

DFW COMMERCE



When the Going Gets Tough, the Tough Do Something Different

Businesses across Dallas-Fort Worth got through COVID-19 by trying new things. Many found opportunities that will carry on beyond the immediate crisis.

Be they billion-dollar airlines or upstart suppliers of motor coach services, Dallas-Fort Worth companies are getting through a pandemic and recession thanks to the art of the pivot.

Southwest Airlines managed to keep operating when COVID-19 forced stay-at-home orders in the spring of 2020.



I never in a thousand years would have believed that our whole headquarters could be working virtually.
—Gary Kelly



"I never in a thousand years would have believed that our whole headquarters could be working virtually," said **Gary Kelly**, Southwest's Chairman and CEO, at the 2020 YTexas State of Business Summit. "And we've been functioning not just okay, but actually very, very well."

G. Brint Ryan, Chairman and CEO of the Dallas tax consultancy Ryan, LLC, noted while interviewing Kelly at the Summit that the rest of the airline

industry hasn't always fared as well as Southwest.

"As I was preparing for this, I didn't realize that since you started at the company, every other carrier has either merged, sold, or failed," Ryan said.

Southwest has prospered in large part by managing its costs and hedging against risks like unpredictable economic cycles, Kelly said. "And history shows that the low-cost producer wins. A lot of people make their choice on travel based on price, no matter the service. But the magic of Southwest is that we've been able to match the low price with great service."

CONFRONTING BLACK SWANS

Unpredictable events with severe consequences—or "black swans"—don't create trends but do accelerate ones that were happening anyhow, according to **Tom Montgomery**, Managing Member at Dallas' Montgomery Capital Advisers.



"Whenever there's a black swan event like what we're facing today, entrepreneurs come up with ways to pivot," he said at the Summit.

Vonlane, a Dallas-based supplier of motor coach services, turned excess capacity from the COVID slowdown into a charter service where customers can line up buses for private trips.



"Folks chartered our vehicles for family vacations this summer [2020], when they didn't want to get on planes yet or drive themselves," says **Alex Danza**, Vonlane's founder and CEO. "COVID showed us we need a separate segment of the business and separate vehicles just for charter."

A similarly bold move by Fort Worth-based American Airlines Group brought business back sooner than some others in its industry saw.

"[American Airlines] made a bet earlier this summer that



traffic would return a little faster than some of their competitors thought," said

Sean Donohue, CEO of DFW International Airport, at the Summit. "They added back flights. And it appears their bet paid off."



The airport, where American Airlines has its home hub, also benefitted from the move.

"DFW has taken the position of being the world's busiest airport at the current time," said **Jonathan Massey**, Managing Principal at the architecture firm Corgan, at the Summit.

ACCELERATING OUTPATIENT CARE

Of course, the healthcare industry has been thoroughly shaken up since the pandemic began. But as the virus hit Dallas-based Baylor Scott & White Health last spring, the system benefitted from having built out its digital capabilities.



“COVID only accelerated our plans,” says **Jim Hinton**, its CEO (and a *Texas CEO Magazine* Exceptional Leadership 2020 honoree), in a YTexas interview.

COVID only accelerated our plans.
—Jim Hinton

“During March and April, as much as 75 percent of our clinic visits were done through our app, MyBSWHealth.

“Our biggest segment of workers are nurses, and we had an amazing response by the nursing leadership to ensure we had people on the front lines during all of this.”

Today, Baylor Scott & White Health is still preparing for the future, particularly as government programs ask providers to take on more risk. They are now focusing on paying for value and quality of services rather than volume, Hinton said in the YTexas interview.

“In 2019, our system saved Medicare \$68 million,” he said. “We were able to keep half of those savings.”

MILLIONS MORE SQUARE FEET

Beyond forcing DFW companies to do things differently, COVID has encouraged people to move to the area from both coasts and look at the benefits of DFW and North Texas more broadly.



That means a good deal of new development in the area. “We have 2.5 million square feet that we’ve built in Frisco, and ultimately we’re going to build 10 million square feet,” said **Craig Hall**, founder and Chairman of Dallas’ HALL Group, at the Summit.

Hall, whose firm has built an office park in Frisco and a hotel and residential tower in the Dallas Arts District, said the disease will change the use of real estate nationally. “We are looking at all the things we can do in our next office building to embrace health and wellness,” he said. At Briggs Freeman Sotheby’s International Realty, COVID prompted people to put in offers on homes they had seen online.



“Typically with an open house you might have 30 to 40 people come through on a Sunday.

Now you’ve got 500 people looking at it,” says **Robbie Briggs**, the brokerage’s President and CEO.

“June, July, and August were three of the best months that our company has almost ever had.”

And thanks to Opportunity Zones, a community development program created by a 2017 federal law, developers like EJ Smith Enterprises have launched redevelopment pushes in South Dallas.



EJ Smith Enterprises, run by Hall of Fame running back **Emmitt Smith**, acquired

a 25,000-square-foot-plus property at which the University of North Texas plans to launch construction training programs and college-related education for community youth.

“There are a number of other companies that are

going into the building,” said Smith at the Summit. “We have about 80 percent pre-leased.” Smith said that another opportunity is the Trinity River, which flows through a number of North Texas cities, including Dallas and Fort Worth.

“In the next 20 to 30 years, if we’re able to turn that river into something beautiful, then that would be a great landscape that could also attract investment,” Smith said.

Business executives across the region voiced similar sentiments about the river in interviews for the *Dallas 500*, a special publication from *D CEO Magazine*.



“One of the questions we asked was, ‘What would you do to make Dallas even

better?’” said **Christine Perez**, editor of *D CEO*. “And I think about 495 said the Trinity River, get that project off the ground and make it happen. That could make such a tremendous difference for our region.”



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DFW

CULTURE



The New Regionalism

As 140 corporate headquarters moved to Dallas-Fort Worth over the last 10 years, a new spirit of cooperation emerged among its communities.

When a geographic area has one or two large cities surrounded by small ones, it's easy to embrace regionalism, or promoting the place as a whole to companies that are considering moving there.

It can be a different matter in an area like Dallas-Fort Worth, which includes 14 cities of 100,000-plus people. That sheer size makes the spirit of collaboration among its municipalities all the more striking.



"As different people are moving into economic development, the regional piece is much

more accepted and part of what we do versus, say, five or 10 years ago," says

Brandom Gengelbach, CEO of the Fort Worth Chamber of Commerce.

Every pitch his organization makes to companies starts with the state of Texas, then moves to the DFW area, DFW International Airport, and finally to Fort Worth. "We couldn't survive without those relationships we have," he says.



Dale Petroskey, President and CEO of the Dallas Regional

Chamber, said at the Summit that when his agency bid on Amazon's second headquarters, it had to work with 45 different economic development

entities in the region. "If you're in the Dallas business community, you're already on the winning team," he said. "If you're a member of the Dallas Regional Chamber, you're inside the winning locker room. We celebrate a lot of wins in that locker room. But sometimes, we close the door and say, 'We didn't play a very good first half. We've got to do better.' That's when we lock arms, and work together to improve things. It's that spirit of cooperation that makes the Dallas region unique."

A similar spirit informs the Texas Lyceum, a nonprofit that brings together community and business leaders from across Texas to discuss subjects that affect the state, from housing to tourism.



"It's a healthy discussion that our country could use more of," says **Holly Reed**,

We're pretty proud of our ability to have a heated discussion, but then have a meal in the hospitality room after and follow up on that.
— Holly Reed

an alumnus of Texas Lyceum and principal and practice lead at the tax consultancy Ryan, LLC. "We're pretty proud of our ability to have a heated discussion, but then have a meal in the hospitality room after and follow up on that."

Reed says the Lyceum helped her build a statewide network in places where she never

would have before. "If you have a problem in a particular area, you have somebody that is a resource who, if they can't help you, they can get you in touch with somebody else." For Reed and others, it's that type of regional cooperation that makes the DFW area so appealing. Of course, the entire region's great quality of life never hurts in drawing corporate relocations to DFW.



Mike Rufail, founder and Chief Gaming Officer at Envy Gaming, says that was a major

reason he moved his esports franchise to North Texas.

"We knew the Dallas market was going to be one of the top two or three markets for esports in all the United States," he says. "Luckily, we were able to bring the whole company back here, and the organization is flourishing here."





DFW COMMUNITY



Supporting Education in Tough Times

Business leaders in DFW are lending a hand to schools that face difficult financial situations because of COVID-19.

Businesses across Dallas-Fort Worth are gearing up to support schools as governments deal with the financial impact of COVID-19 and the national recession it caused.



“Public-sector budgets are going to be spread thin, so a lot of traditional funding sources for

education programs are going to be spread thin,” said **Eddie Reeves**, an area Partner at the consultancy Vianovo, at the YTexas Summit. “That means we’re going to have to get the biggest bang for the buck for what we do spend.”



The Beck Group, a Dallas-based development and architecture giant, has started its own construction

schools in underserved communities, according to CEO **Fred Perpall** (a *Texas CEO Magazine* Exceptional Leadership 2020 honoree). The Beck Group also participates in the Pathways in Technology Early College High School, or P-TECH, through which students can earn industry certificates, an associate degree or up to 60 hours of college credit.

“We literally have adopted a high school and have said to ourselves that the kids there are going to be our responsibility,” Perpall says. “They will have in-curriculum and extracurricular support so they have resources to matriculate through high school and be immediately presented with opportunities for work.”



Still, the 2021 legislative session will likely see an effort to reduce money for House Bill

3, which created additional revenue for schools, including some contingent upon implementing proverbial best practices, according to **David Scullin**, President and CEO of Dallas’ Communities Foundation of Texas.

“If we peel [House Bill 3] back in a significant way—and there will be a strong push to do that—we are going to set ourselves back for a generation or more,” Scullin said at the Summit. “Our advocacy efforts are going to be focused very heavily on that.”

PUSHING SOCIAL MOBILITY

However funding turns out for House Bill 3, programs like Dallas County Promise will continue removing expense as a barrier to higher education.

Graduates of high schools participating in Dallas County Promise can receive “last dollar” scholarships, which cover tuition that financial aid does not at colleges and universities that are partners in the program, including Dallas College, Southern Methodist University, and the University of North Texas at Dallas.



“Texas has the third-lowest community college tuition in the country,” says **Eric**

Ban, Managing Director at Dallas County Promise.



Promise programs statewide have different ways of preparing students

for higher education and beyond. Tyler Junior College Promise, which works with six communities in East Texas, encourages its 4,000-plus Promise Scholars to do community service, according to **Matthew Ramirez**, Director of the program.

“We’ve got high school students teaching adults how to read and write at local libraries,” says Ramirez.



Promise is ultimately about social mobility, something that schools like UNT Dallas have

embraced. “The school is made up of 70 percent first-generation college students and 85 percent minority students,” says **Lesa Roe**, chancellor of the UNT System.

COST-EFFECTIVE EDUCATION

UNT is also retooling its training to support the needs of corporate partners like JPMorgan Chase, Liberty Mutual, and the Dallas Cowboys.

“At the G. Brint Ryan College of Business in Denton, we’re embracing blended degrees, such as our sports entertainment and music MBAs,” Roe says. The college’s namesake, **G. Brint Ryan**, Chairman and CEO of the tax consultancy

Ryan, LLC, said at the Summit that he made a large donation to UNT partly because of the range of initiatives it is undertaking. “It’s one of the most cost-effective degrees you can get in America,” he noted.

UNT’s new take on education mirrors the different approach Dallas took to revive its famed West End neighborhood, which never returned from an economic hit it absorbed in the 2000s.

The Dallas Innovation Alliance—a public/private partnership supporting the design and execution of Dallas’ “smart cities” strategy—is making the West End a test bed for new technologies as the Dallas Innovation District through a partnership that includes the city.



“The hypothesis was that if you bring creative talent, entrepreneurs,

and startups into an area, that energy, innovation, and growth of new businesses would start to transform a district like the West End,” says **Jennifer Sanders**, cofounder and Executive Director of the Dallas Innovation Alliance.

The deal allows the Alliance to independently test things like streetlights and environmental sensors that startups have developed and are looking to commercialize, she says. Those startups can seek funding from the venture or internal innovation funds that large DFW companies run, while wealthy individuals provide angel rounds.



Photo: Travel_with_me / Shutterstock.com

“What we’re starting to see is family office investment,” Sanders says, referring to wealth management firms that handle all of the finances of an affluent family. “There is greater interest and tolerance for early-stage, very specialized investing.”

SUPPORTING BETTER POLICY

Another advocate for regional growth is the Dallas Citizens

Council, made up of 170 CEOs and other business leaders of 110 companies in the North Texas area. “We supported the \$1.1 billion Dallas College bond, the largest in its history, to invest in technical education and workforce development so high school students in our community have the opportunity to be trained in the skills and jobs of the future,” says Fred Perpall

of The Beck Group. Council members also led assistance from their companies for local small businesses, such as coaching, capital, and lowering the cost of Paycheck Protection Program loans, according to Dallas



Citizens Council CEO **Kelvin Walker.**

While the Council once endorsed

candidates for the city council and other regional elections, the group has moved away from that to focus on policy, Walker says.

“We have invited many new members who have moved to town over the last few years as we look to ensure we’re shaping policy for the region for the benefit of the business community, the city, and our entire community.” 

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FORT WORTH-ARLINGTON



More Than Cattle and Roller Coasters

People wear cowboy hats in Tarrant and Denton Counties, and they build some amazing stuff—not to mention helping their neighbors when problems like a pandemic surface.

The western portion of Dallas-Fort Worth may be known for cattle drives, pro sports stadiums, and amusement parks, but it is emerging as a building ground for developing and testing bleeding-edge technologies.



Bell, the Fort Worth-based aerospace manufacturer previously known as Bell

Helicopter, is working with NASA and the Federal Aviation Administration in the region to do test flights of one of the company's larger unmanned

aircraft, according to **Chad Sparks**, Bell's Director of Strategic Campaigns and Business Development.

"Our intent is to fly that vehicle in the greater DFW area here in just the next couple of months," Sparks said at the YTexas Summit.

For Bell products like that to be useful, the company must be able to integrate into the national airspace and coordinate with local airport authorities, Sparks said. "We're collecting data the whole time [the vehicle is in the air] because it's a

learning exercise. It's how we eventually get to scale."



The North Central Texas Council of Governments, a regional planning body, created a mobility

innovation team to help companies like Bell establish use cases in the area's complex airspace, according to **Mike Berry**, President of the real estate development giant Hillwood.

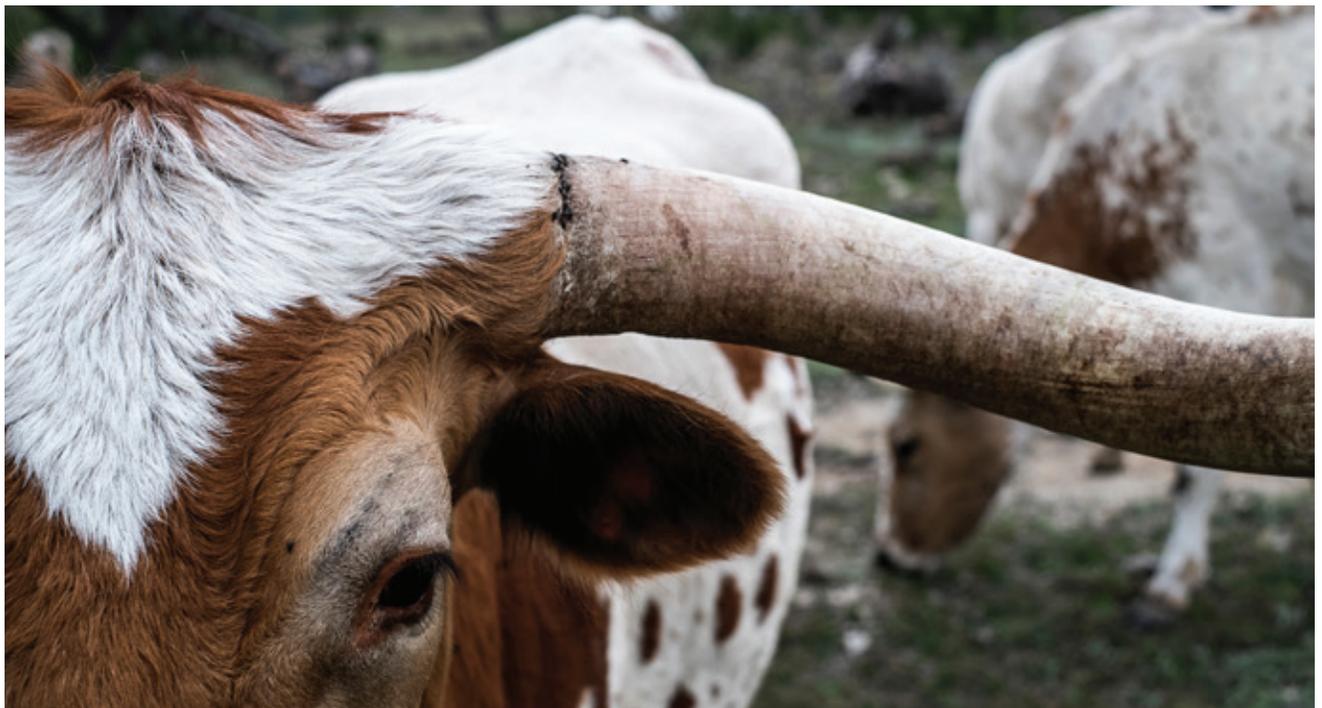
"They're also trying to position North Texas with smart road infrastructure to help with

autonomous trucking and freight movement," Berry says. Hillwood built Fort Worth's Alliance Airport.



The Texas Department of Transportation was one of the first state regulatory

agencies to allow the vehicles on public roadways. "Most people don't realize there are semi-autonomous trucks going down Interstate 45," says **Ty Harmon**, CEO and Chief of Technology Reconnaissance at the consultancy 2THEDGE.





A DIFFERENT TYPE OF TAX CREDIT

To spur local development of breakthrough technologies, the City of Fort Worth created a research-and-development tax credit.

In a nearly \$70 million deal that the city council approved in June 2020 with startup Linear Labs, the business essentially receives grants as reimbursement for R&D expenses. Linear Labs is developing what it says is a lower-cost, higher-power electric motor.



"A company can sell the value of that credit to a buyer to put money back in the project,"

says **Robert Sturns**, Fort Worth's Economic Development Director.

The private sector is also joining forces with local secondary schools and universities to build excitement in young people about careers in fields related to science, technology, engineering, and math (STEM).



"Working with other area aerospace businesses, we created a technical school curriculum

focused on advanced aviation manufacturing technology that is now a model around the country," says **Becky Redman**, Government Relations Senior Manager at Lockheed Martin Aeronautics.

Automation also looms in the future at the Fort Worth operation of Danone, a

France-based maker of drinks and food such as yogurt. "I see our workforce shifting from labor-intensive tasks to more technically skilled personnel," says **Henry Hudson**, Financial Controller at Danone North America.

Alcon, the Switzerland-based maker of eye care products, promotes STEM careers to DFW high school and university students by hosting them at its Fort Worth campus, where it also trains doctors and other professionals on using its technologies.

"We also look forward to continuing to partner with the city and local community partners to provide access to eye care services and testing for citizens in need," says **Wes Warnock**, Alcon's Global Head of External Communications.

TEACHING SKILLS IN A PACKAGE

To help students adapt for technological changes to their future jobs, the University of North Texas System is ensuring that all students have a base of knowledge in computing, data, and artificial intelligence, according to its Chancellor, **Lesa Roe**.

"At our UNT flagship in Denton, we've seen huge increases in the number of integrated studies majors, who want to blend areas of learning to create their own degrees," she says. "Some 77 percent of jobs are at moderate to high risk of being taken over by computers within the next 20 years."

At Rainwater Charitable Foundation, which makes



education grants focused on Fort Worth and North Texas, Program Manager **Jay McCall** zeroes

in on getting information into the hands of high school freshmen and sophomores whose family members don't have the experience of going to college.

"We focus on closing the guidance gap," he says. "We're engaged with the Fort Worth Independent School District and Tarrant County College on bringing additional resources through technology and also embedding additional advisers in these campuses."

HELPING IN A TIME OF NEED

While much philanthropic work in Tarrant and Denton Counties centers on creating opportunities, the COVID-19 pandemic showcased the willingness of the private sector to help other businesses in need.

DFW International Airport decided in April 2020 to effectively waive rent payments from concessionaires and small businesses, according to **Sean Donohue**, its CEO.

"We're extending that through next March [2021]," Donohue said at the Summit. "It will be a \$70 million revenue hit. We're not ever going to recover those monies. But we felt it was the right decision and our board supported it."

Lockheed Martin, which employs more than 22,000 people

across DFW, accelerated more than \$3.9 billion in payments to suppliers, starting when the COVID-19 pandemic began. "This enabled many to continue operations and keep their employees," says Lockheed Martin's Becky Redman.

The virus also brought to the forefront the state's low costs and business-friendly climate, according to **Brandon Gengelbach**, CEO of the Fort Worth Chamber of Commerce.

Seattle, Portland, San Francisco, Los Angeles, Chicago, New York—their businesses are dying to get out, the talent is dying to get out.

—**Brandon Gengelbach**

businesses are dying to get out, the talent is dying to get out," he said at the Summit. "We're busy as we've ever been. Texas is going to be killing it in 2022 and 2023."

Amarillo, nearly 340 miles northwest of Fort Worth, found a way to do well even when the disease was at its worst.



"Our manufacturing never shut down," said **Kevin Carter**, President and

CEO of the Amarillo Economic Development Corporation, at the Summit. "Our mayor declared all of our manufacturing essential. We had 2.1 percent unemployment pre-COVID. The last numbers that came out, we were down to 5.2 percent." 📌

DFW

NORTHERN DALLAS SUBURBS



The workforce of today is not the same as the workforce of yesterday.

—Beth Garvey

From One Blinking Yellow Traffic Light

Even by Texas standards, the development of Dallas' northern suburbs has been stunning in speed and scope.

Dallas' north suburbs have become one of the state's best growth stories by adopting the business-friendly mindset that has spurred a 42.3 percent expansion of its population over the last 20 years.¹

The Dallas-Fort Worth metro area overall added more than 1.2 million people between 2010 and 2019, the most of any metro area in the nation over that time.²

Yet even that 19 percent growth pales in those years compared to cities like McKinney (51.8 percent, from 131,117 to 199,177) and Frisco (71.3 percent, from 116,989 to 200,490).



"It was a farmland in 1992, with 6,000 people. You couldn't buy a pair of socks there,"

says **Maher Maso**, Frisco's mayor from 2008 to 2017. "We had one blinking yellow light for traffic."

Now a Principal in the Dallas office of the tax consultancy Ryan, LLC, Maso notes that Frisco went from six schools

in 1996 to more than 75 today. "We were able to put more than 2,200 single-family homes on the ground, multiple office buildings, and move the Dallas Cowboys here," he says.

That success helped lure the headquarters of the Professional Golfers' Association of America, which will shift from Palm Beach Gardens, Florida, to anchor a 660-acre mixed-use development whose initial investment will be worth more than half a billion dollars.

The PGA will host in Frisco two PGA Championships, two KPMG Women's PGA Championships, and possibly a Ryder Cup. The project includes two championship golf courses; a short course and practicing areas totaling 45 holes; a 500-room Omni Hotels & Resorts property; and a 127,000-square-foot conference center.

PROJECTS KEEP COMING

Though the PGA announced the Frisco effort back in 2018, COVID-19 has not stopped organizations from

kicking the tires on potential operations moves to the northern suburbs of Dallas.



"I've never seen in this organization the sheer amount of projects and capital investment that potentially

is coming to the area," said **Danny Chavez**, Senior Vice President of the McKinney Economic Development Corporation, at the Summit. "A couple billion dollars' worth are on the table right now, even during a global pandemic and recession. It doesn't seem to show any signs of stopping here."

McKinney also created an incentive-based fund for technology startups in specific industries that are interested in moving to the city, according to Chavez.

An online application enables Chavez and company to pitch the startups to landlords and developers, with the growth fund "functioning more like a venture capital capability," Chavez said. "Among the companies that have applied, the types of compensation we're seeing, not including

their equity, is a lot of \$86,000 averages wages." Though job markets were often soft at the end of 2020, local recruiters and other workforce experts were working with employers to reconsider what qualifications they have for many roles they will hire for going forward.



"The workforce of today is not the same as the workforce of yesterday," says **Beth Garvey**,

President and CEO of Plano-based BGSF. "Organizations are deciding what that looks like for their futures. Does every job description really require a college degree?"

Garvey helps teach customers to broaden their recruiting work. "What efforts are you going to put in to getting people who aren't necessarily going to college?"

¹Texas Demographic Center, "Texas Population Projections 2010 to 2050," January 2019.

²Collin Baptist Association ReVision Team Meeting, "Demographic Trends and Projections in Texas and Collin County," June 11, 2020.

