

Development Opportunity Profile

Green 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 Green 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.**

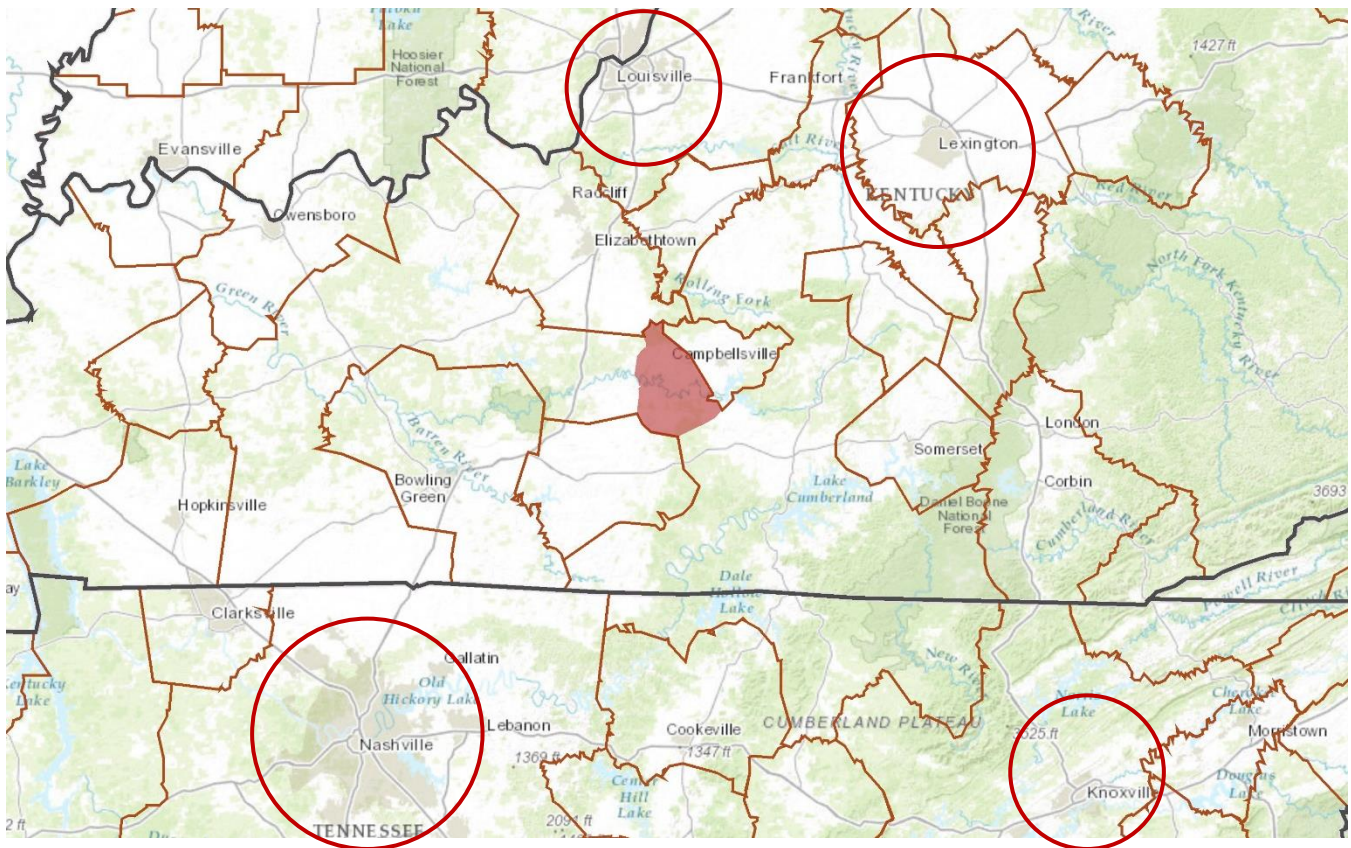
Understanding the Economy – Historical Overview

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.

Green County is located in south central Kentucky. It is rural in characters and somewhat isolated. The county has a number of local and adjacent natural resource amenities including the Green River, Green River Lake and the Green River Lake State Park. Natural resource amenities are increasingly important for not only tourism but the attraction and retention of retiring Baby Boomers and newer generations who are recreationally oriented. The county is just north of the major east-west Nunn Parkway transportation corridor. Within a day's drive, there are four major metropolitan areas with millions of potential consumers. For entrepreneurs seeking a rural lifestyle, this access to growing metro areas is a development opportunity.

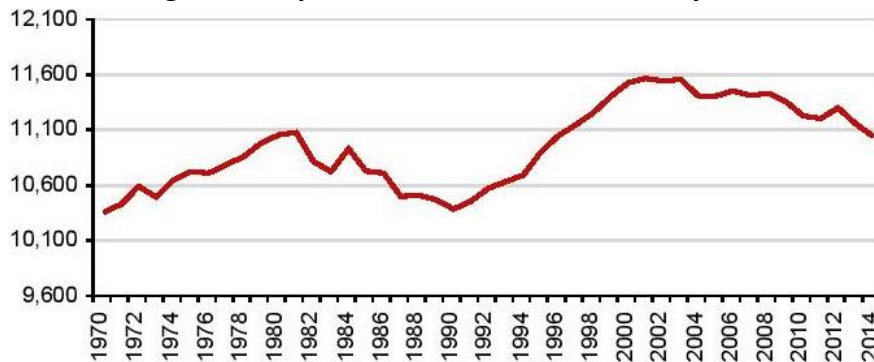
Figure 1. Green County, Kentucky and the Region



Population Trends

The county has experienced two major cycles of population growth and decline first in the 1970s-1990s period and more recently with the 1990s through 2014 period. Population peaked in the early 2000s at nearly 11,600 and has since dropped to below 11,100. Esri is projecting modest growth between 2015 and 2020. (see Figure 2 below).

Figure 2. Population Trends, Green County, KY



Green County, Kentucky Quick Demographic Profile

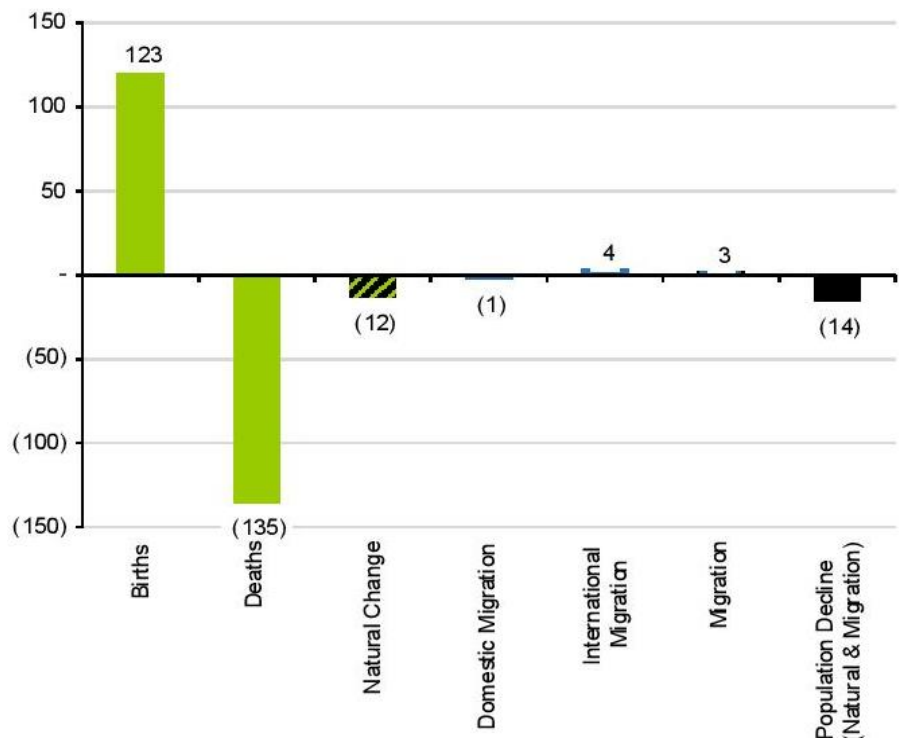
2010 Population – 11,258
Median Age – 43.5 Years
Households – 4,734
Average Household Size – 2.42

2015 Projection – 11,558
2020 Projection – 11,880

Projected 2015-2020
Growth Rate = 0.55% 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 and migration are relatively flat with a modest annual decline. 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, Green 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.



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Employment Trends

Figure 4 illustrates that employment has fluctuated significantly over the past 44 years ranging from under 4,100 workers to over 4,700 workers. Such fluctuations are disruptive to both the local economy and society.

Diversifying the county's economy will increase job

stability contributing to higher county economic prosperity. More recently since the start of the 2000s, employment has dropped with a promising rebound post Great Recession. 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, Green County, KY

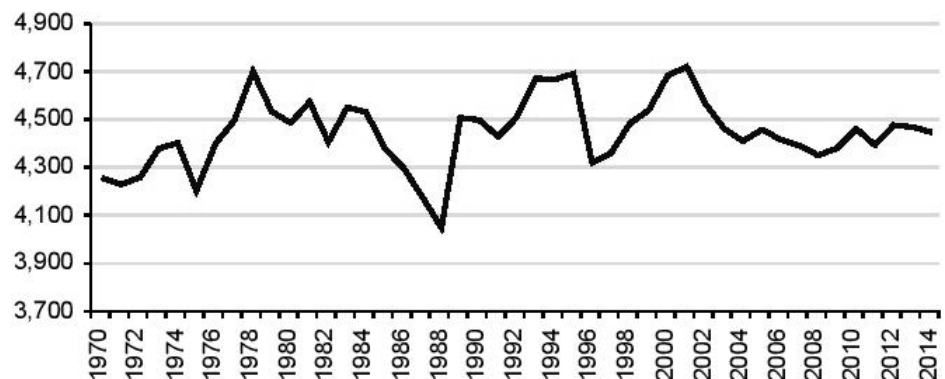
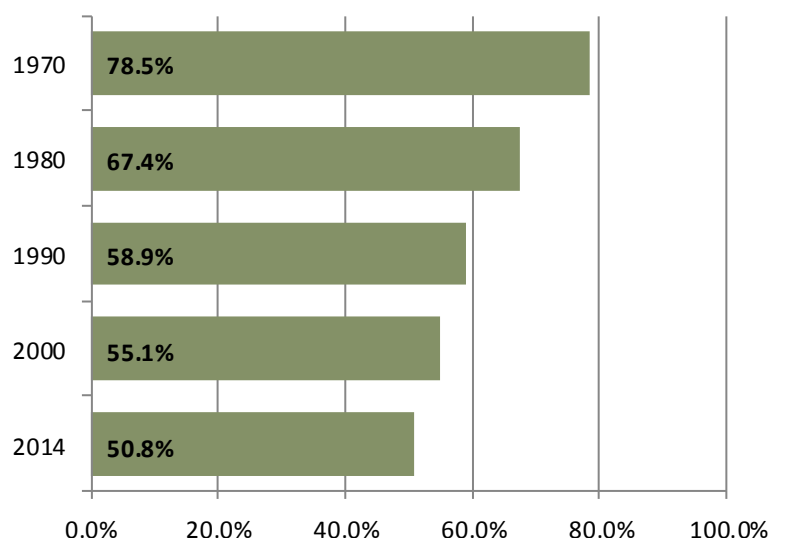


Table 1. Net Job Growth During Recession Periods

2001 Recession		Great Recession	
Recession (Mar-Nov 2001)	-0.5%	Recession (Dec 2007-June 2009)	0.0%
Recovery (Dec 2001-Nov 2007)	0.0%	Recovery (July 2009-Present)	0.0%

“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 shows that labor earnings from 1970 to 2013. Labor earnings as a percent of total county personal income are an important indicator of the county's economic vitality. Since the 1970s, this ratio has dropped from the high 70% range to just above 50%. Labor ratios in the 60% range are considered healthy. Pursuing economic development that increases labor earnings and moves this ratio back into the 60% range should be considered as a development goal.

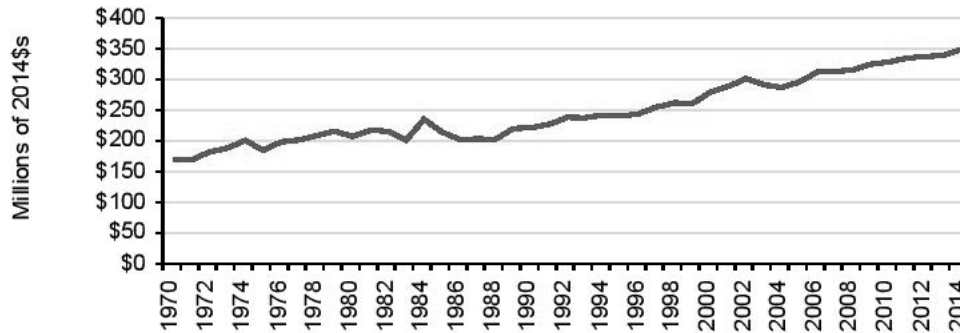
Figure 5. Labor Earnings



Personal Income Trends

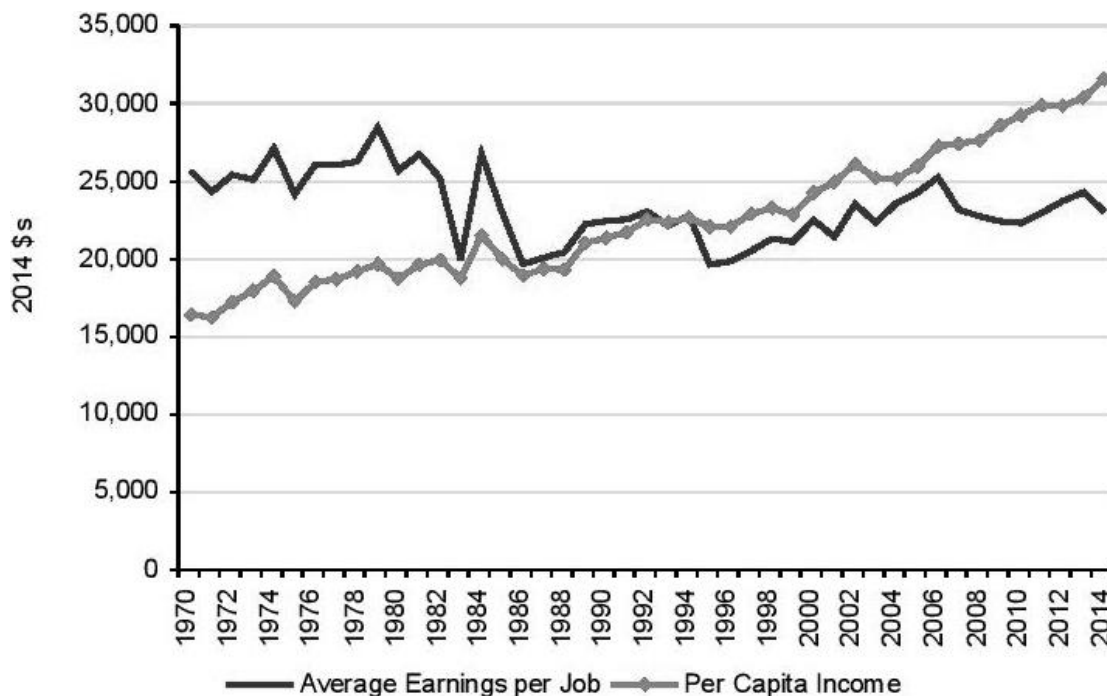
Personal income, measured in real or inflation-adjusted dollars, has increased throughout the 1970-2013 period (Figure 6). Total personal income has grown consistently in the county over this four-decade long time frame. Growth in personal income is largely driven by growth in non-labor income from sources such as Social Security, Medicare and public assistance related government transfer payments.

Figure 6. Personal Income Trends, Green County, KY



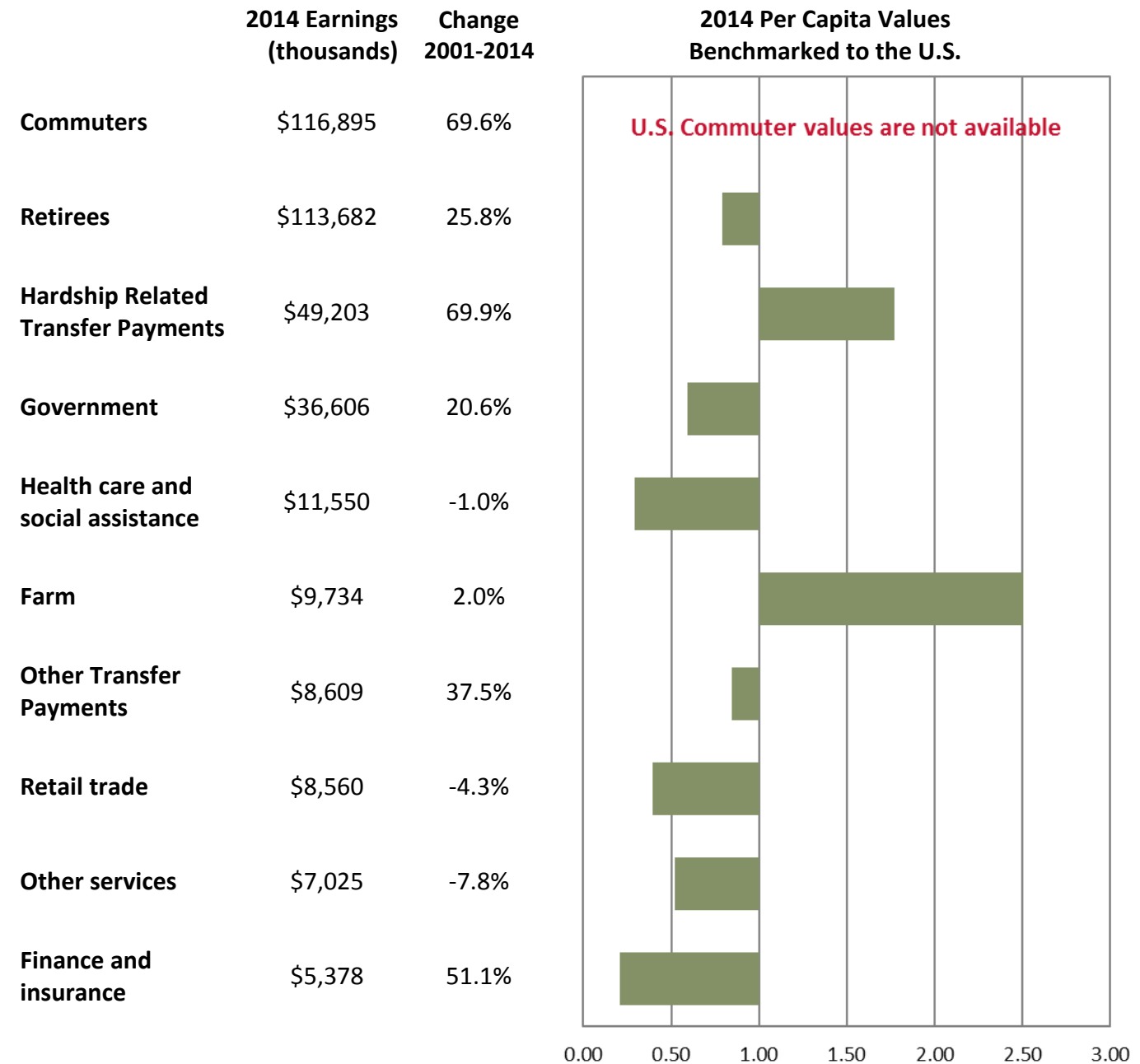
Per capita personal income is total personal income divided by total permanent residents. Rising per capita income is a positive indicator but is being driven by the growth in non-labor income. Average earnings per job have actually declined over time dropping to below \$25,000 per year per worker. A development strategy that increases the quality of jobs driving rising real wages is critically important to the county's future success.

Figure 7. Average Earnings per Job & Per Capita Income, Green 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.



Commuters. Commuters are a non-traditional economic sector but one that is very important to this community. Commuters include both “inflow commuters” [those who live in the county but work outside of the county] and “outflow commuters” [those who live outside of the county but commute into the county to work].



In 2014, inflow commuters accounted for nearly \$117 million of personal income and grew by 70% between 2001 and 2014. Outflow commuters are less significant pulling \$9 million in personal income in 2014 from the county. Both inflow and outflow commuting are growing.

Retirees. The county is aging and retirees are the second largest driver of economic activity in the county today. Retiree related income (e.g., Social Security, Medicare, retirement, etc.) has grown dramatically over time. Age related personal income is now \$71 million and has grown by \$31 million between just 2010 and 2014. Retirees are a stabilizing force in most economies. Their incomes do not fluctuate as widely as other parts of the economy like agriculture or manufacturing. However, too much dependence on retirees can undermine economic development and future growth.

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 now accounts for \$49 million of all personal income and has grown by 70% between 2001 and 2014. Hardship payments are more important to the county's economy when compared to the U.S. averages.

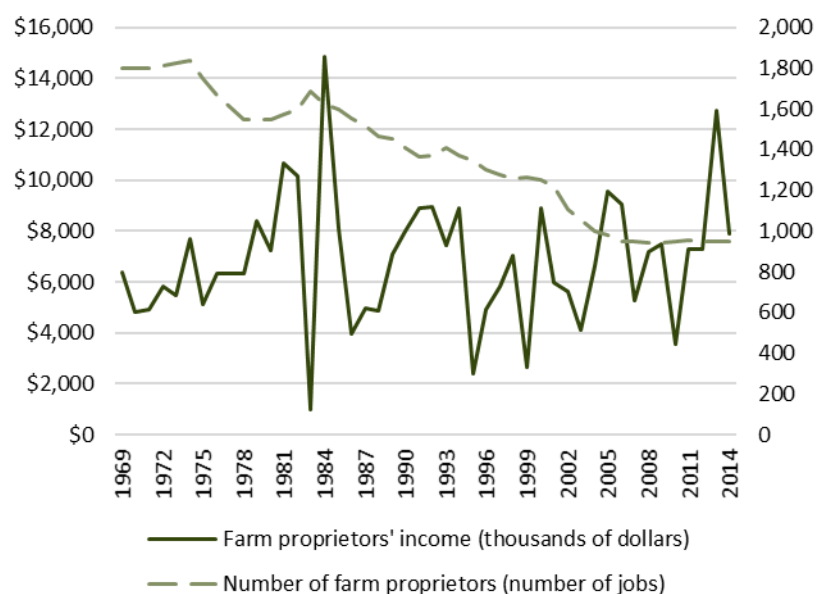
Government. Government includes federal, state and local agencies. Public education from K-12, public universities, colleges and community colleges fall into this category. Government is the fourth largest source of personal income in the county in 2014. Government generated \$37 million in personal income in 2014 growing by 21% between 2001 and 2014. Government created 787 jobs in 2014. Future government growth is constrained by budget cutting efforts at the federal, state and local levels.

Health Care and Social Services. Health care is the fifth most important county economic driver generating nearly \$12 million in personal income and 342 jobs in 2014. Health care is important because it produces a wide range of attractive jobs and careers.

Agriculture was the sixth largest generator of income in Green County in 2014. Net farm income was \$10 million in 2014 creating over 1,000 jobs. Farms had \$39 million in sales in 2012.

Other Important Sectors in the county include Other Transfer Payments, Retail Trade, Other Services and Finance and Insurance.

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

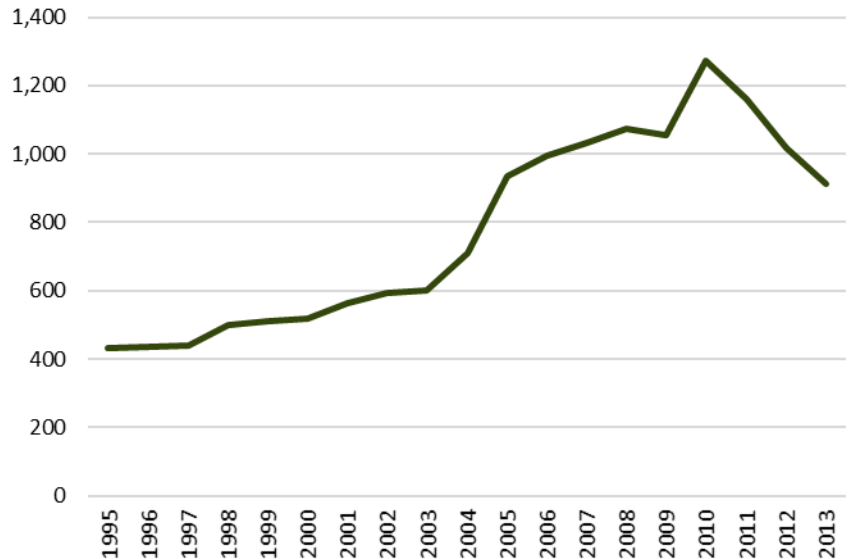


Understanding the Business/Entrepreneurial Economy

Big Picture Overview

A central driver of regional prosperity is the business community. Figures 9-11 provide an overview of Green 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



Green County, Kentucky 2015

Total Businesses
385

Businesses per 1,000 Residents
Green County – 33
Kentucky – 38
U.S. – 77

Total Employees
2,762

Employees per 1,000 Residents
Green County – 239
Kentucky – 477
U.S. – 447

Figure 10. Jobs

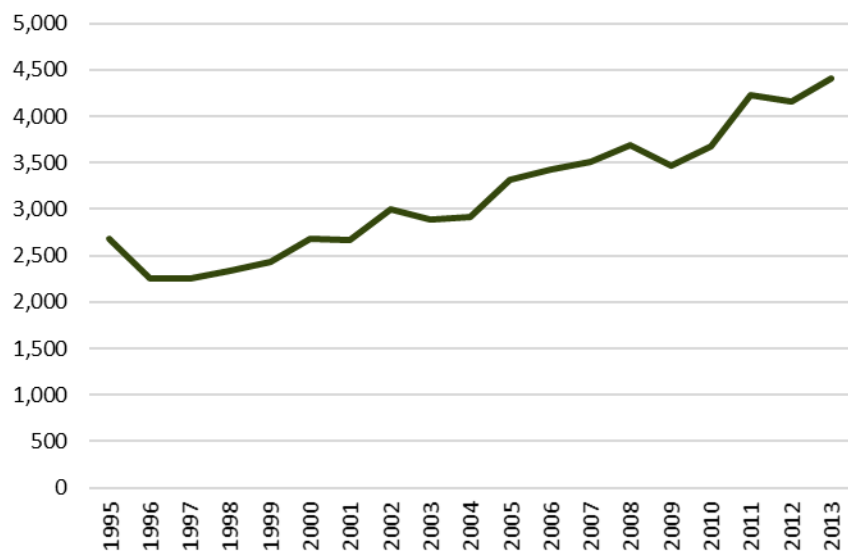


Figure 10 provides a comprehensive view of jobs in Green County. There has been strong job growth in the county between 1995 and 2013. Despite a small dip during the Great Recession, total jobs have grown from 2,700 in 1995 to 4,400 in 2013. This is a positive indicator of growing business activity.

Data in Figures 9-11 is from www.youreconomy.org. Find the source data for these figures in the electronic library.



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Figure 11. Sales (millions)

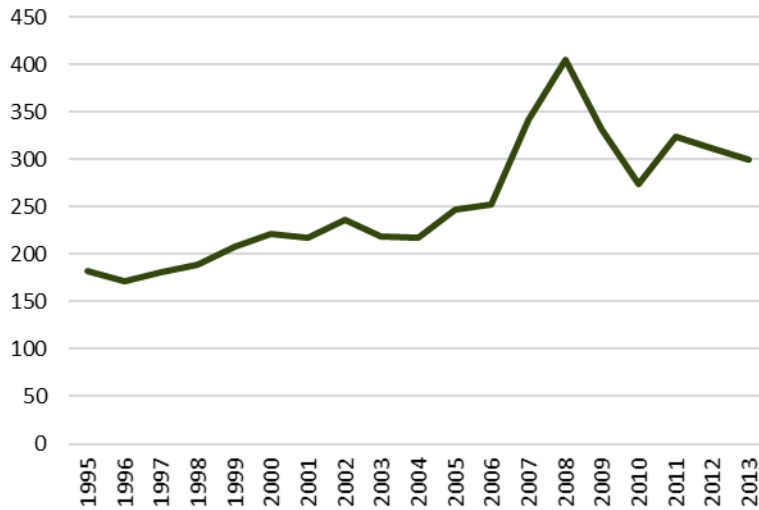


Figure 11 shows that total business sales from 1995 to 2013 for Green County. Total sales grew from under \$200 million in 1995 peaking at over \$400 million at the start of the Great Recession. Sales have since dropped towards \$300 million with some stabilization. Growing business sales is foundational to increasing employment and labor related personal income over time.

Esri (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 Green 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, Green County has a positive retail trade balance. Total regional **retail demand** in 2015 was \$124 million and total **retail supply** (provided by businesses within the county) was \$75 million, resulting in a **retail gap** of \$49 million. 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. Green 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 Green County, KY, 2015

Sector	Businesses	Employees
Agriculture	16	47
Mining & Utilities	4	23
Construction	24	85
Manufacturing	15	65
Wholesale Trade	11	97
Retail Trade*	60	323
Transportation & Warehousing	14	111
Information	6	38
Finance & Insurance*	23	94
Real Estate	20	79
Professional Services	8	24
Management & Administrative	9	34
Education	12	428
Health Care	34	670
Arts, Entertainment & Recreation	1	3
Accommodations	1	2
Food Service	12	169
Hospitality Sector**	14	174
Other Services	66	166
Public Administration	31	281
Unclassified Establishments	18	23
Total	385	2,762

*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 Green County. According to Esri, the county has a relatively small hospitality sector with 14 businesses employing 174 persons in 2015. Most of these businesses are sustained by local consumers, but this sector provides the foundation for providing essential amenities for tourists and visitors. 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

Green County, KY
Green County, KY (21087)
Geography: County

Prepared by Esri

Summary Demographics						
2015 Population						11,558
2015 Households						4,734
2015 Median Disposable Income						\$26,519
2015 Per Capita Income						\$17,975
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	\$123,650,012	\$74,774,909	\$48,875,103	24.6	72
Total Retail Trade	44-45	\$113,796,567	\$68,797,976	\$44,998,591	24.6	60
Total Food & Drink	722	\$9,853,445	\$5,976,933	\$3,876,512	24.5	12
Industry Group	NAICS	Demand (Retail Potential)	Supply (Retail Sales)	Retail Gap	Leakage/Surplus Factor	Number of Businesses
Motor Vehicle & Parts Dealers	441	\$27,501,774	\$7,221,041	\$20,280,733	58.4	10
Automobile Dealers	4411	\$22,434,479	\$6,582,827	\$15,851,652	54.6	8
Other Motor Vehicle Dealers	4412	\$3,479,059	\$321,244	\$3,157,815	83.1	1
Auto Parts, Accessories & Tire Stores	4413	\$1,588,236	\$316,970	\$1,271,266	66.7	1
Furniture & Home Furnishings Stores	442	\$2,630,610	\$1,337,772	\$1,292,838	32.6	3
Furniture Stores	4421	\$1,599,782	\$1,074,513	\$525,269	19.6	2
Home Furnishings Stores	4422	\$1,030,828	\$263,259	\$767,569	59.3	1
Electronics & Appliance Stores	443	\$3,956,535	\$412,768	\$3,543,767	81.1	2
Bldg Materials, Garden Equip. & Supply Stores	444	\$5,456,283	\$8,083,018	-\$2,626,735	-19.4	9
Bldg Material & Supplies Dealers	4441	\$4,617,053	\$6,268,692	-\$1,651,639	-15.2	7
Lawn & Garden Equip & Supply Stores	4442	\$839,230	\$1,814,326	-\$975,096	-36.7	2
Food & Beverage Stores	445	\$20,376,390	\$25,098,206	-\$4,721,816	-10.4	10
Grocery Stores	4451	\$18,618,451	\$24,616,377	-\$5,997,926	-13.9	9
Specialty Food Stores	4452	\$541,155	\$481,829	\$59,326	5.8	1
Beer, Wine & Liquor Stores	4453	\$1,216,784	\$0	\$1,216,784	100.0	0
Health & Personal Care Stores	446,4461	\$7,578,737	\$8,465,653	-\$886,916	-5.5	5
Gasoline Stations	447,4471	\$9,040,350	\$4,474,205	\$4,566,145	33.8	3
Clothing & Clothing Accessories Stores	448	\$3,914,336	\$458,058	\$3,456,278	79.0	3
Clothing Stores	4481	\$2,551,300	\$258,262	\$2,293,038	81.6	2
Shoe Stores	4482	\$667,848	\$0	\$667,848	100.0	0
Jewelry, Luggage & Leather Goods Stores	4483	\$695,188	\$199,796	\$495,392	55.4	1
Sporting Goods, Hobby, Book & Music Stores	451	\$2,844,316	\$165,168	\$2,679,148	89.0	1
Sporting Goods/Hobby/Musical Instr Stores	4511	\$2,162,025	\$165,168	\$1,996,857	85.8	1
Book, Periodical & Music Stores	4512	\$682,291	\$0	\$682,291	100.0	0
General Merchandise Stores	452	\$23,421,881	\$9,551,939	\$13,869,942	42.1	5
Department Stores Excluding Leased Depts.	4521	\$18,231,696	\$3,394,818	\$14,836,878	68.6	2
Other General Merchandise Stores	4529	\$5,190,185	\$6,157,121	-\$966,936	-8.5	3
Miscellaneous Store Retailers	453	\$5,538,918	\$2,996,403	\$2,542,515	29.8	8
Florists	4531	\$193,473	\$128,834	\$64,639	20.1	1
Office Supplies, Stationery & Gift Stores	4532	\$1,179,072	\$119,397	\$1,059,675	81.6	1
Used Merchandise Stores	4533	\$329,278	\$220,717	\$108,561	19.7	2
Other Miscellaneous Store Retailers	4539	\$3,837,095	\$2,527,455	\$1,309,640	20.6	4
Nonstore Retailers	454	\$1,536,437	\$533,745	\$1,002,692	48.4	1
Electronic Shopping & Mail-Order Houses	4541	\$646,380	\$0	\$646,380	100.0	0
Vending Machine Operators	4542	\$185,814	\$0	\$185,814	100.0	0
Direct Selling Establishments	4543	\$704,243	\$533,745	\$170,498	13.8	1
Food Services & Drinking Places	722	\$9,853,445	\$5,976,933	\$3,876,512	24.5	12
Full-Service Restaurants	7221	\$4,764,135	\$2,407,616	\$2,356,519	32.9	6
Limited-Service Eating Places	7222	\$4,719,352	\$3,569,317	\$1,150,035	13.9	6
Special Food Services	7223	\$199,622	\$0	\$199,622	100.0	0
Drinking Places - Alcoholic Beverages	7224	\$170,336	\$0	\$170,336	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>

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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 Green County from 1995 through 2013 (www.youreconomy.org). In 1995, self-employment was 166 and grew steadily (except for a dip during the initial year of the Great Recession) peaking in 2010 at over 700, a four-fold increase.

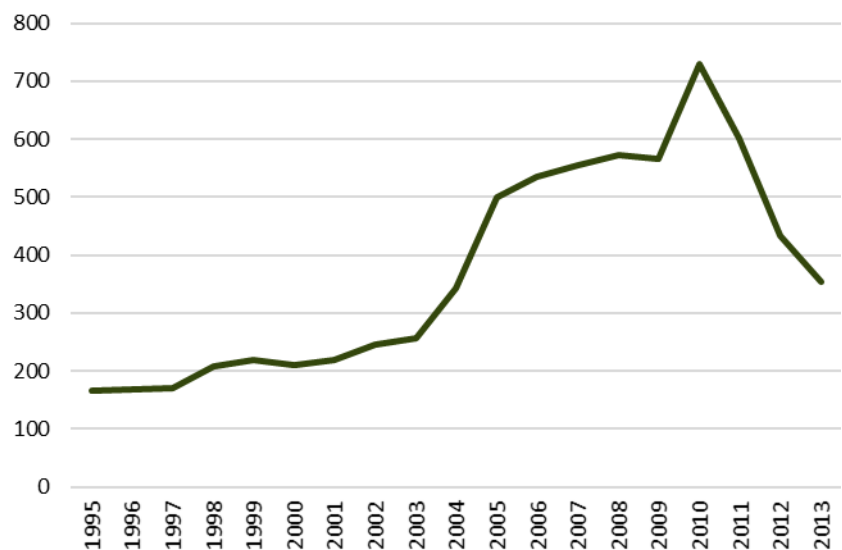
There was a particularly strong spike in self-employment in 2009-2010, what we call the “Recession Effect.” When finding a traditional wage and salary job is hard (as is the case in a severe recession), a talented and motivated person may choose self-employment as a career and/or survival strategy. As the county recovered from the Great Recession, self-employment dropped from over 700 in 2010 to just below 353 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, Green County saw a net gain of 187 self-employed ventures, a 122% increase, from 1995 to 2013. This is a very positive indicator and county leaders should explore the following questions:

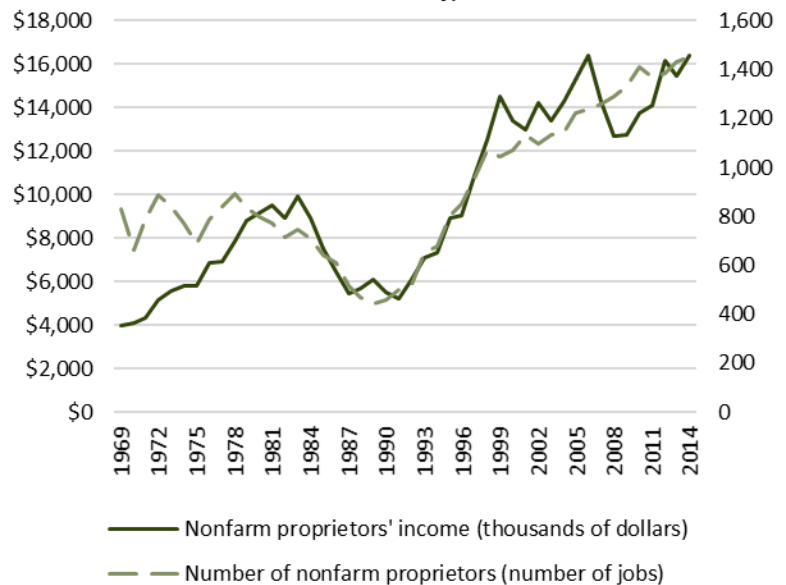
- Who are these self-employed startups?
- What are they doing?
- How could we help them be more successful?

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, Green County, KY



There has been consistent long-term growth and very strong recent growth in both nonfarm proprietor employment and income – a very positive trend for Green 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 have rebounded between 2009 to 2013.

The trend lines for what we are describing as established, locally-owned entrepreneurial ventures are relatively strong, suggesting development opportunities for Green 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) 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 show net jobs associated with Stage 2 ventures. Since the Great Recession, there has been a strong rebound in job growth rising from just over 1,000 employees to 1,560 in 2013. This is a very positive sign and warrants further investigation and support.

**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. After a sharp drop in the mid-1990s, stage 3 employment is stable at around 600 workers today (Figure 16 on the next page).

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.

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 Green 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.

The county now has one Stage 4 or major employer with over 500 workers. This is a very positive trend contributing to economic recovery since the Great Recession.

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.

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



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

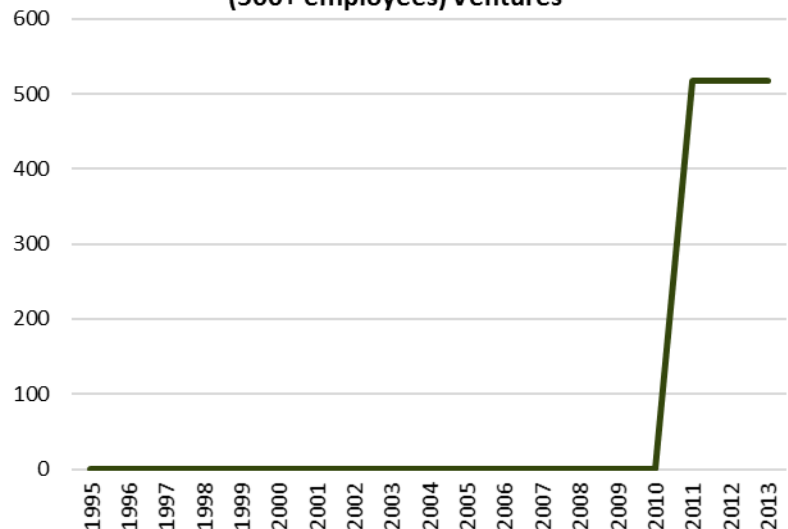


Table 3. Green County's Entrepreneurial Pipeline

Establishments	1995	2001	Change	2001	2013	Change
Total	430	565	135	565	912	347
Self-Employed (1)	166	220	54	220	353	133
Stage 1 (2-9)	228	300	72	300	490	190
Stage 2 (10-99)	31	42	11	42	65	23
Stage 3 (100-499)	5	3	-2	3	3	0
Stage 4 (500+)	0	0	0	0	1	1
Jobs	1995	2001	Change	2001	2013	Change
Total	2,679	2,669	-10	2,669	4,410	1,741
Self-Employed (1)	166	220	54	220	353	133
Stage 1 (2-9)	764	961	197	961	1,397	436
Stage 2 (10-99)	782	1,108	326	1,108	1,560	452
Stage 3 (100-499)	967	380	-587	380	582	202
Stage 4 (500+)	0	0	0	0	518	518

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 Green County, Kentucky. We hope these insights provide the fodder for your initial community conversations.

<h3>Retirees</h3> <p>Retirees are the single largest driver in the regional economy. Retiree spending provides stability to local and regional economies. A focused development strategy on meeting the needs of retirees should be considered. Meeting retiree needs in their home is a potential business growth opportunity.</p>	<h3>Commuters</h3> <p>The county is part of a regional economy and commuters (those living in the county but working outside of the county) is the second largest economic driver. Taking time to better understand the role of commuting and the county’s relationship within its region is recommended.</p>	
<h3>Business Retention</h3> <p>The county has a number of larger employers that create significant local jobs. A focused business retention and expansion program is strongly recommended to help these employers remain competitive and supporting the local economy.</p>	<h3>Rural Life</h3> <p>This county and its communities offer a unique rural and smaller town quality of life. This is a development asset worth further exploration.</p>	<h3>Location</h3> <p>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 region’s location offers significant opportunities through market development with these urban centers with millions of consumers.</p>
<h3>Retail Capture</h3> <p>Based on Esri data for 2015, the county has a relatively large retail spending gap. Given the county’s market size, this is not unusual, but there are opportunities for closing this gap that would result in a stronger county-wide economy with more jobs and tax base. Retail ownership transition should also be considered.</p>	<h3>Entrepreneurial Energy</h3> <p>There is strong non-propriotor business growth and relatively strong job creation among Stage 1 and Stage 2 smaller businesses. This suggests there is local entrepreneurial energy. A focused strategy on helping small business growth makes considerable sense and is recommended.</p>	
<h3>Government & Hardship Transfer Payments</h3> <p>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.</p>	<h3>Health Care and Farms</h3> <p>Health care is an essential community amenity. It is foundational for both younger families with children and retirees. Sustaining a strong local health care sector is important. Farming is also important and a focused farm support strategy is worth exploring.</p>	

Sources

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

- Esri (www.esri.com), Assorted Esri Market Intelligence Reports, August 2015
- Edward Lowe Foundation (www.youreconomy.org), August 2015
- Headwaters Economics (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.

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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.



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