right.
- Leader as a coach and mentor...The best CEO's utilize principles of effective coaching to improve an individual's performance and abilities to accomplish personal, professional, and corporate goals. They go out of their way to recognize and reward others while taking little, if any, credit themselves.
- An effective team builder...A CEO must build a management team which can accomplish stated goals, while remaining true to the company mission and spirit. It is crucial not only to achieve, but to achieve in a winning manner. Or as the late Pat Summitt stated, "Teamwork is what makes common people capable of uncommon results."
- Walk the path of good corporate citizenship...A good CEO causes the community in which it operates to be a better place. This includes community involvement by your prayers, presence, gifts, and service.
- Trustworthiness...The trustworthy CEO is one who always tells the truth. This person has no reason to lie and nothing to hide from the public. This person is a respected individual in the community as well as the organization. Trustworthy CEO's tend to place belief in values, truth, and ethics. They feel that everyone should follow and believe in the truth.

It is obvious that we all have had our fill of sexual harassment, illegal loans, and corrupt business dealings. Success is impossible without integrity and I believe nice guys do finish first. Qualities such as integrity, morality, duty and honor must be practiced daily on a personal and corporate level. As Laslo Nagy stated, "The central need of our times is to find the road we lost or abandoned, and to recover the values we have rejected in favor of every man for himself in pursuit of egoistic goals."

I have had the privilege in my career of working with many fine executives, several of whom were Eagle Scouts. Many were never Scouts, but recognized and practiced the principles mentioned above. These individuals have built trust with their employees, their stockholders, their customers and their community. Their solution to success was simple...they followed the principles of the Boy Scout Oath.

*Dan Ragan is a management consultant and owner of Edwards Ragan and Associates, LLC, a human resource services firm based in Kingsport. He has authored articles for numerous national publications and is a featured speaker for national and state associations and civic groups.*

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