

# The Business Journal

of Tri-Cities Tennessee

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## Elevating the conversation at the Regional Economic Forum

**Plus**  
**Crown Laboratories expands operations and E2E turns two**

Tennessee Governor Bill Lee and Eastman CEO Mark Costa

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# We missed the recovery. We lack resilience. Here's job one in fixing that.



The Sept. 10 Regional Economic Forum at Johnson City's Millennium Center on the campus of ETSU has captured the lion's share of the headlines when it comes to economic development, but an equally enlightening event was held just days before. Appalachia Strong – Prosperity. Progress. Growth. was an economic summit presented by the Appalachian Regional Commission and hosted by the state of North Carolina in downtown Asheville Sept. 5 and 6.

Appalachia Strong was attended by representatives of several organizations and companies on “this side of the mountain.” Eastman sent a representative. So did the Northeast Tennessee Regional Economic Partnership. The First Tennessee Development District was represented by multiple staffers, as was the United Way of Southwest Virginia. An administrator from the University of Virginia – Wise also showed up to listen and learn.

I was most interested in attending the session titled “Growing Economic Resilience in Your Community.” A resilient economy, we were told, is an economy that can absorb a shock such as a recession, recover, and then resume a positive growth path greater than before. I would hear that exact definition repeated at the Regional Economic Summit in Johnson City. As ETSU Professor Dr. Jon Smith pointed out in his presentation at the Regional Economic Forum, our region failed to recover from the Great Recession of 2008-2010. That failure can be measured with many indicators, from Real GDP and GDP per capita to wage rates to declines in available workforce and population. Despite the earnest efforts of our economic development professionals, our economy stagnated while the nation's roared back in the longest sustained economic recovery in U.S. history. Our region's communities have been, almost without exception, the opposite of resilient.

If, as the recent inversion in the yield curve might suggest, we are on the verge of entering into the next downward cycle in the U.S. and world economies, then now is the time to address what will make us more resilient going forward.

Our presenters in Asheville provided us with a list of eight keys to strengthening economic resilience in Appalachia.

1. Invest in education, technology, infrastructure and broadband
2. Engage the community over the long term

3. Create communities where people want to live
4. Grow youth engagement and next generation leadership
5. Identify and grow the assets in the community and the region
6. Build networks and foster collaboration
7. Move multiple sectors forward for economic development and grow value chains
8. Cultivate entrepreneurs and develop resources for business start-ups.

Most of these brought blank looks from the attendees. You could practically hear people thinking, “Thanks, Captain Obvious.”

Then a funny thing happened (and Zero Mostel was nowhere to be seen). Despite having been given a 56-page packet showcasing ten different resilient communities around the country, the session participants turned the question-and-answer portion of the session into an interview with United Way of Southwest Virginia CEO Travis Staton.

Staton was merely an attendee, just like the rest of us, not a presenter at all. But during the table discussions, he had shared some of the successes of the last couple of years, including Operation Tomorrow's Workforce and the IGNITE program. Representatives of communities from Georgia to Pennsylvania peppered Staton with a half-dozen questions before the session ended, leaving the ARC-designated session facilitator little more than a spectator. It was a testament to the positive things that can happen here.

The United Way tries to help people achieve prosperity. Well, most of the regional economy's problems are born of our peoples' problems. As a workforce, we're getting old. We have addiction issues. We're overweight and undereducated. But our biggest problem is that, right or wrong, we don't trust each other to help.

In Southwest Virginia, the rapidly growing concerns of employers facing a 20 percent population decline and the desperation of a workforce watching its best industries disappear have forced people to put aside distrust and work together. Perhaps we can achieve similar results without first having to lose an industry in Northeast Tennessee.

We want resilient communities? We want a resilient region? Job one isn't coming up with new slogans or marketing campaigns. It's not investing in broadband. It's not even chasing down new jobs and investment.

It's simply building trust.

I think we'll be amazed how much easier it is to achieve the ARC's eight keys when we concentrate on doing that first.



## NETWORKS Sullivan Partnership hosts Red Carpet Tour for site consultants

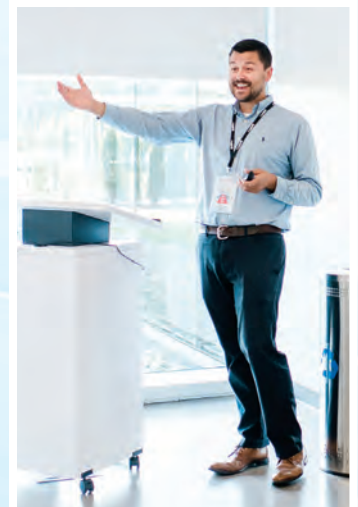
What began as a way for Sullivan County's economic development organization to bring site selection consultants to the county has become Tennessee's premiere economic development red carpet event. The 2019 Red Carpet Tour, hosted by NETWORKS Sullivan Partnership and featuring major events at the Birthplace of Country Music Museum and Bristol Motor Speedway brought 10 consultants from the top firms in America to the region. The Northeast Tennessee Regional Economic Partnership and the Greene County Partnership both participate as partners in the event, as do economic development organizations from as far as the Knoxville metro.



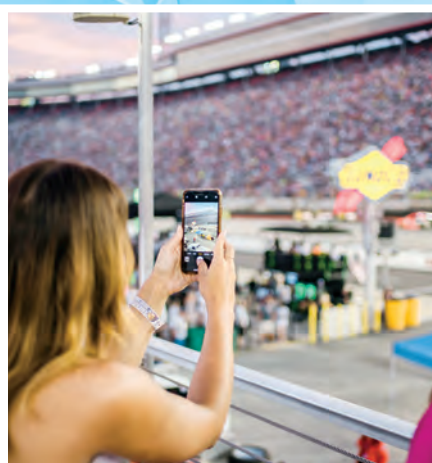
Consultants, state and utility representatives, participating EDOs, NETWORKS staff and partners PHOTOS COURTESY NETWORKS



Existing Industry panelists L to R: Raj Venkataraman (Vice President of Operations – Seaman Corporation), Sidney Hammonds (Manager: Purchasing, Asset Recovery, and Materials Management – Domtar), Jamie Hunnigan (Continuous Improvement – Royal Building Products), Wayne Stevens (Plant Manager – Silgan Closures)



Matt Garland (left) of the Greene County Partnership and Mitch Miller of the Northeast Tennessee Regional Economic Partnership present during the Friday information sessions.



A consultant snaps a photo during the race.



Site selection consultants enjoy the race.



Tim Nichols (Grammy-Award winning songwriter), with NETWORKS CEO Clay Walker



# Pending home sales see small monthly July gain; annual index up 11.6 percent

**T**ri-Cities area home sales increased 9.5 percent in July, and the average sale price was close behind at 8.6%. The increase was driven by a strong condominium-townhome rebound and better-than-average single-family sector performance.

There were 737 residential closings last month, and the average sales price was \$183,752, according to the Northeast Tennessee Association of Realtors (NETAR) Trends Report.

Pending homes sales squeaked out a small gain from June's total for the area served by the Northeast Tennessee Association of Realtors (NETAR), but movement of the pending sales index is a different story. It's at a 28-month high.

There were 895 preliminary new contracts (pending sales) in July, up 9 from June. The active pending sales total rose to 1,450 – 200 more than there were in June, according to Realtor Property Resource (RPR).

The NETAR Pending Sales Index, shows new contracts were 11.6 percent higher than July last year. The active pending sales index, which includes contracts from previous months that have not closed, was 20 percent higher than July last year.

The seven-month trend for residential closings is up 3.4 percent, and the average price trend is up 4.5 percent.

Pending sales are a leading indicator of housing activity based on signed contracts for existing single-family homes, condominium, and townhome resales. Since resales go under contract a month or two before the deal is closed, the index

typically leads existing home sales by about two months. The index is based on a year-over-year rolling average of both new and existing resales contracts to take some of the statistical noise out of the data. Under normal market conditions, it's not unusual to see up to 5 percent of contracts fall through. In today's market, that fall-through rate is often higher due to contract contingencies.

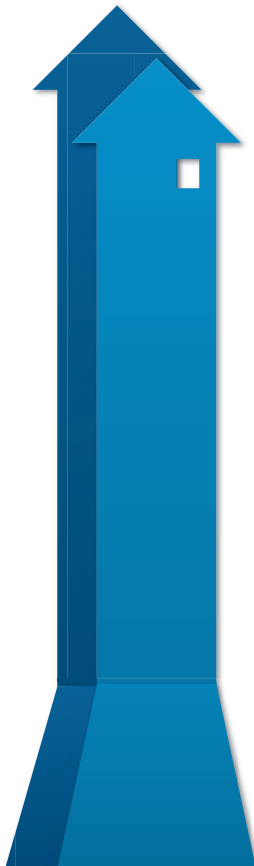
A National Association of Realtors survey focused on April to June conditions found 70 percent of contracts faced a contingency in making it to closing. The most common contingencies were for home inspections (60 percent), obtaining financing (48 percent) and an acceptable appraisal (47 percent).

The most common reasons contracts were delayed was obtaining financing, followed by appraisal issues, then home inspections or environment issues, and finally titling and deed issues.

The national study found that while 20 percent of contracts saw delays while only 4 percent were canceled.

During the same period, 21.6 percent of the local contracts saw closing delays and 5.8 percent were canceled.

So far this year new listings are 7.9 percent better than the first seven months of last year while new pending sales are up 17.9 percent. The region had 3.5 months of inventory in July – unchanged from June. That's the number of months it would take to exhaust active listings at July's sales rate, said NETAR data analyst Don Fenley. It's also the tightest inventory the region has seen since NETAR began reporting its monthly housing market report in 2008.



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Discussion panelists Alan Levine, Bill Greene, Mark Costa, Jerry Caldwell and Scott Niswonger. PHOTOS BY EARL NIEKIRK

# Regional Economic Forum:

Preparing for first steps on road back to competitiveness

by Scott Robertson

From the outset, the inaugural Regional Economic Forum at the Millennium Center in Johnson City Sept. 10 focused on a single message: Northeast Tennessee and Southwest Virginia's economy has not kept up with the national economy for the last decade, and though it may prove painful at times, public, private and social sector organizations must jointly commit to the changes necessary to improve that economy or face dire consequences.

## Chambers and governments

In the opening statements by former Bristol and Johnson City Chamber of Commerce Chairs Jerry Caldwell and Andy Dietrich, a tone was set. Dietrich quoted author Robin Sharma, who said, "Change is hard at first, messy in the middle and gorgeous at the end." Caldwell added, "We are going to hear things today – some we know or may not know – and some we may not like – but they're the truth, and the most important thing is, 'How do we move forward from here?'"

"We all know we cannot continue to do the same old things the same old way and expect to get better results," added Washington County, Tenn., Mayor Joe Grandy, reporting on the progress of the Mayors' Blue Ribbon Task Force.

Grandy harkened back to October 18, 2018, when the Washington and Sullivan County commissions met in joint session for the first (and to date only) time. The two commissions adopted a joint resolution at that meeting in which both bodies agreed to cooperate where appropriate, particularly in the area of enhancing

economic development. Toward that end, Grandy and Sullivan County Mayor Richard Venable created a Blue-Ribbon Task Force with five workgroups (entrepreneurial business development and recruitment, existing business development and retention, workforce excellence, regional tourism and primary job recruitment) to examine the potential benefits of taking a regional approach where work is already being done on local levels. "The preliminary indications are that existing programs will be greatly strengthened through a regional focus," Grandy said. A full report from the Task Force is expected in the next few weeks.

## The wasted decade

With the fact that regional efforts to grow prosperity are already underway at both the Chamber and government levels established, the program turned to the question of "Why now?" For that, ETSU's Dr. Brian Noland and Dr. Jon Smith tag-teamed a presentation of facts regarding the regional economy as it stands today.

Put simply, the economy of this region suffers in comparison to the nation and other comparable markets in most metrics of comparison. Education level, earnings and likelihood of addiction to opioids all paint a gloomy picture of the region's economy. With respect to addiction, Noland pointed out the fact that half the children in the neonatal intensive care unit at Niswonger Children's Hospital suffer from neonatal abstinence syndrome – meaning they were born addicted because of the





Washington County, Tenn., Mayor Joe Grandy



Tennessee Governor Bill Lee

mother's drug use. "That's the future workforce of this state," Noland said, "unless we're able to make some significant interventional actions." The addiction issue, he said, is a parallel to the economic problems the region faces. Unless significant interventional actions are taken, it's highly likely economic issues such as population decline will continue.

Smith compared the post-recession recoveries of the economies of the Johnson City and Kingsport (which includes Bristol) MSAs with those of communities including Asheville, Chattanooga, Knoxville and Nashville. Using real GDP and GDP per capita as measures, both of the Tri-Cities MSAs pale in comparison to the other MSAs. While other MSAs recovered nicely, the Johnson City MSA showed no rebound while the Kingsport MSA showed what Smith referred to as, "a negative growth path."

Just so, civilian employment showed disappointing data for both MSAs. "The Northeast Tennessee workforce is shrinking," Smith said. "This is a bad picture. We have a problem with workforce declining. We have a problem with people not coming into our communities to try to replace that with."

"This is painful information," Noland concluded, "but it's reality in the world we call home. This has been the most prosperous decade in my lifetime for the state of Tennessee, but that decade passed us by."

### How to improve

More than a year-and-a half ago, executives from Eastman sought out Mark Fuller, the retired founder of the Monitor Group, now running a firm known as Rosc Global. Fuller has consulted on economic development and prosperity initiatives around the world, with clients ranging from towns to nations. Their hope was that Fuller would assign a team from Rosc to study the regional economy and make recommendations. Instead, Fuller decided to handle the task personally. What drew him to the region was its culture, Fuller told the 300 attendees at the forum. "I have never seen such a strong culture outside of Japan," he said.

After almost two years of interviews, observation and study, Fuller made a simple but stark statement to open his remarks at the forum. "Our economic development system in this region is

not delivering."

What has been expected of the region's economic developers, Fuller said, has not aligned with outcomes that would have produced greater prosperity. "Every system is perfectly designed to deliver the results that it delivers," Fuller said. Since, in this case, those results have fallen short of producing prosperity, a radical overhaul of the system is called for, Fuller suggested. "And I use the term radical in its original sense: going to the root."

"If you look at the precisely defined economic governance system here," Fuller said, "it's quite complex. It's very fragmented and insufficient. Most of the institutions that have been attempting economic development lack scale. There's been far too much destructive local rivalry, far too little adequate productive cooperation. In addition, there has also been, from my perspective, a far-too-limited definition of what economic development constitutes, an insufficiently big toolbox of tools to help on economic development and an absence of relevant metrics and therefore relevant accountability."

The good news, Fuller said, is that the untapped potential of the region's economy creates what military parlance is known as a target-rich environment. "Frankly, there are too many opportunities, too many possibilities for the region to exploit all at the same time."

In addition, the region already has buy-in from the three key sectors necessary to produce prosperity beyond that generated by what has traditionally been defined as economic development: government, the private sector and the social sector.

While his mandate included the suggestion of general areas for next steps, those three key sectors should define the specific next steps in the process, Fuller said. "There needs to be voice. There needs to be transparency. There has to be engagement. This cannot just be mandated."

Fuller's recommended general areas for next steps were:

- Building and sustaining competitive clusters around existing strengths such as advanced materials manufacturing, health care and tourism
- Reform the existing economic development system with an

SEE FORUM, 12

## FORUM, CONTINUED

umbrella organization to address issues of collaboration, entrepreneurship and marketing

- Engaging relevant regional actors in relevant ways
- Upgrading the workforce
- Encouraging entrepreneurship
- Improving the marketing of the region

### Major employers

University of Virginia – Wise Chancellor Dr. Donna Price Henry moderated a panel discussion featuring five private sector leaders who have played a role in promoting regional prosperity efforts, Ballad Health Chairman and CEO Alan Levine, Bank of Tennessee founder Bill Greene, Eastman CEO Mark Costa, Bristol Motor Speedway General Manager Jerry Caldwell, and philanthropist and retired Chairman of Land Air and ForwardAir Scott Niswonger.

Caldwell pushed back against the notion that a regional effort would somehow lessen the value of individual communities. “Say we’re all a football team. We have to realize that we’re all playing our different positions. When the offense does their job and the defense does their job, we’re going to win the game. But, if one’s not accomplishing it, then we’re all going to fail.”

When Henry asked Costa what he would tell another CEO looking for advice on whether to move to the region, Costa answered bluntly. “The reality is, the way we’re configured today, it’s not feasible to really productively and efficiently interact with this region to try and do business here. That’s why we’re sitting here. We have a phenomenal set of resources. We have a great workforce. But we are not remotely configured to compete and win, and we’re so far from it that if we don’t do something radically different, we’re not going to actually succeed. It’s just that simple.”

Costa then went on to pre-empt the fact that NETWORKS Sullivan Partnership and the Northeast Tennessee Regional Economic Partnership are close to signing a non-binding document declaring their intent to collaborate more closely in the future. “It’s not, ‘we’re going to try a little harder. We’re going to have agreements across a couple of agencies that we’re going to collaborate together and it’s all going to be okay.’ If you’re interpreting...why we’re having this meeting today (as us) just asking for a little bit more collaboration, then you’ve missed the point.”

“We’re here because we as different leaders of the community came to recognize that this region is fundamentally, deeply important to us and that if we don’t do something, then the statistics we heard earlier are going to pick up momentum to where they will not be turned in a positive direction,” Costa said.

### Elevating the conversation

Tennessee Governor Bill Lee then addressed the forum, focusing his remarks on rural economic development in general and Northeast Tennessee in particular. “Your real strength lies in being a region that has a great group of really valuable assets. When those are brought forward together, it’s going to be not only a powerful marketing tool, but also a really powerful operational tool for bringing about real change.”

“I think it’d be beneficial to have a collaborative structure too,



Mark Fuller, principal of Rosc Global PHOTOS BY EARL NIEKIRK



Dr. Brian Noland and Dr. Jon Smith of ETSU

in the way that you engage so that there’s unified voices,” Lee said. “Unified voices are much more powerful than 15 different voices coming from 15 different directions.”

### Doubling down

In his closing remarks, Costa reiterated his support for an umbrella organization to scale up economic development efforts, “Because right now as we sort of all pursue our own individual interests, we’re all chasing things and getting 100 percent of nothing or something very small. If we come together, I have no doubt, you know, we’re all going to get a share of something really big and we’re all going to be a hell a lot better off that way.”



# Board chairs say NETWORKS, NeTREP ready for action

by Jeff Keeling

If the chairs of Northeast Tennessee's two economic development organizations had been squirming in their seats during Sept. 10's Regional Economic Forum, it didn't show. Bill Sumner (NETWORKS-Sullivan Partnership) and Will Barrett (Northeast Tennessee Regional Economic Partnership) had heard keynote speaker Mark Fuller suggest a radical overhaul of economic development for the region. More than a lack of assets or "the absence of a clear strategy" Fuller had suggested what has "held this region back the most is ... sufficient action capability, leadership, organization, systems and ... culture to deliver against the choices made."

Eastman CEO Mark Costa echoed those sentiments, called for an umbrella organization and warned collaboration alone isn't sufficient. Tennessee Gov. Bill Lee, referencing the state's role in aiding regions' economic development efforts, said such aid is easier to justify when the state isn't hearing mixed messages and competing voices from an area whose interests should be aligned.

Sumner called the messages from the podium "a reaffirmation," saying NETWORKS leaders had agreed on the need for "more action towards regionalism" more than a year ago. Fuller, who produced a comprehensive area analysis for Eastman, "pointed out the things we need to do," Sumner said. "I think we all now understand the 'what.' It's the 'how.' We've just got to get the blocking and tackling started."

In a separate interview Barrett, Bank of Tennessee's chief operating officer, virtually echoed Sumner's comments. "The number one message I heard is ...to figure out a way to expand the scale and scope of the organization to get different results than we're getting today. It's not 'do we come together,' it's how we come together and what's the timeline, what do those next steps look like."

NETWORKS is solely publicly funded, but Sumner, an engineering manager at Bell Helicopter's Piney Flats location, agreed with Fuller's support for a public-private model. "I think we have to get a better job of getting our resources together," he said. That will require the proper organizational framework in the short run, and ultimately, results based on clear metrics, Sumner added.

"The job of corporations is not to make money for the area," he said. "The job of corporations is to make money for shareholders and stakeholders. I would hope that what we would put together is a framework that they would want to invest in. This is America. You attract investment, you don't force investment. You've got to show results."

Even as NeTREP and NETWORKS confront the difficulties of organizational alignment, including potential merger, Barrett said he believes some low-hanging fruits can be plucked before he and Sumner complete their chairmanships in nine months. Those include work around tourism and outdoor adventure, where




Will Barrett and Bill Sumner PHOTO BY JEFF KEELING

the Northeast Tennessee Tourism Association and NeTREP's outdoor task force have reached across county and city borders, as well as workforce development efforts led by the First Tennessee Development District's Lottie Ryans. "There are some great examples to start coming together and working together," Barrett said. "Even if these groups are separate and have their own boards and organizations and budget, we can all come together hopefully under a common strategy."

Both Sumner and Barrett said they realize half measures won't suffice.

"I've personally felt a sense of urgency and I think our group has," Sumner said. "NETWORKS started working on a basic plan for putting these two organizations together to take advantage of our resources, we started that over a year ago. This is not just two boards agreeing. This is two city councils – it's more about getting everyone to get the pieces together to make it work, which is difficult as everybody's seen."

Barrett said "storm clouds on the horizon in terms of the economic cycle" give him an even greater sense of urgency. "If you look at the models that have worked in other communities, they're multiple decades ahead of where we are today, so we've got some catching up to do. It's all hands on deck, full speed ahead."

Despite the challenges, Sumner said he's glad his chairmanship coincides with these discussions. "I'm hoping we look back and say, 'this is the day everything turned.'" 



Crown Laboratories employees work at the company's Lefe Cox Drive plant. PHOTO COURTESY CROWN LABORATORIES

## Crown Laboratories to expand Johnson City operations, occupy former NN Inc., HQ

Johnson City-based skin care company Crown Laboratories' plans to move its corporate headquarters to north Johnson City took a major step forward in August when the Johnson City Commission approved one portion of a local incentive package. Crown also intends to expand manufacturing capacity at its current south Johnson City location as part of a \$27 million local investment that is expected to add more than 200 jobs by 2024.

The fast-growing company – which partnered with private equity firm Hildred Capital Partners in late 2017 – last year became one of just 6 percent of companies to spend six consecutive years on Inc. Magazine's "Inc. 5000" list of the nation's fastest-growing private companies.

"Bringing new jobs to the region by adding profitable revenue aligns with our long-standing commitment to our employees, the community and Northeast Tennessee," Crown CEO Jeff Bedard said.

Crown plans to move its corporate headquarters to 207 Mockingbird Lane, a building NN Inc. recently vacated. City commissioners approved a \$450,000 contribution to the Johnson City

Industrial Development Board (IDB) in August. Those funds, and a payment in lieu of tax (PILOT) agreement the IDB approved at its August 27 meeting, represent the local commitment to Crown's investment. Both investments include job creation and wage performance requirements.

Crown expects nearly half its anticipated employment growth to be corporate jobs, with a resulting local payroll addition of more than \$15 million.

"We are very pleased Crown will stay local as it continues its tremendous growth trajectory," said Will Barrett, chairman of the Northeast Tennessee Regional Economic Partnership (NeTREP). "CEO Jeff Bedard and his team have deep roots in the Johnson City area and have been a great homegrown success story."

Crown, well known for its Blue Lizard Australian Sunscreen line, has acquired several companies and product lines since late 2017 and grown organically, as well as picking up two additional equity partners. From late 2018 through May, it acquired six products from GlaxoSmithKline, including legacy brand Keri.



“Crown is a valued member of our business community,” Johnson City Mayor Jenny Brock said. “Their growth the past two decades has impacted our city very positively and we consider this support for their growth to be a sound investment for our community.”

Washington County Mayor Joe Grandy concurred: “Jeff has been a friend to the community and has grown Crown’s business for nearly two decades,” Grandy said. “We look forward to their continued growth as the company continues to make acquisitions and bring talent to our area.”

The availability of NN’s 68,000-square-foot headquarters was a key advantage for Johnson City as Crown sought the best possible solution for its growth plans, Bedard said. He said having corporate and manufacturing employment in the same community is ideal, but that co-locating both at Crown’s existing Lafe Cox Drive location presented some challenges. Other communities where Crown now has a presence due to its acquisitions were courting the company as well.

“The Mockingbird Lane building became the final piece of the puzzle that made staying and growing in Johnson City the ideal choice for us,” Bedard said. “Knowing that we’re backfilling a vacated space and helping create a win-win for the community we’ve called home for 19 years is really gratifying.

“We appreciate the city’s investment and confidence in Crown, and we’re thankful for the help NeTREP has provided during this long process. We intend to honor those investments by continuing to be a vital part of this great community.”

To qualify for the PILOT, Crown will lease the headquarters building from the IDB for \$1 a year after paying NN to acquire the property. The PILOT incentive, currently worth about \$113,000 annually, lasts through 2029, after which Crown will assume ownership and standard property tax liability. Job creation and wage requirements take effect beginning with the 2025 tax year (see fact sheet).

“The investment in Crown protects taxpayers and provides a path forward for Crown’s continued growth here,” NeTREP’s Barrett said. “With the potential alternative of an empty corporate building sitting for an extended period, we believe the addition of dozens of good-paying corporate jobs there, plus an additional 100-plus production and distribution jobs and a \$20 million investment at Crown’s current site, will produce tremendous long-term economic dividends for our region.”

Crown hopes to move into the facility this month and begin renovations immediately. Crown plans to complete a “build to suit” renovation for an additional tenant on the fourth floor. Manufacturing and distribution upgrades and expansion that will bring about 100,000 square feet of additional space at Lafe Cox Drive will also begin immediately as corporate employees are moved to the Mockingbird Lane location and will be phased in over five years. [B](#)

# Inside the Deal:

## *Crown Laboratories/Johnson City Industrial Development Board agreement*

The Johnson City Industrial Development Board (IDB) and Crown Laboratories intend to enter an agreement designed to aid Crown’s local expansion with two different incentives – a reimbursable grant for up to \$450,000 and a payment in lieu of tax (PILOT) agreement with the potential to fully abate real property taxes on Crown’s new headquarters building for up to 10 years. Both incentives are governed by performance accountability requirements related to job growth and average wages. Job growth requirements are set from a baseline of 175 jobs.

Property tax abatements in Tennessee can occur only if an IDB has title to a company’s property and the company leases it back from the IDB, which is a non-taxable entity. The reimbursable grant is available as the result of a City of Johnson City contribution to the IDB so the IDB can help offset some of Crown’s acquisition and renovation costs for its new headquarters.

Details pertaining to the agreement regarding 207 Mockingbird Lane (Crown Headquarters) include the following:

- Crown pays NN Inc. for the value of the building. NN transferred title to the IDB for its own PILOT agreement.
- The IDB transfers NN Inc.’s lease to Crown.
- Crown leases Crown Headquarters from the IDB for a period up to Dec. 31, 2029 for \$1 a year.
- Crown provides the IDB satisfactory evidence for its renovations and/or closing costs at Crown Headquarters to qualify for reimbursement of up to \$450,000.
- Beginning with the 2025 tax year and through 2029, Crown provides the IDB with job creation totals and average wages for those jobs to allow for calculation of any PILOT amounts that may be due in the event of Crown falling short of job creation and wage requirements.
- Beginning with the 2025 tax year, the same job and wage requirements will be used each year to determine whether Crown must pay back a percentage of the reimbursement grant it received.
- Crown will report its new employees and wages each of the first four years so the City of Johnson City and IDB can monitor its progress toward the requirements for the 2025-2029 period.
- The requirements for 2025 through 2029 are 216 full-time employees above Crown’s baseline figure (175) and an average hourly wage of \$27.17 for those employees with equal weight placed on each.

Example: Crown reports that it had 200 qualifying employees at the end of 2025 with an average wage of \$25.00 an hour. These figures put Crown at 92.59 percent of its job total requirement and 92.01 percent of its wage requirement. Given equal weight Crown’s “achievement percentage” is 92.31. Therefore, Crown must reimburse the IDB 7.69% of two amounts: the total property tax that would be due on the building for that year, and the amount of the grant it had claimed (\$6,921 if that amount were the full \$450,000).



Mark Canty (left) of the Tri-Cities Airport Authority and Clay Walker of NETWORKS offer an update on the progress being made at the Aerospace Park site during the E2E Summit held at Grace Meadows Farm in Jonesborough on Aug. 28. PHOTOS BY DAVE ONGIE

## Second E2E Summit aims to make strides in workforce development

by Dave Ongie

Leaders from education, government and business around the region gathered for the second annual E2E Summit Aug. 28 to identify ways to build a stronger workforce in the future.

The event held at Grace Meadows Farm in Jonesborough, Tenn., brought administrators and students from local school systems, regional business leaders and officials from local governments and other regional agencies under one roof to discuss the state of industry and workforce development in our region.

“We’re hoping to inspire and motivate things that are possible in individual communities and across the region,” said Lottie Ryans, Director of Workforce & Literacy Initiatives for the First Tennessee Development District. “That’s what happened from last year with some of the work that was discussed, and that’s what we hope happens this year. You can’t fix problems when you don’t know what they are, so we’re hearing from each other about what our challenges are and how we can be a solution to some of those challenges.”

The all-day summit provided an overview of the work being done by business leaders to spur economic growth in the region. It also showcased the work being done by local school systems

to ensure young people are prepared to join the workforce when they have completed their education.

Clay Walker of NETWORKS Sullivan Partnership and Mark Canty of the Tri-Cities Airport Authority offered an update on Aerospace Park, which is expected to bring high paying jobs to the region. Northeast State Community College is already hard at work training aviation maintenance technicians in anticipation of demand for workers at the site, which was made possible through cooperation between county, state and city governments.

Ryans said a goal of the E2E Summit is to foster more regional cooperation in order to build a stronger workforce, and for that to happen, it helps to bring everyone under one roof.

“We’re a commuter region, so every school system needs to be strong, every employer needs to be strong,” Ryans said. “People live and work in different communities, so it is a regional issue to make sure we have a strong workforce and we need to have people from the entire region discussing things at the same time. This is what is happening. We have nine different counties and all the cities in those counties represented today.”

The event allowed students from area high schools to show





From left, Caden Cohler, Aaron Gray, Billy Easley, Caitlin Fields and Brookley Meadows were on hand to show attendees the work being done in Sullivan Central High School's CTE program.

what they've been working on in their respective Career Technical Education programs when attendees took a gallery walk in the middle of the morning session.

"We love that we have the gallery walk so the students can share the programing that is going on, and then the businesses can tell us if there's other programs they need to have in the school systems," Ryans said. "They can see how strong our schools are and how strong our students are."

The event concluded with an update on issues that were raised



Students from Highland Elementary in Greeneville spoke to the audience about their experience with The Leader in Me program developed by Stephen Covey to foster leadership in K-12 students.

during last year's inaugural summit and a prioritization of issues to work on in the year ahead. Ryans came away from the event excited about the talent in our region and the potential of today's students to grow into a strong workforce in the future.

"These are bright, capable students who just need people to invest in them," Ryans said. "They're going to be strong workers."

"We know they're getting that exposure they need, and businesses are getting a chance to look into the workforce that is coming to them." **BJ**

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# The doctors are in

## Ballad's new physician managers enjoy broad mandate

by Jeff Keeling

*Editor's Note: This print article reviews the big picture and background surrounding Ballad Health's decision to name seven physicians to new, administrative leadership positions within the hospital system. Those physicians discussed in much more detail how their roles can impact Ballad and the region during their August 12 interview with The Business Journal. For a complete version of that interview, visit [bjournal.com](http://bjournal.com).*

The seven physicians sitting around a conference table at Ballad Health corporate headquarters August 12 brimmed with enthusiasm. For more than an hour, they answered questions about their newly announced leadership roles at Ballad. Conversation ranged from research, graduate medical education and population health to quality of care, changing payment models and the involvement of independent providers not employed by Ballad when, increasingly, care is shifting away from hospitals.

"Just putting physicians in leadership roles is not the goal," said Clay Runnels, Ballad's first-ever chief physician executive. "It's the mission that's important, and the mission is to engage our entire medical group to focus on population health and focus on zero harm in our hospitals, to focus on patient centeredness in the patient experience."

With Runnels were Chief Clinical Officer Dr. Amit Vashist, Chief Academic Officer Dr. Matthew Loos, Chair of Clinical Research Dr. Chris Metzger, President of Ballad Health Medical Associates Dr. Mark Patterson, Vice President of Medical Staff Services and Hospital Based Programs Dr. Mark Wilkinson and Chief Medical Officer for Population Health Services Dr. Shari Rajoo. All remain practicing physicians as they enter roles they say can make Ballad a truly physician-led hospital system.

If that happens, their comments suggested, Ballad will be better positioned to meet the requirements of Tennessee's Certificate of Public Advantage (COPA) and Virginia's Cooperative Agreement. Those documents, created to shield from antitrust enforcement the inpatient hospital monopoly that resulted from Mountain States Health Alliance (MSHA) and Wellmont Health System's merger, place significant clinical quality, access, population health and cost requirements on Ballad. Doctors, nurses and other direct care providers will have as much if not far more to do with Ballad's successfully meeting those requirements as administrators will.

"There are models that are physician-run," said Metzger, who is tasked with broadening into other disciplines what has been a very successful cardiovascular clinical trial/research program at Cardiovascular Associates, a group known for its physician-led and managed history. "Cleveland Clinic for example – they still make money and do okay." Still, he added, "there are two different

mindsets ... and we're not good at thinking the other way around."

"Doctors can be great at taking care of patients and have no idea that they just lost a ton of money and in so doing they hurt the ability of the system to contribute and help the next person," Metzger added. "Conversely, hospital systems can say 'that's ridiculous' and forget that there's a patient involved in this dollars and cents."

"The goals are aligned, they really are. We want to provide quality health care as low cost as possible, sustain the ability to do that, but you just have to get through that little trust factor ... you get the nice mixture and partnership and build that trust and it works."

### The road to doctors in the C-suite

An email helps explain the doctors' reason for enthusiasm and suggests the August 1 physician leadership announcement may have had as much to do with doctors actively encouraging Ballad's administration as it did with the administration pulling doctors along.

In late March, Ballad CEO Alan Levine emailed the system's employed physicians and extenders (nurse practitioners and physician assistants) with an update centered around two goals. The first is aligning the eight "legacy" practice groups from former rival systems Wellmont Health System and Mountain States Health Alliance. The second – what Levine referred to as the "ultimate goal" – is developing a "partnership" with Ballad's physician leaders that transforms the system into one in which those doctors "work more substantively with administration to develop and implement operational decisions that optimize care delivery and financial outcomes."

In plain English, Levine was saying he'd like to see doctors much more involved in Ballad's top-level decision making, not just clinically but financially, than they had been in either legacy system. He was admitting, albeit in carefully worded language, that clinicians, not administrators, hold the keys to an ideal future state: one in which Ballad earns sufficient revenues while achieving excellent clinical outcomes. And at least in some measure, Levine was responding to physician lobbying efforts. He referenced being "intrigued by" what he called "a fairly bold proposal" that came from a visioning committee of doctors. The proposal, modeled after what Levine's message called "many forward-thinking and leading institutions in the United States," was, nevertheless, "one that does differ from various models within our system."

Levine said he was "excited by the potential for such a transformation, and what it can mean for ... achieving our goal of becoming a top decile performing health system." Still, he warned that



such a shift “comes with accountability” and that no one should think “the movement toward physician leadership” will be easy. He promised a period of input from a range of providers, and a move toward a “Charter for the physician enterprise.”

Fast forward four months. Ballard announces a physician leadership team headed by Runnels. Levine reiterates Ballard’s goal of being “a national leader in both clinical quality and value-based care,” and stresses the importance of collaboration with doctors. He says those “trusted clinical experts” will help Ballard navigate to “closer partnerships with the federal government, state Medicaid programs and our payer partners who all want closer value-based relationships.”

### Window dressing or window into the future?

Labeling a hospital system as “physician-centric” is one thing. Achieving it is another, but Runnels said Ballard’s recent moves toward physician leadership are unlike anything he’s worked in before.

“I’m confident that the structure we’re in now is the right mix,” he said. “We want to provide value to our customers, who are the patients, and the payers and our local em-

ployers. Those are three key stakeholders for us. Balancing that value equation, which is quality over cost – if you get too focused on financing then the quality suffers and your value proposition is out of balance. Vice versa, if all you ever talk about is quality and just figure the finances are going to take care of themselves then you end up in trouble financially.”

The new physician leadership’s degree of legitimacy may stem partly from the COPA’s requirement that Ballard establish a “clinical council” that includes both employed and independent physicians. The council’s primary COPA responsibility was to develop a common standard of care, credentialing standards, quality performance standards and best practices requirements, as well as providing input to management regarding clinical integration. In a health care environment moving toward payment based on quality and outcomes, and with the COPA and Virginia’s Cooperative Agreement focused on access, cost, quality and population health improvements, the council’s influence expanded beyond its explicit mandate.

For instance, sections 5.04 and 5.05 of the COPA’s Terms of Certification deal with competing services and physician services, with requirements meant to mitigate the impact of Ballard’s market power including strong language about maintaining an open medical staff. While not specifically charged with making sure Ballard

complies, the clinical council is, Runnels said, “absolutely compliant with that duty.” Members are elected by medical staffs, “not handpicked or appointed by any sort of administrative person at Ballard,” Runnels said. “They are sent by the independent medical staff at those facilities and that’s how we end up with whatever mix we get of independent and employed.”

Inside the council’s subcommittees, Runnels said, “anything is fair game.” And the clinical council includes “people from groups that have been critical of the merger.” Wilkinson, the VP

overseeing medical staff services and hospital-based programs, agreed. “Really it is a cross-section of the entire community Ballard Health serves and which all those physicians come from in different corners of this region,” Wilkinson said.

Rich Panek, who leads State of Franklin Healthcare Associates, one of the region’s large independent medical groups, said he’s hopeful Ballard’s physician leadership decision will mark a step in the right direction for the hospital system. SoFHA, whose practitioners work with more than 120,000 patients, and a handful of other large

independents have more experience than Ballard in value-based payment models at the outpatient level.

With care, and thus revenues, trending that direction, Ballard and the SoFHAs of the world will have to figure out how to create the best-case scenario for themselves and for patients – devising the kind of “pro-competitive” arrangements that allow both parties to generate sufficient margins without running afoul of legal restrictions.

“We know a number of physicians that were announced in the changes,” Panek said. “We personally know Clay Runnels and we think that’s a good decision that will probably help with the collaboration in the community. We’ve known him for a long time and we think he’s reasonable and he’s trustworthy.” Collaboratively or not, Runnels said Ballard will certainly place a strong focus on outpatient care.

“We’ve accepted the fact as an organization that there’s declining inpatient utilization ... Our focus over the coming years is going to be heavily in ‘how do we keep patients healthier?’ So that means looking at our primary care processes and our primary care structure in order to treat patients where they are and to keep them healthy, which for physicians is a great thing. Because if I keep a patient healthy I’d much rather do that than take care of them when they’re critically ill.” ■



Ballard Health’s newly named physician leadership team includes (front, l-r) Dr. Mark Patterson, Dr. Chris Metzger, Dr. Shari Rajoo, Dr. Clay Runnels, (back, l-r) Dr. Mark Wilkinson, Dr. Amit Vashist and Dr. Matthew Loos. PHOTO BY JEFF KEELING



# In their own words: Ballad's physician leaders

by Jeff Keeling

The topics and comments below are highlights from *The Business Journal's* August 12 interview with the newly appointed leaders of Ballad Health's physician management team. Ballad announced those changes August 1, with CEO Alan Levine saying, "we believe the only way we will sustain success is to create more opportunities for collaboration with physicians." (see [balladhealth.org/news/org-changes-increase-physician-leadership](http://balladhealth.org/news/org-changes-increase-physician-leadership)).

The wide-ranging interview covered multiple topics related to the hospital system's future and how the newly minted leaders hope to influence that future. Briefly discussed below are: the relationship between Ballad-employed and independent providers; improving quality; getting patients to the most appropriate location for the care they need; medical research and academic medicine; and improving population health. A complete version of the interview, including our questions to the doctors, is at [bjournal.com](http://bjournal.com).

## ***On meeting Ballad's objectives while maintaining the COPA's requirement of an open medical staff that includes independent providers.***

**Dr. Mark Wilkinson:** "Many facilities have had open medical staff pre-dating the merger. The rationale is with us needing to partner with all physicians in the community we want them to be interfacing with the hospital on all levels, be it on staff or engaging us on the outpatient side either way. We covet those relationships closely. We want to make sure that we are working in alignment with our physicians and the needs of the community that they represent. That's part of the rationale behind the open medical staff, obviously."

**Dr. Matthew Loos:** "One of the beautiful things about physicians in general is that we are trained to be critical thinkers, and so whether you're a Ballad physician or nurse practitioner or you are a private physician or nurse practitioner we're all trained to focus upon what is best for our patients. And so what Ballad is really trying to do is not work through mandates and declarations, so really more of a collaborative."

**Dr. Chris Metzger:** "If you're trying to do this efficiently and consolidate services, get the areas of expertise not to compete but rather cooperate, these are mutually aligned goals. If you can do that cost-effectively you have more opportunities to provide health care. Quality, and doing it correctly and cost-efficiently naturally satisfy the COPA rather than trying to say 'follow a, b and c of the COPA,' the Ballad model should by its nature and design fit together with the COPA."

***On unintended consequences related to EMS patient transfer reimbursements. One result has been tertiary care hospitals (JCMC, Holston Valley, Bristol) sometimes being on diversion. This can force high-acuity patients to wait even as the hospitals treat lower-acuity patients who would be more appropriately cared for at a different hospital in the system.***

**Wilkinson:** "Most recently we worked on some guidelines for patient destinations based upon the clinical specialties available at the facilities. That's challenging because of some CMS (Centers for Medicare & Medicaid Services) regulations around reimbursement for patient transports. They'll pay to the closest facility whether that facility's appropriate or not for that patient's care. We're trying to do some work behind the scenes to influence that piece, it's the ET3 program through CMS now with the ultimate destination for patients."

"Dr. Rajoo and I have been spending a lot of time with EMS working on community paramedicine trying to bring the resource to the patient and leaving the patient at their home instead of accessing an acute care hospital. ... Even though right now our revenue's generated through patient visits to the emergency room and to the hospital, we're definitely wanting to impact population health positively by having people staying away from the hospital. The other piece is trying to make sure we get our patients to the right level of care at the right time and not overutilize our tertiary care facilities with the low acuity patients."

"Part of my work to do now is to look at the true intent of the CMS regulations regarding the patient disposition and placement in the facility, and possibly work with our legislators on change to that language to make it more conducive to getting the right patient to the right location."

## ***On quality improvements and the push to be a "zero-harm, top decile" system.***

**Dr. Amit Vashist:** "One of the things when we merged last year was the formation of the clinical council, and one of the biggest goals of the clinical council ... is to reduce unwarranted clinical variation. Whatever the best evidence guides, we're going to follow those pathways of care."

"Within the clinical council we have something called the high value care/evidence-based medicine subcommittee that is precisely looking at some of the cultural patterns that prevent us from practicing best evidence-based medicine. A lot of things are also in a physician's world kind of a fragmented mindset, 'some things are not my responsibility.' So the cultural change we are



trying to bring in the physician enterprise, nursing enterprise, is that this is our enterprise. Zero harm is incumbent upon us.

"There are three key facets (contributing to) why do we have variation, why do we have all those challenges. There are people, processes and technology.

"We deal with the people and the processes part through avenues like the clinical council and various other forms. Technology we realize is a big part of the change effort. Having two EMRs (electronic medical record systems) certainly was not conducive to long term growth as part of the zero harm or the best organization we can be. That's why we're going to have one EMR system starting next year.

"If we change the people, the culture, that's a huge part, but you have to look at your processes – why does one hospital follow a different set of processes and maybe there is an opportunity to beg, borrow, steal and copy some best practices being used by our hospitals."

### ***On increasing buy-in from practitioners.***

**Vashist:** "I think in our journey we have got to a point where by we have some of the fence sitters who are looking at some of us champions for change and saying, 'what can I do?'"

"For example, a soon-to-be-launched program called 'early recovery after surgery' is led by surgeons, orthopods, anesthesiologists, people from various surgical sub-specialties. It was a clinical council effort driven by Dr. Patterson, and now people who are not even members of the clinical council – hard core surgeons in the trenches – are coming to us telling us, 'this is what we have seen in the trenches, can we join you?' So we are creating a bigger movement of change."

### ***On the biggest potential upside from a physician dedicated to academic coordination.***

**Loos:** I think in a word it's collaboration. Where we live today is a situation where we have to be very thoughtful and responsible about the resources that we can dedicate to our system in this region. We all live in these communities, we all are a part of these communities and we understand that there is a symbiosis between the people that we are developing, the people that we are employing and the people that we are taking care of.

"Within academics the thing that's really exciting to me is that we are for the first time going to with a coordinated and thoughtful effort look at where we have strengths and where we have opportunities to improve and then actually be able to work with our academic partners to try to fill some of those gaps. But then also to be able to invest in some of those opportunities from a Ballad perspective to help fill those gaps.

"And so we're not just talking about minting new doctors, we're talking about everything from EMS workers to radiation technologists to physician assistants, to etc."

### ***On the potential to broaden clinical trials and research.***

**Metzger:** "People here a, have a lot of disease, b, have a lot of needs to be helped, and c, are a trusting people. So the model we created in cardiovascular is absolutely not limited to

cardiovascular. It's systemwide. We started with one person, one coordinator, and beat Massachusetts General, Cleveland Clinic every time. That same enthusiasm and same people we have will apply systemwide. And the beauty is, we put together this kind of model, there are all kinds of opportunities.

"Now we take this to population health and they are dying to work with us and see this whole thing roll out. They've got an opioid epidemic that they've got a model they want to take forward. ... We take all the different specialties and say, 'who else do we need, psychiatry, social workers, primary care providers, ER, how do we do this?' Take something that solves a problem for this region that can be everything about it. Academic – you can get publications out of it. Cost savings for the health care system – heck yes. Something that helps our region and satisfies COPA for population health – are you kidding me, it's great. ... If someone else says, 'we want to do a research trial,' you give them all the tips and tricks we learned when we failed the first five or 10 trials. Number two, you tell the industry sponsor ... 'this is that same group that did all this, it's just a different wing of it.'"

**Dr. Mark Patterson:** "People worry about, 'do we have the best care here, do I need to go to Vanderbilt, do I need to go to Wake Forest, wherever that might be?' No. We're going to apply that here in our organization and as Dr. Vashist says we are going to get in the top decile of these areas, but we need help from top-ranked researchers and physicians too to be on the cutting edge consistently, and it keeps all of us geared up and excited and brings us all up to the level that we want."

### ***On the challenge of meeting COPA population health metrics given that people still have free will and can sit on the back porch with an oxygen tank, a Big Mac and a cigarette if they want to do so.***

**Dr. Shari Rajoo:** "The COPA and Cooperative Agreement metrics are broken down into (four) plans. I think in terms of breaking it down, that does help. With that said, there's still a very, very gargantuan road ahead. ... We have an accountable care community in Tennessee and one in Virginia, (and) over 200 organizations that are part of it. We can't make this journey without partnering with our community. This is for them, so they have to be part of devising the solution if you will.

"Today I may not be able to change someone's having a big Mac on their front porch while wearing oxygen, but hopefully through several generations of helping to build a strong foundation for children and families we will change these behaviors over time. So this is partnering with the schools, this is partnering with women who are pregnant who may be addicted or not, but making sure that family has the support to raise healthy children. ... This is multi-factorial, but we are really building a pretty robust relationship with our communities to help drive our success in these areas, I believe. And I think of any region, this region can do it.

"You talk about the Cooperative Agreement, the COPA, people forget, they think this is a Ballad thing, they forget it's a community thing. But this is also something that I believe that the nation is watching, and we can really be a demonstration for other communities around this nation as to how to move a population to become healthier. And I believe our people want it." ■



# Bristol 2040 report:

## Bristol's place in the region? Leadership

*Second in a two-part series*

by Scott Robertson


The Bristol 2040 steering committee is eagerly awaiting word from Market Street Services, the consulting firm hired to facilitate the Twin City's visioning process, that all is ready for implementation to begin. "Mac Holladay (founder and CEO of Market Street Services) is finalizing all of the edits and input received from our last meeting into the implementation plan so that we can take the next steps," said Beth Rhinehart, CEO of the Bristol Chamber of Commerce.

The year-plus long process led to the creation of a plan with eight areas of strategic focus: Arts & Tourism, Music Economy, Competitive Workforce, Entrepreneurship, Housing, Leadership & Collaboration, Downtown Bristol and Targeted Business.

"It's important for us to look at where we're going, where we fit in the greater regional footprint and how we leverage a lot of the great things happening across the region from asset-based to momentum to all these different things that are good around us that different localities share," Rhinehart said. "How do we capture all of that based on the research foundation that Market Street Services has done for us and put that into a plan that makes sense for Bristol moving forward to 2040?"

"One of the fears that sometimes people have is the question of how we fit into the bigger picture, or do we fit – will we see successes or will this hurt us at the end of the day? We've learned first and foremost – and one of the reasons we chose Market Street Services to help us facilitate this process – is they have worked all over the country with tons of localities and organizations. Some of those have created a more regional focus. Others have done exactly what we're doing with Bristol 2040 – more community-based visioning tied into the bigger picture of what's going on in the surrounding region."

The Bristol area, as defined in the Market Street study, includes both Bristols, Washington County, Va., and Sullivan County, Tenn. "You can't just pick the city limits of Bristol, Va., and Bristol, Tenn., and say, 'this is who we are,' and ignore everything around us. Planning for the future doesn't work if you don't consider the catalytic events going on around you that will either move your forward or backward or keep you from moving forward or backward."

The discussions held by the steering committee included consideration of how events in the surrounding region can open new opportunities for Bristol. "Understanding how we operate within a regional footprint is to Bristol's advantage," Rhinehart said. 



(L-R) Ranada Robinson, senior associate and Mac Holladay, CEO of Market Street Services with Bristol Chamber CEO Beth Rhinehart.  
PHOTO BY SCOTT ROBERTSON

## Bristol 2040 Steering Committee

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# Richmond Fed president seeks workforce answers in SW Va

by Scott Robertson

Most people know the Federal Reserve Bank only as the “up-a-quarter-point, down-a quarter-point” institution. But, armed with a broader mandate and a serious question, Richmond Fed President and CEO Tom Barkin visited Abingdon, Va., Aug. 5 to hear from business, not-for-profit, and government leaders about the regional economy.

“Workforce development is a topic the Richmond Fed is very interested in,” Barkin said. Southwest Virginia is of particular interest because of the apparent disconnect between high quality K-12 education in rural communities and relatively high unemployment in those same communities.

“I was looking at employment-to-population, and Washington County, Va., does pretty well on a national status, but the counties that surround Washington County, less well,” Barkin said. “So, I am interested in understanding what works here and what doesn’t.

“I have the sense that the school systems here are pretty good,” Barkin continued. “In fact, the stats I’ve seen indicate they’re much better here than in other parts of the state. But also, if it’s much better here than in other parts of the state, then what am I missing? What’s the secret sauce that will get you the rest of the way to increasing employment outcomes?”

One answer Barkin heard centered around state funding models, which allow richer school districts to construct new facilities while making it virtually impossible to do so in poorer rural districts. Almost every school building in rural Southwest Virginia was built during the Eisenhower or Kennedy administrations, Delegate Israel O’Quinn told Barkin.

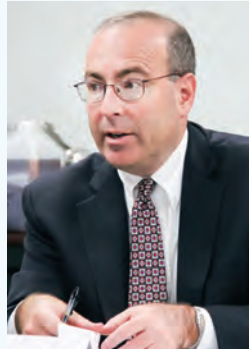
When potential employers are driving through the region on site visits, they see those buildings and dismiss the notion that their employees will want their children to attend those schools, despite the very high academic performance generated there.

“This question of talent leaving the market became a lot clearer to me today,” Barkin said after the event. “You have a very good system with very good performance, and then a market where performance

isn’t consistent with that of the education system. The reason it’s not is that a lot of talented people graduate from here and leave. So, I think the interesting question for me is, ‘what does it take for markets like this to bring people back?’”

One answer to that question was to incentivize graduates never to leave in the first place.

United Way of Southwest Virginia President and CEO Travis Staton gave Barkin an overview of the Ignite program,



Richmond Fed President Tom Barkin in Abingdon.  
PHOTO BY KERI STEGALL

which sparks career interest in the next generation of the workforce through career awareness and skill development. “The program helps bridge the gap between the worlds of learning and work by connecting schools and students with employers and employees,” Staton said. “This summer the Ignite Program connected 38 students to internship opportunities with local employers, helping students build their employability skills including teamwork, communication, and professionalism.”

“It is encouraging to hear about initiatives such as United Way of Southwest Virginia’s Ignite Program and how communities are working to improve opportunities for students,” Barkin said. “I got clear in my mind the strength of the education system here and some of the rationale for it – the cohesion and support of the civic leaders in their support of it.”

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# Credential Study is a First Step in Conversation between Employers and Schools



Students interact with employers at the 2018 Careers Expo for Youth. PHOTOS COURTESY UNITED WAY OF SOUTHWEST VIRGINIA

According to the Virginia Department of Education, it is currently estimated that 63 percent of all jobs in the United States require specific training or licensed skill sets. As a larger percent of jobs now require some type of postsecondary education or training, high school students are left with an urgent need to gain credentials and skills that will help them gain employment after graduation.

When students leave high school with credentials in hand, they are more likely to stand out in today's competitive job market. Without credentials that align with the needs of employers, students are less prepared for the regional workforce. However, through conversations with both regional employers and leaders in the school systems, United Way of Southwest Virginia discovered that there was a gap between the credentials employers wanted and school systems provided.

Schools in Virginia offer Career and Technical Education (CTE) learning opportunities to students. The program is designed to prepare students for many of the jobs in Virginia that are forecasted to experience the fastest growth in the coming years. More specifically, the CTE programs prepare students to become well-trained industry-certified workers. Southwest Virginia school systems, though, have limited budgets for these programs.

Believing that the gap between schools and local employers could be bridged, United Way of Southwest Virginia prepared a Credential Study to identify the types of entry-level credentials that Southwest Virginia employers require. This was done to help schools align their credential offerings with the needs of local employers.

United Way of Southwest Virginia collaborated with employers across the region to complete the Credential Study. Employers completed a survey that asked about their current work-based learning efforts in the schools, as well as their perception of the importance of "soft skills". Over 100 employers responded to the survey.

United Way of Southwest Virginia then worked with every high school in the region to compile a list of credentials offered by each school.

According to the study, half of all employers within the region claimed that they did not require credentials for entry level positions. Of the credentials that were required at entry level, the most frequently required by Southwest Virginia employers were Accounting-Basic Assessment and the Licensed Practical Nurse Examination. Welding, General Management Assessment, Human Resources Management Assessment, Microsoft Office Specialists, ServeSafe Manager Certification, and AutoCAD Certifications followed closely behind.

Due to the additional requirements for graduation stipulated by the Virginia Department of Education, high schools offer an array of credentials. Approximately 310 different credentials were offered in 2018 among the 39 Ignite high schools.

The study concludes 44 percent of the credentials that are offered by at least one school were not required by any employer who responded to the survey. There were 69 credentials that at least one employer reported as a requirement that are not offered at any of the reporting schools in the region.

The Credential Study commissioned by United Way of South-



west Virginia provides a starting point for schools and employers to connect and have conversations. By collecting and analyzing data from schools and employers, the Study shows both sectors where they can come together to provide high school students with the entry level credentials they need to be prepared to enter the workforce after graduation.

Lastly, the study explored the top “soft skills” that employers are searching for within a potential applicant. Soft Skills are essentially a set of traits that an employee can offer to any organization, such as teamwork, professionalism, critical thinking and problem solving, and communication skills. According to the survey, teamwork ranked at number one and was trailed by enthusiasm, attitude, and oral communication by a few decimal points. The survey provided evidence that many employers feel that applicants lack some of these vital skills.

According to Harvard University’s Center on the Developing Child, “The core skills that the youth needs to succeed in the workplace is not something that they are born with. Instead individuals are born with the capacity to develop these skills and capabilities through the right experiences and practices.” The Harvard University report states that “Adolescence is an important window of opportunity for building these core soft skills”, which are critical in order to succeed in school, social interaction, and work.

One participating employer stated, “Written and oral communication skills are vital. Soft skills are crucial! Knowing how to make eye contact, make general conversation, interview, and

dress professionally are the things that we evaluate an applicant on as soon as they walk into the interview.”

Additional takeaways from the study include:

- Local school systems fully support work-based learning activities and welcome employers into their classrooms. Many of the employers that participated in the Credential Study report that they are involved in a variety of activities, ranging from one day events to long-term job training sessions. United Way of Southwest Virginia’s Ignite Program is in every school in Southwest Virginia, providing career exploration, career readiness, and skills development to more than 30,000 students.
- Schools can help students gain the soft skills they need to be successful in the world of work by emphasizing teamwork, professionalism, critical thinking and problem solving, and communication skills in their curriculum.

“We are hopeful that this study will spark conversation between educators and employers. We need to recognize that our schools need resources to hire qualified instructors, allocate space, and purchase equipment to offer some of these credentials. Sometimes schools are forced to choose the credentials they can afford to offer, which isn’t good business sense for any of us,” stated United Way of Southwest Virginia President and CEO Travis Staton. “This study prompts us to ask how we can better equip our schools and instructors to have the resources, tools, and capacity they need to prepare our future workforce.” **B**



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United Way of  
Southwest Virginia



**Dale Fair** has been named chief executive officer of Bank of Tennessee and its divisions Carter County Bank and Mountain Community Bank. His responsibilities include all Consumer and Commercial Banking businesses throughout the state of Tennessee and western North Carolina including Wealth Management, Mortgages, Operations and Technology supporting the bank. He leads the Bank of Tennessee Executive Management Team and is a member of BancTenn Corp.



Dale Fair

Fair succeeds Roy Harmon, who announced his retirement in August.

Fair's educational background includes a Bachelor of Science and Masters of Science degrees from the University of Tennessee (Knoxville) where he was a member of the UT Volunteer Football team as a Running Back from 1973 to 1975, earning Academic ALL-SEC Football Team in 1974. After graduating from University of Tennessee, Fair was a teacher and coach for White County High School for three years before returning home to northeast Tennessee where he entered in to a banking career that led to a position as Regional President of Citizens Bank. Fair attended Graduate School of Banking of the South at Louisiana State University School of Banking and graduated in 1989.

In 2002, Fair left the business sector to serve his community as

Mayor of Carter County, Tennessee. After a four-year term, he continued his dedication to community work as the Executive Director for First Tennessee Human Resources Agency from 2006 to 2012. In 2012, Fair saw a unique opportunity to return to the business sector with Carter County Bank, stepping in as the President and CEO. In 2013, BancTenn Corp, who holds ownership of Carter County Bank, Mountain Community Bank and Bank of Tennessee, unified the banks. At that time, Fair was promoted to President and Chief Operating Officer of Bank of Tennessee and its divisions, where he managed daily operations of the bank for 6 years. In 2019, Fair was chosen to lead Bank of Tennessee as President and CEO.

Fair has an extensive community service history serving on many non-profit boards and organizations. Local organizations that have benefited from his leadership include Elizabethton Kiwanis Club, Elizabethton / Carter County Chamber of Commerce, Carter County Imagination Library, Eastern 8 Housing, Sycamore Shoals Hospital, Elizabethton / Carter County United Way to name a few.

Fair is a recipient of many awards including Elizabethton / Carter County Citizen of the Year, Elizabethton Sports Hall of Fame, Carter County Sports Hall of Fame, and Milligan College Leaders in Christian Service.

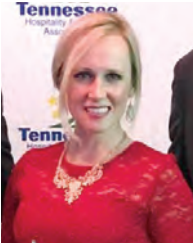
Fair is an elder of Elizabethton Church of Christ and is married to Cindy Birchfield Fair. Together they have three children and seven grandchildren.

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Alicia Phelps

### NETTA takes top Tennessee tourism honor

The Northeast Tennessee Tourism Association (NETTA) was recently named the state's Destination Marketing Organization of the Year by the Tennessee Hospitality & Tourism Association. The honor took place during the Stars of the Industry Gala at the Music City Center in Nashville as part of the Tennessee Governors Conference on Hospitality & Tourism Sept. 4-6, 2019.

Executive Director Alicia Phelps accepted the award on behalf of NETTA.

"This is the first time we've received an award of this magnitude and it speaks volumes about the story we tell and the destination in which we live," Phelps said. "The Northeast Tennessee Tourism Association has had a really big year with several new endeavors that reach audiences across the globe, as plans are underway for additional projects and campaigns. Folks are starting to pay attention to tourism as a major economic engine, and we're excited to be part of those regional efforts."

Recently, NETTA orchestrated an Amazon Prime outdoor travel show that is now visible to more than 46 million people worldwide. The regional organization also annually produces a popular magazine and visitor guide, while encompassing a digital reach of 5.4 million people in local and out of market segments. NETTA recently

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partnered with East Tennessee State University to offer a new professional certification dedicated to hospitality and tourism related workforce development.

During the last three years, NETTA has seen a 40 percent increase in memberships, a 176 percent increase in net assets, and has increased website visits to *northeasttennessee.org* by 1,803 percent.

#### Wandell earns ChFC designation

State Farm agent Sheila Wandell has earned the Chartered Financial Consultant (ChFC) professional designation from The American College of Financial Services.

Candidates for the ChFC designation must complete a minimum of eight college-level courses and 18 hours of supervised examinations. They must also fulfill stringent experience and ethics requirements and participate in continuing education to maintain professional recertification. Since its inception in 1982, the credential has been widely regarded as a premier standard of knowledge and trust for financial planning professionals.

The ChFC program prepares professionals to apply advanced skills to address the financial planning needs of individuals, families and small-business owners in a diverse environment. They can help clients identify and establish specific goals and then formulate, implement and monitor a comprehensive plan to pursue those goals. Those who earn a ChFC can provide knowledgeable advice on a broad range of financial

topics including financial planning, wealth accumulation and estate planning, income taxation, life and health insurance, business taxation and planning, investments, and retirement planning with a focus on the practical application of concepts learned.

Wandell is a graduate of Tusculum University and has been a State Farm agent in Johnson City since 1988. She earned the Chartered Life Underwriter (CLU) designation in 2003. She is married to Elizabethtown State Farm agent Ken Wandell and they have two children, Emily and Justin. She has one granddaughter, Hadlyn, and Emily is expecting triplets in the near future.

She is active in her community and has been involved with Child Safety Days, Special Olympics, Bike Safety Rodeos, the March of Dimes, ETSU Foundation, and the Ronald McDonald House. Wandell has also volunteered as a USTA kids tennis coach and Girl Scout Leader.

"I am very proud of Sheila for achieving her ChFC designation," says State Farm Sales Leader Scott Galpin. "She maintained a successful business along with family commitments while studying for this designation over several years. Sheila has a never give up attitude and wants to be the best insurance and financial services agent for her customers." **BJ**



Sheila Wandell

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# Restructuring the economy of the Appalachian Highlands

by Mary Trigiani

**S**trategy. Books have been written about it. Careers have been built upon it. From the time ancient military figures laid plans for vanquishing opponents, to today, when it is a business necessity, strategy runs the gamut of acceptance to skepticism. The skeptics tell us Strategy is the reason for Analysis Paralysis. Too much navel gazing, too much money spent on plans, not enough acting. Yet strategy is something every human performs during the course of the day. With observation, logic and execution, our lives are productive. Strategy gives structure to our values and beliefs, enabling us to enact them in concert with other human beings, to leave the world better than we found it.

The values and beliefs of our region are known to us. Today, however, they are eclipsed by the news of our challenges and our loss. In a world that often seems to revolve around the negative and the coarse, the contribution and the vision of Appalachians have been eclipsed by the fascination with what holds us back. Our roots as entrepreneurs and visionaries who led and supported the birth of a nation are invisible. We appear separate from our nation and our world. The entrepreneur's candor, sense of urgency, frugality, embrace of sacrifice – ironically the foundation of every corporate giant in the history of humanity – are not associated with Appalachia.

Embarking on a universal strategy to strengthen and grow our economy is eminently possible. Beyond the strategic priority of defining our product as a sturdy regional economy, we must satisfy the strategic condition of how to unify and integrate our strengths and resources to shape a sturdy regional economy. And resist the temptation to make our economic resurgence about marketing alone. We must be entrepreneurs in spirit and deed, making every penny work and going head-to-head in challenging one another, out in the open, on what we are doing and what we are spending. A regional strategic plan can begin with four action sets.

**Aspire.** Ponder “entrepreneurial” as the descriptor of our product for a 15-year span. (This will not preclude large players; it will give them context for joining us.) Articulate the variety of factors that differentiate us and give us some advantage. Consider five industry sectors that need nimble players: small scale, agile manufacturing; software coding; new age agriculture; new age energy; and rural healthcare. Every sector requires technology savvy, for which our students, from primary school forward, are displaying aptitude and desire; we engage educators in aligning



science, technology, engineering and math curricula with employers who need our graduates. We expand the intersection of art and science, one of our traditional advantages, to introduce new patterns of work. And we cultivate a mindset of delivering return on taxpayer investment.

**Define.** List the counties in the region. Look at every agency, resource and program with an eye to whether it is delivering jobs to the region or having a positive effect on the process. Catalog the grants – state and federal – coming into the region on an annual basis and pool them around a smaller number of initiatives. Review the players in economic decisions and identify the stakeholders, including those currently disenfranchised. Create a skills inventory: what we have, what we need to work in the targeted

industry sectors. Outline a model for targeting corporate and foundation partners in the private sector dedicated to reaping with us the rewards of economic resurgence.

**Measure:** As we pursue long-range change, we recognize tactical progress – requiring that we measure, record and report the results of every initiative. What do key stakeholders observe about work and life here? What jobs have resulted from taxpayer investment and what work do people leave to pursue? How many people are we graduating from high school, community college and university with certificates and degrees that feed our specific industry targets? What is the cost of what we are doing? Are we moving on from what does not work, editing or even shutting down expired initiatives and deploying the associated assets into something that produces results?

**Deliver.** Beyond meetings, engage in dialog and project work, with milestones, to inject discipline into execution. Make measurement and analysis part of every task. Act as if this is a profitable company, in which every division must perform under one purpose. Build in obsolescence – after something is done, disband the project or agency and tackle the next challenge. John Doerr, the Silicon Valley investment giant, advises entrepreneurs to measure what matters. We can invigorate our centuries-old legacy by defining what matters and holding each other accountable for measurable execution. This is the moment to tap the strategic energy and entrepreneurial spirit we inherited.

*This is the second of a three-part editorial by Mary Trigiani, senior vice president, New Peoples Bank. Coming next: the renaissance of a region.*



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