

# Development Opportunity Profile

## Clinton County, Kentucky



*April 4, 2016*

## Introduction

The Center for Rural Entrepreneurship believes in **empowering research** – making data-driven decisions about economic development to be more strategic and, ultimately, create the kinds of economic development outcomes and long-term community prosperity you desire. We work hard to build tools and resources that communities can use to access and understand data and turn that raw information into knowledge you can apply in your community. This **Development Opportunity Profile** is one of our **Getting Started Tools**. This profile was prepared for Clinton County, KY, by the Center, for our partner, the [Lake Cumberland Area Development District](#). Other **Getting Started Tools** include our **Philanthropic Opportunity Profile** and our forthcoming **Generational Diversity Profile**.

## Taking Stock – The Power of Assessment

Whether a community or a region is successful over time – or not – depends upon the commitment and choices of its leaders and people, and the investments they make in their development. As Deepak Chopra says, “When you make a choice, you change the future.” Making the *right* development choices is a prerequisite for achieving community and regional prosperity. The best way to make the *right* development decisions is to commit to a thoughtful and robust assessment of your region’s opportunities. By taking the time to discover and better understand your region’s genuine development opportunities, you will make smarter investments and enhance your region’s potential for greater prosperity.

This **Development Opportunity Profile** is a start on a pathway to prosperity. But, it is only a start. It reflects one view of your region, based on secondary data. We challenge you to build on this work, draw on your own knowledge of the region and its assets, and create a deeper understanding of your unique development opportunities. Then use this understanding to craft and implement a smart development game plan. We hope this **Development Opportunity Profile** is helpful and contributes to your future development success.

## Exploration ...

*Dreaming ...*

*Visioning ...*

*Planning ...*

*Goal-setting ...*

*Action ...*

*Impact!*

## Asking the Right Questions

To be successful and achieve sustainable prosperity, every region needs to achieve two things, at a minimum – economic renewal and demographic renewal. These two things are intimately connected. New residents are attracted to and put down roots in places that offer diverse economic opportunities. And, a healthy population supports a more robust quality of life and the amenities that go with it – schools, health care, shopping, arts and recreation, for example. This **Development Opportunity Profile** helps you begin to answer a number of questions about your community or region:

1. What is the regional context for your place?
2. What are the demographic trends in your place?
3. How is your economy doing in terms of job creation?
4. How is your economy doing in terms of income generation?
5. What is driving your economy?

You may choose to address additional questions for your community – how are families doing; how is the ethnic makeup of your community changing? The answers to these and other questions will help you focus in on your genuine development opportunities.

The first section of this Profile provides an historical overview of your economy as a whole:

- The regional context
- Population trends
- Employment trends
- Personal income trends
- Economic drivers

The second section delves more deeply into the business or entrepreneurial economy, describing general business ownership trends and specific entrepreneurial attributes of your county. In the final section, we provide a summary of key development opportunities for your community as well as some identified development challenges.

### Electronic Library

Research collected and analysis completed in support of this Profile is available through an Electronic Library at the following site:

<https://goo.gl/Zqfn2D>

**Being a Smart Data Consumer.** We provide a summary of research sources at the end of this Profile. Detailed source information can be found by reviewing specific research items in the Electronic Library. **Data used in this Profile is based on sampling and estimates. Through the sampling process, data can be skewed particularly in smaller, more rural counties. We encourage you to carefully review the data and question the results if they are at odds with your experience. At the same time, remember that others – prospective residents, employees, and entrepreneurs – are using this same secondary data to learn about your county.**



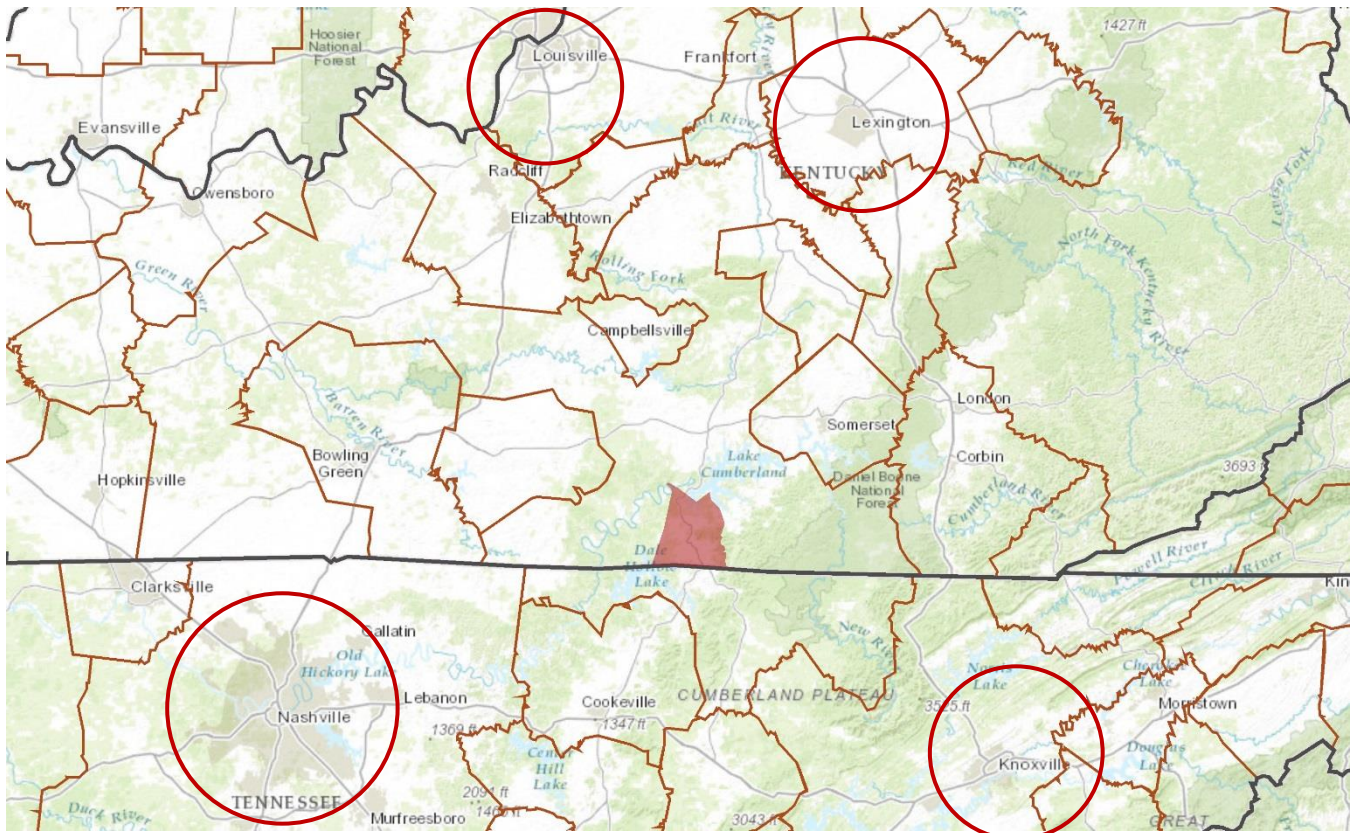
## Understanding the Economy – Historical Overview

### Regional Context

Every county has a unique location offering both opportunities and challenges. Even in our globally interconnected world, location still matters. Early in America's history, a county's access to water transportation was a plus. Today, a location with access to high speed internet and a unique quality of life might attract, for example, entrepreneurs or telecommuters who can choose to work from anywhere. Individual communities exist within a larger regional context that drives both economic and residential development.

Clinton County is located in south central Kentucky along the Tennessee border. Located between massive Dale Hollow Lake and Lake Cumberland the county has significant natural resource amenities. Such amenities are development assets attractive to both tourists and new residents. The county is also within a day's driving distance of four major metropolitan areas including Louisville, Lexington, Nashville and Knoxville. This rural location affords local entrepreneurs access to millions of potential consumers. Rural communities with access to metropolitan area services are attractive to a significant segment of retiring Baby Boomers.

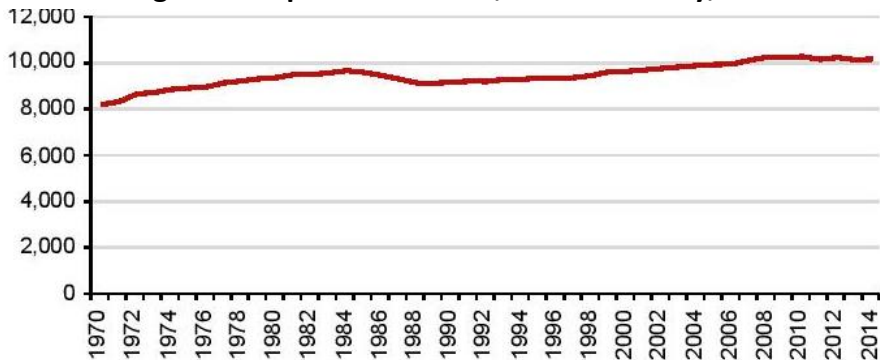
**Figure 1. Clinton County, Kentucky and the Region**



## Population Trends

The county's population grew during the 1970s and into the early to mid-1980s and then declined. By the late 1980s, population growth rebounded and now sits at over 10,000 (see Figure 2 below).

**Figure 2. Population Trends, Clinton County, KY**



### Clinton County, Kentucky Quick Demographic Profile

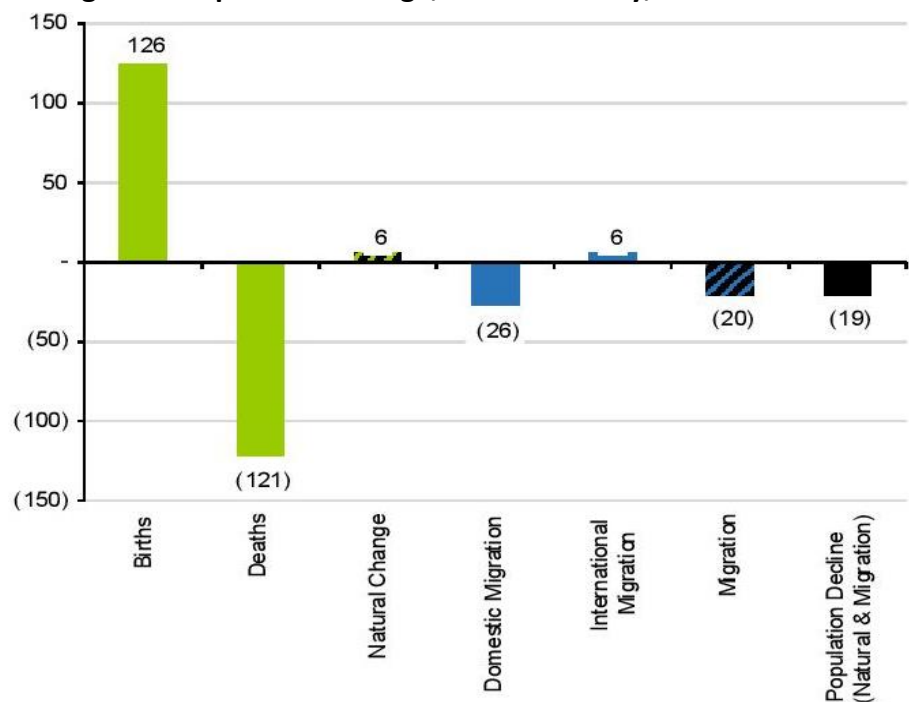
2010 Population – 10,272  
Median Age – 42.7 Years  
Households – 4,328  
Average Household Size – 2.40

2015 Projection – 10,168  
2020 Projection – 10,084

Projected 2015-2020  
Decline Rate = -0.17% per year

Figure 3 shows average annual change in population, including natural change (births and deaths) and migration (in-migration and out-migration), for 2000 through 2014. Natural population change is slightly positive and migration is slightly negative. Overall growth is barely negative resulting in a relatively stable population for now. While rapid population growth is not necessary to move the community to increased prosperity, any development game plan must focus on stabilizing the community's population by attracting younger families and retaining aging residents as a first step toward demographic renewal.

**Figure 3. Population Change, Clinton County, KY 2000-2014**



The Census Bureau makes a minor statistical correction called a "residual" which is included in Figure 2, but omitted from Figure 3. Because of this correction, natural change plus net migration may not add to total population change in Figure 2.

Employment Trends

Mirroring population change, employment grew during the 1970s and into the mid-1980s. For most of the 1980s into the 1990s, overall employment was flat. Beginning in the late 1990s there was a jump in employment followed by stability in the 2000s and a

return to growth more recently since the end of the Great Recession. The return to job growth is a positive sign and suggests there are additional development opportunities. However, for increased economic prosperity, the economy must not only create jobs, but create a wider range of career opportunities that are attractive to current residents and those who might be attracted to the region. In today’s knowledge-driven economy, attracting and retaining human talent is a key to sustained economic prosperity.

Figure 4. Employment Trends, Clinton County, KY

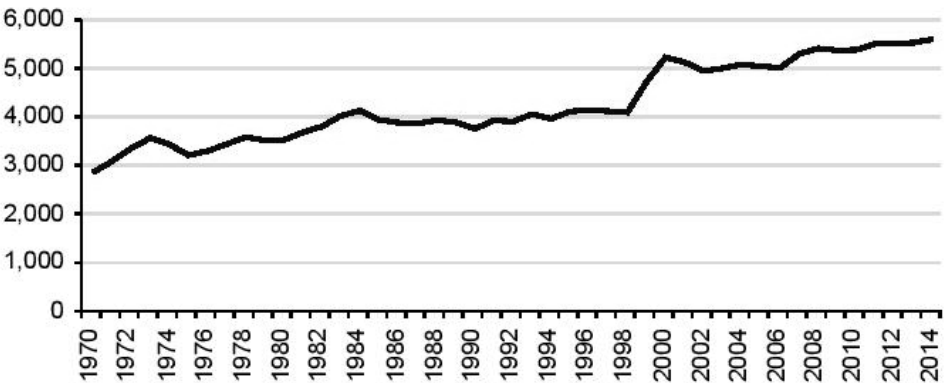
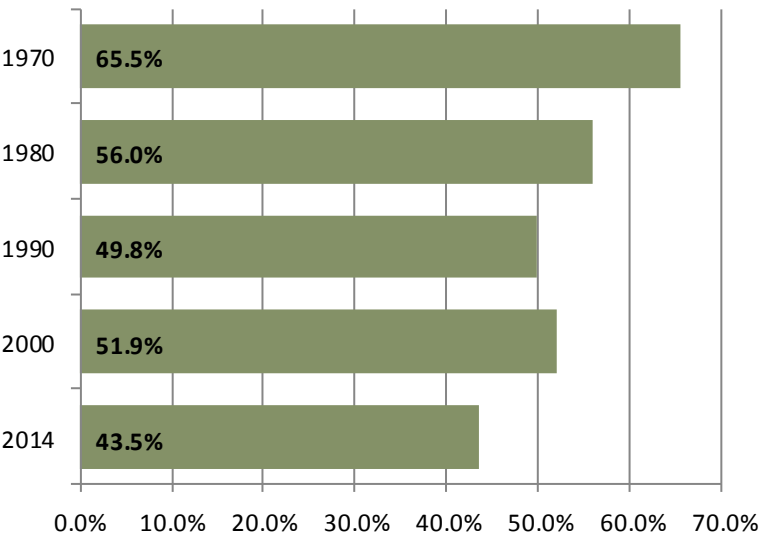


Table 1. Net Job Growth During Recession Periods

2001 Recession		Great Recession	
Recession (Mar-Nov 2001)	-0.2%	Recession (Dec 2007-June 2009)	0.2%
Recovery (Dec 2001-Nov 2007)	0.0%	Recovery (July 2009-Present)	-0.3%

“Labor earnings to total personal income” is a good proxy for how dynamic or robust an economy is. Labor earnings reflect income flowing to households from employment; non-labor earnings are derived from transfer payments, retirement income, etc. Figure 5 displays the decline in Labor Earnings as a percent of total personal income. The Labor Earnings ratio dropped from a healthy mid-60% range in 1970 to 44% in 2014. This ratio suggests a weakening economy requiring more aggressive economic development. Focusing on local entrepreneurs is most likely the best approach. Connecting growing retiree needs with supporting services by businesses is one place to explore.

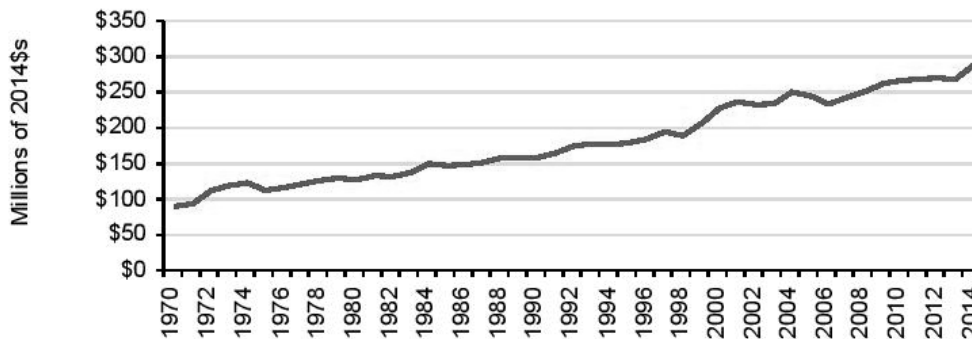
Figure 5. Labor Earnings



## Personal Income Trends

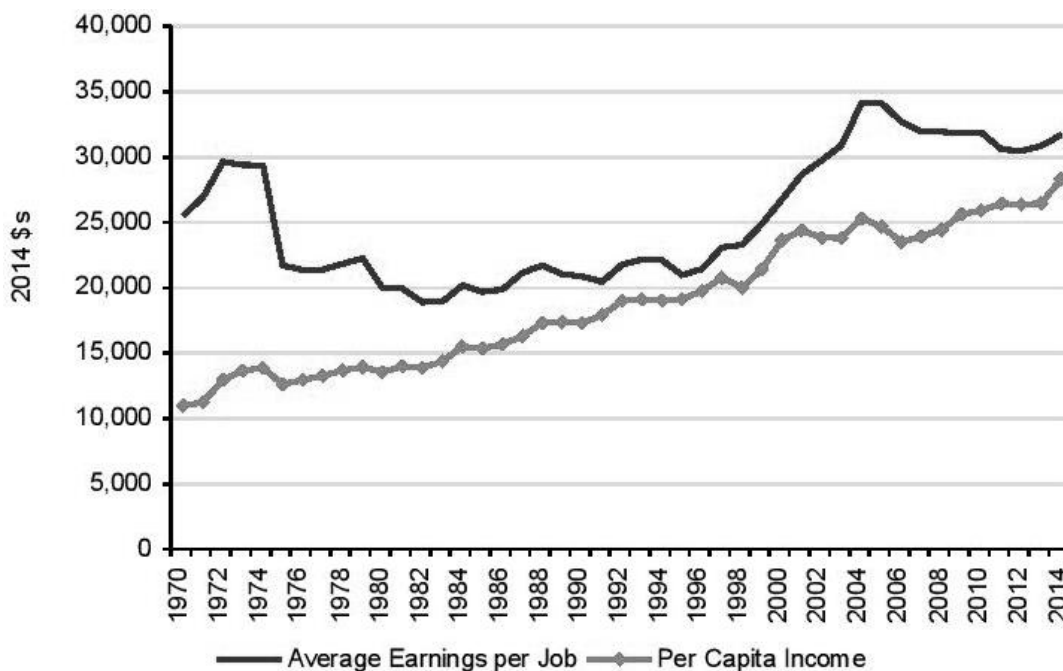
Personal income, measured in real or inflation-adjusted dollars, has increased throughout the 1970-2013 period (Figure 6). There was strong personal income growth all the way from 1970 into the mid-2000s followed by a brief dip. There is now renewed personal income growth with a sharp spike in the 2013-2014 period.

**Figure 6. Personal Income Trends, Clinton County, KY**



Per capita income [personal income divided by permanent residents] is driving overall income growth in the county. Non-labor income is growing particularly strong because of rising retirees and increased hardship related transfer payments. After a steep drop in the 1970s, average earnings per job stagnated for most of the 1980s into the early 1990s. From mid-1990s into the mid-2000s, there was a sharp rise in worker earning climbing from \$20,000 to nearly \$35,000. Since, there has been a decline with recent, promising signs of rebound.

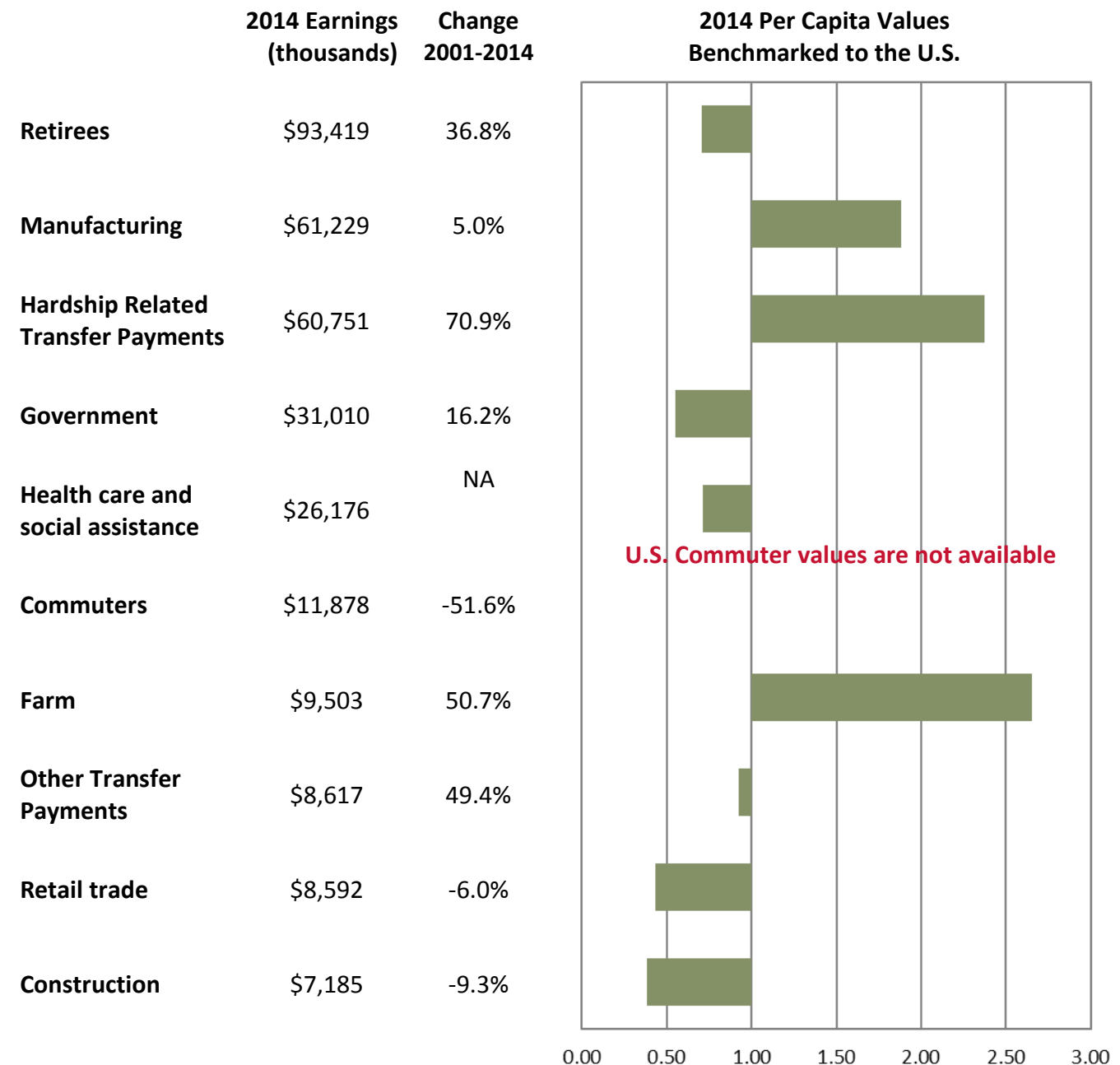
**Figure 7. Average Earnings per Job & Per Capita Income, Clinton County, KY**





## Economic Drivers

Every community or state is shaped by certain **economic drivers** that generate income. Using data on total earnings by industry, this profile highlights the top 10 **economic drivers** for the community, how each of these has done in the last decade and its relative importance benchmarked to U.S. averages.



**Retirees** are the number one economic driver in Clinton County, generating \$93 million in personal income in 2014. Between 2001 and 2014, retiree income grew by 37%. This non-traditional economic sector offers some of the greatest potential for business development as retirees seek to age within their homes.



**Manufacturing** is critically important to this county and represents the county's second most important economic driver. It offers important economic diversification and jobs. In 2014, manufacturing generated \$61 million in personal income and grew by 5% between 2001 and 2014. This sector supports 1,632 jobs and overall manufacturing employment has remained strong through the 2001 through 2014 period.

**Hardship related transfer payments** (e.g., Medicaid, welfare payments, unemployment insurance, etc.) are the third largest source of personal income in the county's economy. Part of this dependence is related to an aging population and part due to historic and current economic distress. Hardship related income is the second largest economic driver in the county and now accounts for \$61 million in personal income. Growth over the 2001 through 2014 period was a strong 71%.

**Government.** Government includes federal, state and local agencies. Public education from K-12, public universities, colleges and community colleges fall into this category. Government is the fourth largest source of personal income in the county in 2014. Government generated \$31 million in personal income in 2014 growing by 16% between 2001 and 2014. Government created 662 jobs in 2014. Future government growth is constrained by budget cutting efforts at the federal, state and local levels.

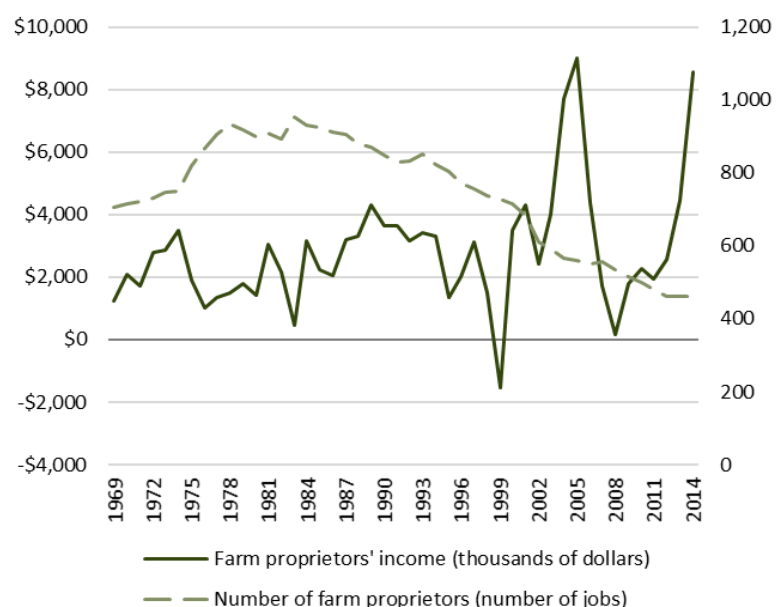
**Health Care and Social Services.** The fifth largest economic driver is Health Care and Social Services accounting for nearly \$26 million of personal income in 2014. Health care creates jobs and a wide range of career opportunities. This kind of development is important and tied to an aging population.

**Commuters** are the sixth largest economic driver generating \$12 million in personal income in 2014. Commuters are those who live in the county but work outside the county on a daily basis. There is an even greater outflow of community activity with those living outside the county and coming into the county for work resulting in the loss of nearly \$43 million in 2014.

**Farming** is the seventh largest economic driver in the county. Figure 8 illustrates the change in farm employment and personal income over time. Net farm income can fluctuate wildly over time, as the graph illustrates, but its annual spending effect is larger creating business for others in the county.

**Other Leading Economic Sectors** include Other Transfer Payments, Retail Trade and Construction.

**Figure 8. Farm Proprietors,  
Clinton County, KY**

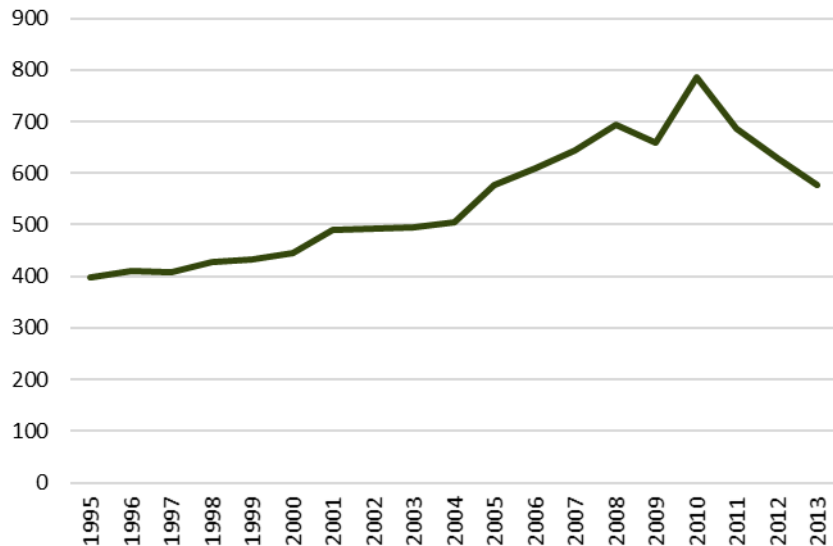


## Understanding the Business/Entrepreneurial Economy

### Big Picture Overview

A central driver of regional prosperity is the business community. Figures 9-11 provide an overview of Clinton County's business community, including for-profit, non-profit and governmental enterprises, from 1995 through 2013. Figure 9 highlights the change in total establishments over this period, showing growth from the early 2000s until the Great Recession followed by declining business numbers since 2008.

Figure 9. Establishments



#### Clinton County, Kentucky 2015

**Total Businesses**  
394

#### Businesses per 1,000 Residents

Clinton County – 39  
Kentucky – 38  
U.S. – 77

**Total Employees**  
6,133

#### Employees per 1,000 Residents

Clinton County – 603  
Kentucky – 477  
U.S. – 447

Figure 10. Jobs

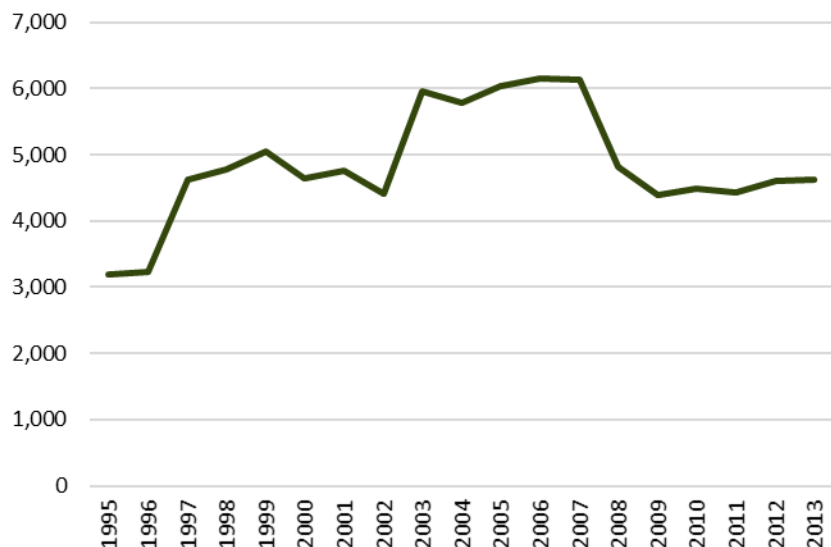


Figure 10 provides a comprehensive view of jobs in Clinton County. From 1995 into the mid-2000s, jobs (both full and part-time) grew from just over 3,000 to over 6,000. With the Great Recession, there were net job losses and now with recovery there are slow positive job gains.

Data in Figures 9-11 is from [www.youreconomy.org](http://www.youreconomy.org). Find the source data for these figures in the electronic library.



COMMUNITY  
DEVELOPMENT  
PHILANTHROPY



NEW  
GENERATION  
PARTNERSHIPS



Figure 11. Sales (millions)

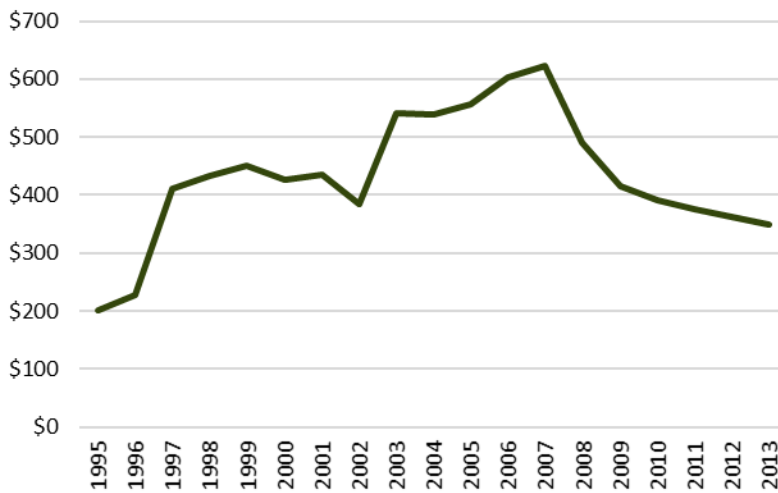


Figure 11 shows that total business sales for Clinton County rising from \$200 to over \$400 million from 1995 up to the 2001 Recession. Sales growth then rose to over \$600 million by the start of the Great Recession. Since then, overall business sales have dropped to under \$400 million.

Esri ([www.esri.com](http://www.esri.com)) produces community-level analysis of businesses and employment by sector. The data provides a useful overview of the relative importance of specific sectors in the Clinton County economy in 2015 (Table

2). Economic sectors are organized into two components. A region's **traded sectors** produce products and services that are sold outside the region, bringing new income into the region. Traded sectors are also referred to as **basic industries**. Strong regional economies have strong and diverse traded sectors.

**Local sectors** are also important, enhancing the economy by capturing and re-circulating local spending to create additional economic activity. **Local sectors** (also called **non-basic industries**) help create more livable and competitive communities and regions. Local access to a wide range of goods and services such as shopping, entertainment, health care and education is essential to thriving communities and regions. Two particularly important sectors warrant additional analysis – retail trade (a **local sector**) and hospitality (a **traded sector**).

**Retail Trade** nationally has undergone major changes as once dominant locally-owned retailers are now competing with externally-owned big box stores and online sellers. A strong and diverse retail sector is important to capturing local spending and generating additional economic growth. According to Esri, Clinton County has a positive retail trade balance. Total regional **retail demand** in 2015 was \$98 million and total **retail supply** (provided by businesses within the county) was nearly \$98 million, resulting in a **retail gap** of just \$721,000. The **Retail MarketPlace Profile** that follows provides more detail on retail demand and supply, identifying positive trade balances (in red) and spending leakages (in green). The electronic library includes a more detailed Retail MarketPlace Profile. Clinton County might want to consider a two-part retail strategy focusing on (1) assisting business transitions in the **local sector** and (2) finding competitive niches for existing or new retail businesses.

Table 2. Economic Sectors in Clinton County, KY, 2015

Sector	Businesses	Employees
Agriculture	4	13
Mining & Utilities	11	114
Construction	18	139
Manufacturing	10	3,111
Wholesale Trade	15	150
Retail Trade*	70	455
Transportation & Warehousing	14	85
Information	10	54
Finance & Insurance*	19	181
Real Estate	18	55
Professional Services	21	69
Management & Administrative	11	52
Education	10	231
Health Care	35	699
Arts, Entertainment & Recreation	6	27
Accommodations	4	79
Food Service	19	216
<b>Hospitality Sector**</b>	<b>29</b>	<b>322</b>
Other Services	56	207
Public Administration	30	190
Unclassified Establishments	13	6
<b>Total</b>	<b>394</b>	<b>6,133</b>

\*Esri provides additional detail for these sectors including sub-sector information.

\*\*Hospitality Sector is created by combining the three preceding sectors.

**Hospitality Sector** represents a **traded sector** with potential in Clinton County. According to Esri, the county has a small hospitality sector sporting 29 businesses and 322 jobs in 2015. Most of these businesses serve both local and traveler needs. A focused tourism development strategy that strengthens entrepreneurial activity in this area could grow this **traded sector** of the economy, adding diversification and growth. While these hospitality-related businesses and their employees may emphasize services to visitors, they also provide services to local residents and non-tourist visitors.





## Retail MarketPlace Profile

Clinton County, KY  
Clinton County, KY (21053)  
Geography: County

Prepared by Esri

Summary Demographics						
2015 Population						10,168
2015 Households						4,328
2015 Median Disposable Income						\$22,623
2015 Per Capita Income						\$16,144
Industry Summary	NAICS	Demand (Retail Potential)	Supply (Retail Sales)	Retail Gap	Leakage/Surplus Factor	Number of Businesses
Total Retail Trade and Food & Drink	44-45,722	\$98,427,016	\$97,706,200	\$720,816	0.4	88
Total Retail Trade	44-45	\$90,728,424	\$92,212,998	-\$1,484,574	-0.8	70
Total Food & Drink	722	\$7,698,592	\$5,493,202	\$2,205,390	16.7	18
Industry Group	NAICS	Demand (Retail Potential)	Supply (Retail Sales)	Retail Gap	Leakage/Surplus Factor	Number of Businesses
Motor Vehicle & Parts Dealers	441	\$21,879,802	\$10,956,032	\$10,923,770	33.3	11
Automobile Dealers	4411	\$17,827,160	\$7,188,909	\$10,638,251	42.5	4
Other Motor Vehicle Dealers	4412	\$2,805,832	\$1,714,967	\$1,090,865	24.1	2
Auto Parts, Accessories & Tire Stores	4413	\$1,246,810	\$2,052,156	-\$805,346	-24.4	5
Furniture & Home Furnishings Stores	442	\$2,058,801	\$873,884	\$1,184,917	40.4	2
Furniture Stores	4421	\$1,252,184	\$521,084	\$731,100	41.2	1
Home Furnishings Stores	4422	\$806,617	\$352,800	\$453,817	39.1	1
Electronics & Appliance Stores	443	\$3,099,161	\$362,259	\$2,736,902	79.1	1
Bldg Materials, Garden Equip. & Supply Stores	444	\$4,318,551	\$6,691,420	-\$2,372,869	-21.6	10
Bldg Material & Supplies Dealers	4441	\$3,651,598	\$6,300,373	-\$2,648,775	-26.6	9
Lawn & Garden Equip & Supply Stores	4442	\$666,953	\$391,047	\$275,906	26.1	1
Food & Beverage Stores	445	\$16,327,101	\$37,208,139	-\$20,881,038	-39.0	12
Grocery Stores	4451	\$14,939,447	\$37,208,139	-\$22,268,692	-42.7	12
Specialty Food Stores	4452	\$433,386	\$0	\$433,386	100.0	0
Beer, Wine & Liquor Stores	4453	\$954,268	\$0	\$954,268	100.0	0
Health & Personal Care Stores	446,4461	\$6,084,028	\$5,960,126	\$123,902	1.0	3
Gasoline Stations	447,4471	\$7,288,834	\$19,648,945	-\$12,360,111	-45.9	8
Clothing & Clothing Accessories Stores	448	\$3,094,631	\$1,579,846	\$1,514,785	32.4	5
Clothing Stores	4481	\$2,016,477	\$208,740	\$1,807,737	81.2	1
Shoe Stores	4482	\$536,220	\$457,607	\$78,613	7.9	1
Jewelry, Luggage & Leather Goods Stores	4483	\$541,934	\$913,499	-\$371,565	-25.5	3
Sporting Goods, Hobby, Book & Music Stores	451	\$2,250,746	\$133,497	\$2,117,249	88.8	1
Sporting Goods/Hobby/Musical Instr Stores	4511	\$1,723,135	\$133,497	\$1,589,638	85.6	1
Book, Periodical & Music Stores	4512	\$527,611	\$0	\$527,611	100.0	0
General Merchandise Stores	452	\$18,600,605	\$5,181,829	\$13,418,776	56.4	7
Department Stores Excluding Leased Depts.	4521	\$14,446,762	\$3,258,225	\$11,188,537	63.2	2
Other General Merchandise Stores	4529	\$4,153,843	\$1,923,604	\$2,230,239	36.7	5
Miscellaneous Store Retailers	453	\$4,483,196	\$3,617,021	\$866,175	10.7	10
Florists	4531	\$148,253	\$365,177	-\$216,924	-42.2	3
Office Supplies, Stationery & Gift Stores	4532	\$935,195	\$0	\$935,195	100.0	0
Used Merchandise Stores	4533	\$258,264	\$297,323	-\$39,059	-7.0	2
Other Miscellaneous Store Retailers	4539	\$3,141,484	\$2,954,521	\$186,963	3.1	5
Nonstore Retailers	454	\$1,242,968	\$0	\$1,242,968	100.0	0
Electronic Shopping & Mail-Order Houses	4541	\$511,785	\$0	\$511,785	100.0	0
Vending Machine Operators	4542	\$148,043	\$0	\$148,043	100.0	0
Direct Selling Establishments	4543	\$583,140	\$0	\$583,140	100.0	0
Food Services & Drinking Places	722	\$7,698,592	\$5,493,202	\$2,205,390	16.7	18
Full-Service Restaurants	7221	\$3,711,335	\$1,966,788	\$1,744,547	30.7	11
Limited-Service Eating Places	7222	\$3,703,347	\$3,506,139	\$197,208	2.7	6
Special Food Services	7223	\$154,860	\$20,275	\$134,585	76.8	1
Drinking Places - Alcoholic Beverages	7224	\$129,050	\$0	\$129,050	100.0	0

Data Note: Supply (retail sales) estimates sales to consumers by establishments. Sales to businesses are excluded. Demand (retail potential) estimates the expected amount spent by consumers at retail establishments. Supply and demand estimates are in current dollars. The Leakage/Surplus Factor presents a snapshot of retail opportunity. This is a measure of the relationship between supply and demand that ranges from +100 (total leakage) to -100 (total surplus). A positive value represents 'leakage' of retail opportunity outside the trade area. A negative value represents a surplus of retail sales, a market where customers are drawn in from outside the trade area. The Retail Gap represents the difference between Retail Potential and Retail Sales. Esri uses the North American Industry Classification System (NAICS) to classify businesses by their primary type of economic activity. Retail establishments are classified into 27 industry groups in the Retail Trade sector, as well as four industry groups within the Food Services & Drinking Establishments subsector. For more information on the Retail MarketPlace data, please click the link below to view the Methodology Statement.  
<http://www.esri.com/library/whitepapers/pdfs/esri-data-retail-marketplace.pdf>

Source: Esri and Infogroup. Copyright 2015 Infogroup, Inc. All rights reserved.

March 16, 2016

## Entrepreneurial Profile

Entrepreneurs play a central role in revitalizing community and regional economies. Where you have more robust entrepreneurial activity, you typically have more competitive, dynamic and prosperous economies. This is particularly true when there are rooted entrepreneurs who are part of the overall community, contributing to the economy and actively engaging in the civic and social life of the region. Healthy economies support a range of entrepreneurial talent – a **pipeline of entrepreneurs** – from aspiring and startup to growth-oriented and breakout entrepreneurs.

**Startup Entrepreneurs** are the seeds of an entrepreneurial economy, making up the mouth of the pipeline. Successful startups create opportunities for business growth that generates employment and ultimately drives the economy. One good proxy for startup entrepreneurs is the number of **self-employed** (where the owner/operator is the only employee). Figure 12 shows self-employment trends for Clinton County from 1995 through 2013 ([www.youreconomy.org](http://www.youreconomy.org)). In 1995, self-employment was just over 100 and grew steadily (except for a dip during the initial year of the Great Recession) peaking in 2010 at over 350 jobs, a 3.5 times increase.

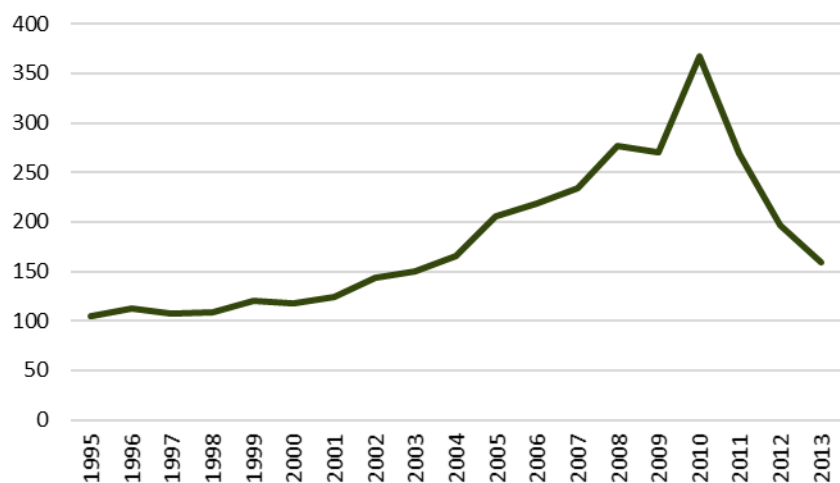
There was a particularly strong spike in self-employment in 2009-2010, what we call the “Recession Effect.” When finding a traditional wage and salary job is hard (as is the case in a severe recession), a talented and motivated person may choose self-employment as a career and/or survival strategy. As the county recovered from the Great Recession, self-employment dropped from over 350 in 2010 to just above 150 in 2013.

What happened to these startup entrepreneurs? There are three possible reasons for this almost 50% decline. One, as wage and salary jobs became available, those who entered self-employment as a temporary solution transitioned into those jobs. Two, some of these startup ventures may have failed. Three, some of these startups ventures grew into Stage 1 (2-9 employees) or Stage 2 (10-99 employees) businesses.

Despite the recent contraction, Clinton County saw a net gain of 50 self-employed ventures, a 50% increase, from 1995 to 2013. This is a very positive indicator and county leaders should explore the following questions:

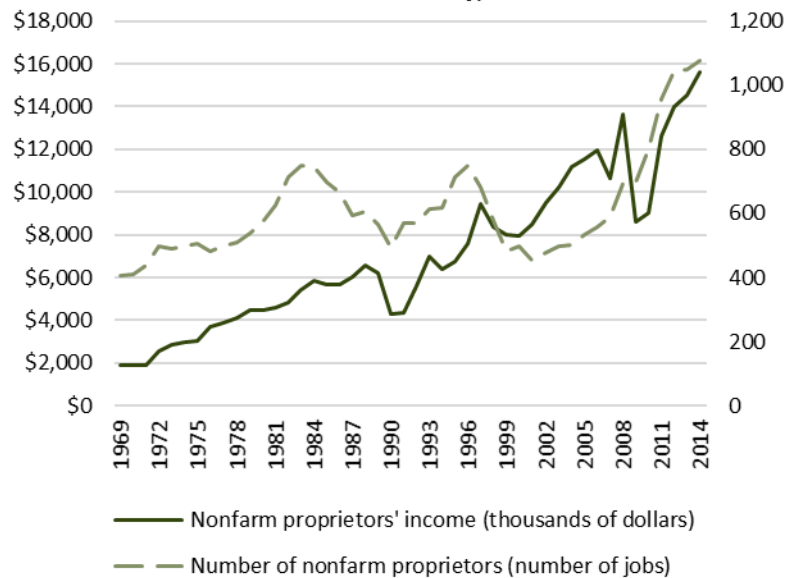
- Who are these self-employed startups?
- What are they doing?
- How could we help them be more successful?

Figure 12. Self-Employed



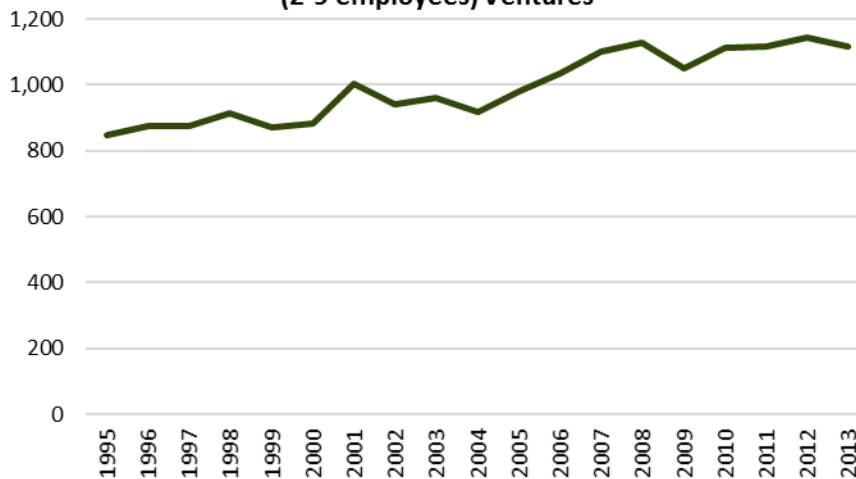
**Established, Locally-Owned Entrepreneurial Ventures** are important components of a community's entrepreneurial pipeline. When family-owned, local businesses prosper, they hire more employees, pay more local taxes and are able to more actively support their communities. We use two sets of data to describe these entrepreneurs. The U.S. Bureau of Economic Analysis (Figure 13) tracks nonfarm proprietors, typically small main street type businesses that are not incorporated. Youreconomy.org (Figure 14) tracks ventures based on the number of employees, with Stage 1 businesses (2-9 employees) representing small, most likely family-owned or locally-owned businesses.

**Figure 13. Nonfarm Proprietors, Clinton County, KY**



There has been consistent long-term growth and very strong recent growth (except for the Great Recession) in both nonfarm proprietor employment and income – a very positive trend for Clinton County.

**Figure 14. Employment in Stage 1 (2-9 employees) Ventures**



The employment data on Stage 1 ventures (Figure 14) affirms the trends in nonfarm proprietorships for the county. Employment in Stage 1 businesses declined early in the Great Recession but appears to have stabilized from 2009 to 2013.

The trend lines for what we are describing as established, locally-owned entrepreneurial ventures are relatively strong, suggesting development opportunities for Clinton County. Leaders should

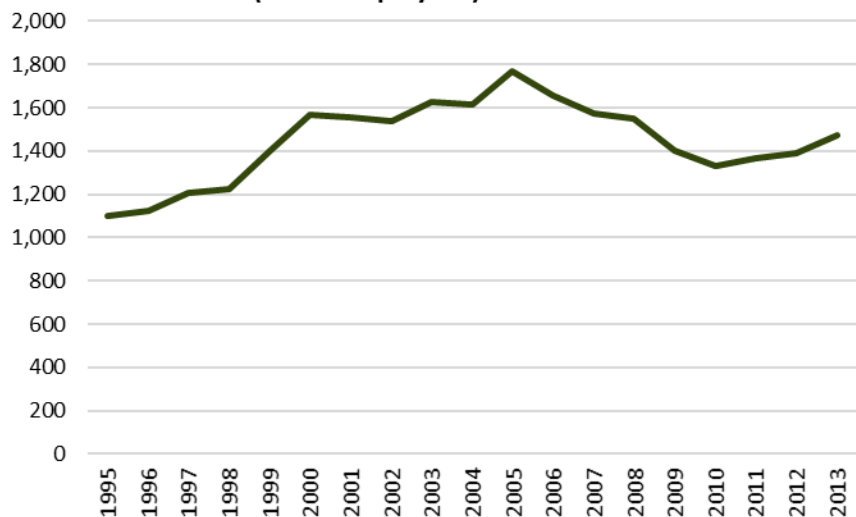
consider identifying and visiting these entrepreneurs to discover their challenges and opportunities, and to determine how best to support their growth in the future. These ventures may be very important contributors to the **local sector** described earlier in this profile. And, some of them may be primed for growth, creating development impacts for the county.

**Growth-Oriented Entrepreneurs** comprise an important part of the entrepreneurial pipeline. These entrepreneurs have the desire to grow and have – or are seeking – the market opportunities to turn that desire

into a reality. There is a great deal of attention paid to **growth entrepreneurs** – Economic Gardening ([www.edwardlowe.org/tools-programs/economic-gardening](http://www.edwardlowe.org/tools-programs/economic-gardening)) focuses almost exclusively on these entrepreneurs. In most community and regional economies, we have found fewer growth entrepreneurs and much larger numbers of **growth-oriented entrepreneurs**. This latter group includes entrepreneurs who are actively exploring ways to grow their businesses but who may still benefit from the types of business development assistance most regions and communities can offer. Helping growth entrepreneurs often requires much higher level resources, including diverse forms of capital.

As a proxy for growth-oriented entrepreneurs, we use employment for Stage 2 ventures (10-99 employees). Figure 15 shows relatively strong Stage 2 venture employment growth between 1995 and the mid-2000s followed by a decline leading up to and through the Great Recession. During the recovery, there is positive growth suggesting additional development opportunity.

**Figure 15. Employment in Stage 2 (10-99 employees) Ventures**



**Breakout Entrepreneurs** are very important to both local and regional economies. Ideally, these

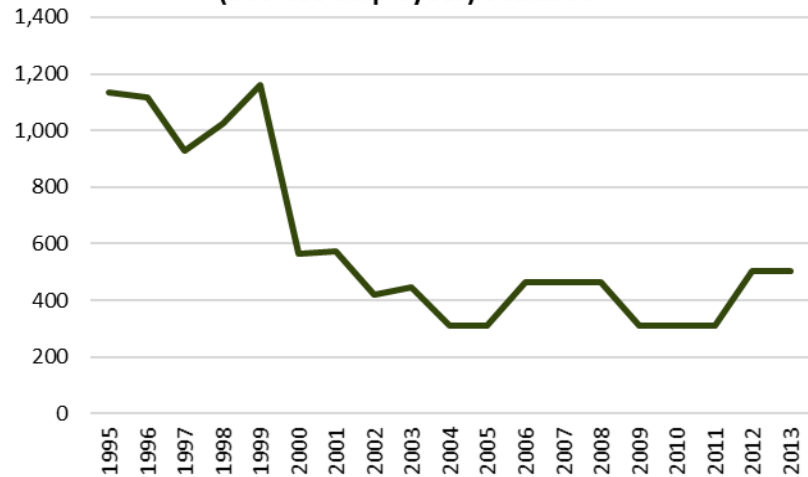
entrepreneurial ventures create many jobs, stimulate economic growth and increase overall economic prosperity as new employee spending drives retail, service, construction and other sectors of the economy. In the **new economy**, many businesses are experiencing rapid sales growth but creating few jobs as they rely instead on contract employees and outsourcing strategies. As part of the entrepreneurial pipeline, communities should focus on those existing businesses that achieve breakout or rapid growth status **and** create many jobs in the process. According to Christine Hamilton-Pennell (former market research analysis with Littleton, Colorado's Economic Gardening program), the typical high growth entrepreneurial venture is one that has been around for several decades and reaches a point where there is both motivation and opportunity for high growth. It often takes an entrepreneur time to figure out how to achieve higher growth, creating opportunities for the community to provide support and resource connections. This observation also suggests that county leaders should not limit their focus to new entrepreneurial ventures. It is important to look at existing, established entrepreneurs who may be on the cusp of breakout growth.

As a proxy for breakout entrepreneurs, we use employment associated with Stage 3 ventures (100-499). Many Stage 3 ventures achieve a certain level of growth and plateau. If we see employment growth among Stage 3 ventures, there is a strong probability that there is breakout entrepreneurial activity. Figure 16 on the next page shows the long decline in Stage 3 venture employment until the recent up-tick in the post Great Recession period. Again this is a positive sign of business rebound and development opportunities.



At the local level, it is relatively easy to identify potential breakout entrepreneurs (remember, they can be non-profits and public enterprises). At this stage, businesses are often moving out of existing space and building new office complexes or even campuses. They may be actively expanding their leadership teams or seeking new supplier relationships. County leaders should be watching for such evidence and meeting with these entrepreneurial teams to understand their plans and consider what support the community can provide.

**Figure 16. Employment in Stage 3  
(100-499 employees) Ventures**



Just as a water or natural gas pipeline is critical community infrastructure, the **entrepreneurial pipeline** is the lifeblood of a community or regional economy. A diverse set of entrepreneurial talent, across the entire pipeline, is one key to building a strong, diverse entrepreneurial economy. For Clinton County, Table 3 provides a comprehensive picture of all private, public and non-profit business establishments across the entrepreneurial pipeline, using data from [www.youreconomy.org](http://www.youreconomy.org).

The county's largest employers (Figure 17) saw strong job growth from 1995 all the way up to the Great recession. During the Great Recession, there were significant job layoffs and losses. Currently Stage 4 employment is at just under 1,500 workers.

**Figure 17. Employment in Stage 4  
(500+ employees) Ventures**



This county has elements of the entrepreneurial pipeline in place, with more businesses in the earlier stages of venture development. Local and county leaders should focus on understanding the entrepreneurial talent that exists in the county across this pipeline and targeting resources toward those with the desire, capacity and opportunity to grow.

**Table 3. Clinton County's Entrepreneurial Pipeline**

<b>Establishments</b>	<b>1995</b>	<b>2001</b>	<b>Change</b>	<b>2001</b>	<b>2013</b>	<b>Change</b>
Total	397	489	92	489	577	88
Self-Employed (1)	105	124	19	124	159	35
Stage 1 (2-9)	235	295	60	295	352	57
Stage 2 (10-99)	51	65	14	65	62	-3
Stage 3 (100-499)	6	4	-2	4	3	-1
Stage 4 ( 500+)	0	1	1	1	1	0
<b>Jobs</b>	<b>1995</b>	<b>2001</b>	<b>Change</b>	<b>2001</b>	<b>2013</b>	<b>Change</b>
Total	3,184	4,755	1571	4,755	4,624	-131
Self-Employed (1)	105	124	19	124	159	35
Stage 1 (2-9)	846	1,002	156	1,002	1,117	115
Stage 2 (10-99)	1,100	1,557	457	1,557	1,473	-84
Stage 3 (100-499)	1,133	572	-561	572	505	-67
Stage 4 ( 500+)	0	1,500	1500	1,500	1,370	-130

## Using this Development Opportunity Profile

This **Development Opportunity Profile** is meant to be used as a conversation starter in your community or region. We believe that the best development decisions are made after a thorough assessment of your assets and opportunities. This Profile provides one set of information to get you started. We encourage you to share this profile with a diverse group of community stakeholders and residents. The data shared here will be enriched by conversations with a range of partners who bring new and unique perspectives on your economy and opportunities. An entrepreneur is likely to look at this information from a different perspective than a community banker or county commissioner. Yet, all of these perspectives can help you establish a better understanding of your starting point, and create the space for you to dream about what might be possible in your community going forward.

At the Center for Rural Entrepreneurship, we have studied local and regional economies throughout North America. We have deep and long-term experience helping communities understand their development opportunities and create entrepreneur-focused development strategies. Based on this experience, we offer some initial insights into potential development opportunities for Clinton County, Kentucky. We hope these insights provide the fodder for your initial community conversations.

<b>Retirees</b> Retirees are the single largest driver in the county’s economy. Retiree spending provides stability to local and regional economies. A focused development strategy on meeting the needs of retirees should be considered.	<b>Manufacturing</b> Manufacturing is important to the county’s economy. A focused business retention and expansion program working to keep the county’s manufacturing concerns competitive is highly recommended.	
<b>Commuters</b> The county is an employment hub drawing workers from across county boundaries. The county also has residents who commute outside the county for work. A focused strategy to learn more about commuters and the role it plays in the county’s economy is recommended.	<b>Rural Life</b> This county and its communities offer a unique rural and smaller town quality of life. This is a development asset worth further exploration.	<b>Location</b> This county is rural in character. It is physically large. But within one day’s driving distance there are major metropolitan areas and many regional trade centers. The county’s location offers significant opportunities through market development with these urban centers with millions of consumers.
<b>Retail Capture</b> Based on Esri data for 2015 the county has a relatively strong retail spending capture profile. But there is room for improvement. Retail competition is intense and a focused strategy to help locally based and owned retailers improve their competitive positions is recommended. Retail ownership transition should also be considered.	<b>Entrepreneurial Energy</b> From self-employed to Stage 1 and Stage 2 ventures there are signs of business expansion with job creation. Growing a stronger and more diverse economy from within by supporting local businesses is important. We recommend a particular focus on those local businesses with the motivation to grow and reach outside markets.	
<b>Government &amp; Hardship Transfer Payments</b> The county is highly dependent upon government and government related transfer payments. This spending is sustaining the current economy in many important ways. Nevertheless, these sources of income are under stress with likely continued pressure for cuts. Diversifying the economy beyond government is likely to be very important to overall regional prosperity.	<b>Health Care</b> Health Care and Social Services is the fifth largest economic driver in the county. Health is an important local amenities and essential to the county’s retiree economic sector. Maintaining and growing health care is important and can create a diverse set of jobs and careers for younger adults.	

## Sources

Data for this **Development Opportunity Profile** were obtained from the following:

- Esri ([www.esri.com](http://www.esri.com)), Assorted Esri Market Intelligence Reports, August 2015
- Edward Lowe Foundation ([www.youreconomy.org](http://www.youreconomy.org)), August 2015
- Headwaters Economics ([www.headwaterseconomics.org](http://www.headwaterseconomics.org)), Various Profile Reports, August 2015
- Google Maps
- U.S. Department of Agriculture, *Census of Agriculture 2012*, August 2015

Research documents associated with these sources can be found in the E-Library at <https://goo.gl/Zqfn2D>.

## Reading Library

Useful reading related to entrepreneur-focused economic development:

- [Overview of Economic Development](#) (Don Macke and Nancy Arnold, RTC, The University of Montana Rural Institute, 2012.)
- [Creating Entrepreneurial Communities: Building Community Capacity for Ecosystem Development](#) (Deborah M. Markley, Thomas S. Lyons and Donald W. Macke, *Community Development*, Vol. 46, No. 5, December 2015.)
- [Creating Entrepreneurial Communities in Kansas](#) (Deborah Markley and Ahmet Binerer, Center for Rural Entrepreneurship, 2014.)
- [Energizing Entrepreneurial Communities – A Pathway to Prosperity](#) (Donald Macke, Deborah Markley and John Fulwider, Center for Rural Entrepreneurship, 2014.)
- [The E Myth Revisited – Why Most Small Businesses Don't Work and What to Do About It](#) (Michael E. Gerber, HarperCollins Books, 2001.)
- [Innovation and Entrepreneurship](#) (Peter F. Drucker, HarperCollins Books, 1985.)
- [Startup Communities](#) (Brad Feld, John Wiley & Sons, Inc., 2012.)
- [The Good Jobs Strategy](#) (Zeynep Ton, New Harvest – Houghton Mifflin Harcourt, 2014.)
- [Investing in Entrepreneurs – A Strategic Approach for Strengthening Your Regional and Community Economy](#) (Gregg A. Lichtenstein and Thomas S. Lyons, Praeger, 2010.)
- [The Illusions of Entrepreneurship](#) (Scott A. Shane, Yale University Press, 2008.)



## Other Center Resources

These additional [Empowering Research](#) tools can help you better understand your community and economy, the first step toward creating a vision and optimal prosperity plan.

### More Development Opportunity Resources

- Economic Diversity report
- Economic Cluster report
- Manufacturing sector report
- Tourism sector report
- Agriculture sector report
- Community conversation report

**Philanthropic Opportunity Profile** draws on research unique to your community to help you better understand the drivers of wealth in your community and the potential for community-based philanthropy to support your economic development dreams and plans.

### More Philanthropic Opportunity Resources

- [Donor Opportunity analysis](#)
- [Transfer of Wealth Opportunity analysis](#)
- Philanthropic Sector analysis
- Charitable Giving analysis

**Generational Diversity Profile** will help you understand generational change, some of the differences across the generations and potential impacts on community leadership, philanthropy and development.

### More Generational Diversity Resources

- [Generational Diversity analysis](#)
- Generational Scenario analysis

We can also help you share this research with key stakeholders in your community through webinars, workshops and other types of engagements.

- Consultations
- Webinars
- Toolkits
- Keynotes
- Customized workshops and training institutes
- Coaching support
- Community-based projects and initiatives

To learn more, go to the [Get Started](#) page on our [website](#).

## About the Center

**The Center for Rural Entrepreneurship's** mission is to help community leaders build a prosperous future by supporting and empowering business, social and civic entrepreneurs. With our roots and hearts in rural America, we help communities of all sizes and interests by bringing *empowering research* together with *effective community engagement* to advance *community-driven strategies* for prosperity.

Our **Solution Area Teams** – [Entrepreneurial Communities](#); [Community Development Philanthropy](#); [New Generation Partnerships](#) – empower community leaders to find their own answers to the economic development challenges and opportunities they face.

To learn more about the Center, go to [www.energizingentrepreneurs.org](http://www.energizingentrepreneurs.org).

421 S. 9<sup>th</sup> Street, Suite 245  
Lincoln, NE 68508  
(402) 323-7336

## Our Team



Don Macke is Co-Founder and Director of the Entrepreneurial Communities solution area. Through this work, Don helps communities and regions throughout North America grow entrepreneur-focused economic development strategies. He works with a group of strategic partners across the country to deliver customized economic development solutions.



Deborah Markley is Co-Founder and Managing Director of the Center. Deb guides the Center's measurement and research agendas, including development and implementation of tools for measuring success, practice-driven research, and evaluation of model entrepreneurship development systems and initiatives in rural places.

Ann Chaffin is Senior Associate for Marketing Communications with the Center. Ann heads the Center's Communications team and is responsible for overseeing and branding all content the Center distributes and keeping communications current and professional for each of our solution areas.



Dana Williams is Project Associate with the Center. Dana provides management assistance and operational support across the Center, including providing executive assistance to each of the Center's solution areas and has been actively engaged in product development, supporting the creation of a number of online toolkits.



**©Copyright 2016 Center for Rural Entrepreneurship.**

*The information contained in this document is the intellectual property of the Center for Rural Entrepreneurship or has been provided by a strategic partner for the Center's use. Use of these materials is restricted to community or personal use unless otherwise approved in writing by the Center. The resale or distribution of this material is prohibited without written permission of the Center. Inclusion of this information in other documents prepared by the user requires written permission by the Center and must include appropriate attribution. For guidance and permission, contact Don Macke at 402-323-7336 or [don@e2mail.org](mailto:don@e2mail.org).*