

Development Opportunity Profile

Taylor 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 Taylor 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.**

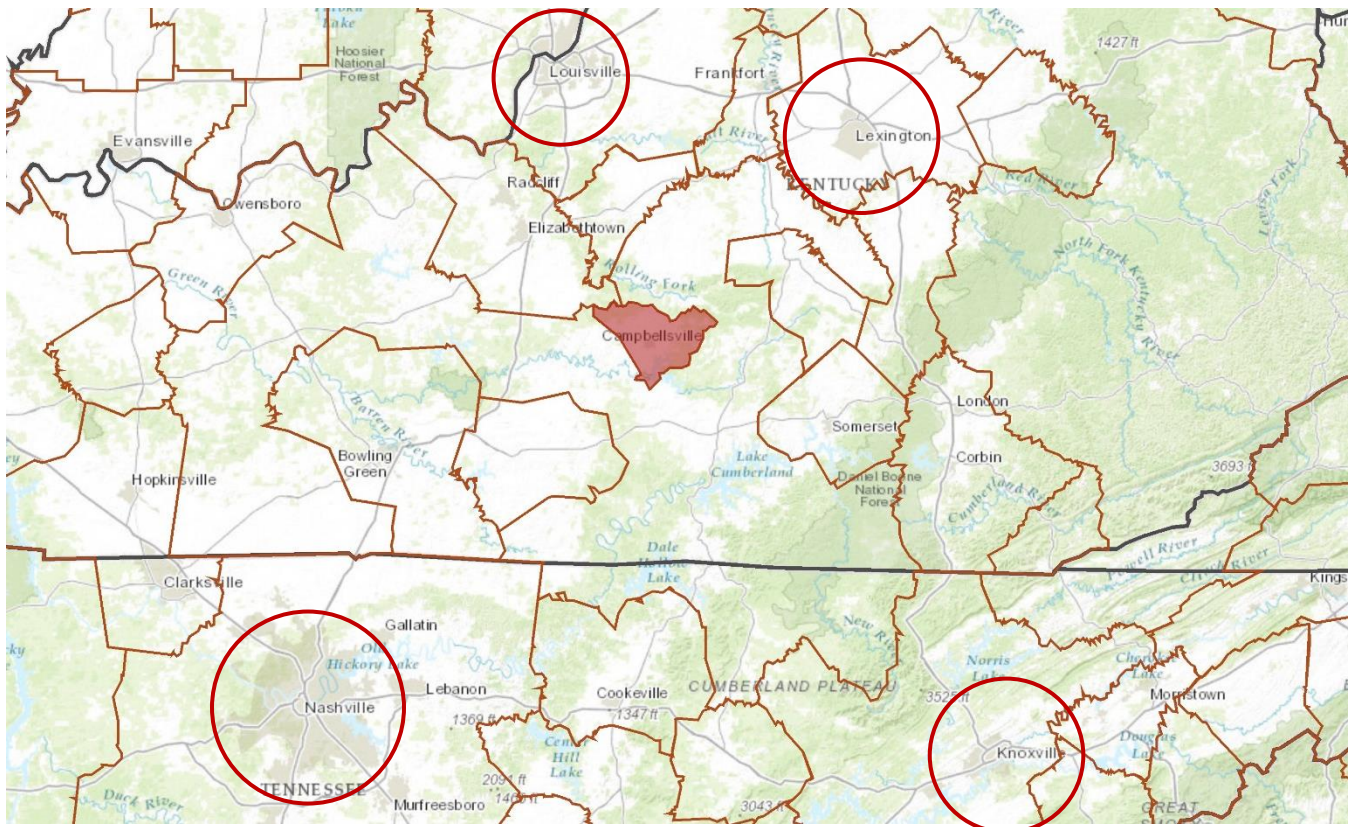
Understanding the Economy – Historical Overview

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.

Taylor County is located in south central Kentucky. The primary city in the county is Campbellsville which is home to Campbellsville University. The county has a number of natural resource amenities including Green River Lake State Park. Natural amenities are increasingly important to recreationally-oriented younger generations and active retiring Baby Boomers. Within a day's drive of the county are four major metropolitan areas with Louisville and Lexington to the north and Nashville and Knoxville to the south. For an entrepreneur seeking the quality of life offered by the county, there are millions of consumers within the larger regional economy. Access to major markets offers development opportunities.

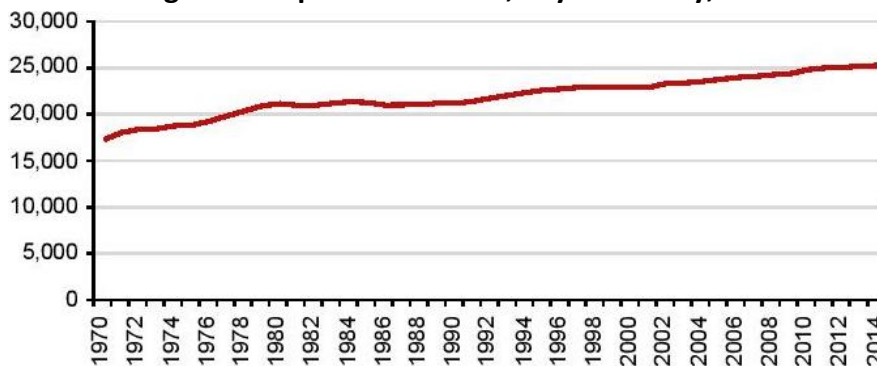
Figure 1. Taylor County, Kentucky and the Region



Population Trends

The county has experienced long-term population growth rising from around 17,000 in the 1970s to nearly 25,000 residents in 2014. Population growth moderated during the 1980s and has moderated during the Great Recession period. Esri is projecting moderate population growth during the 2015-2020 period (see Figure 2 below).

Figure 2. Population Trends, Taylor County, KY



Taylor County, Kentucky Quick Demographic Profile

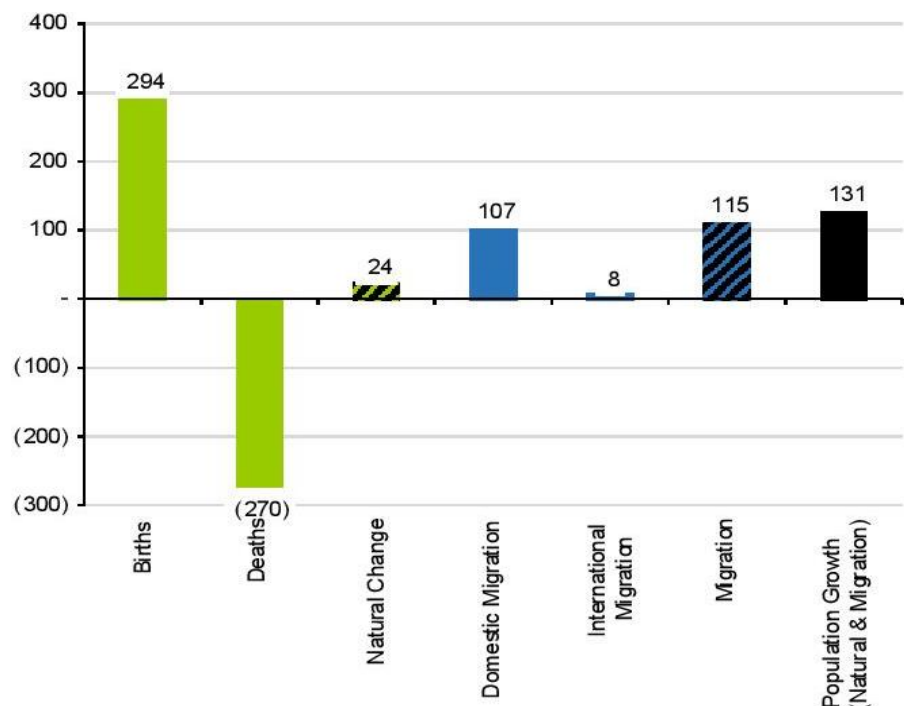
2010 Population – 24,512
Median Age – 39.9 Years
Households – 10,043
Average Household Size – 2.38

2015 Projection – 24,920
2020 Projection – 25,178

Projected 2015-2020
Growth Rate = 0.21% 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. Both natural and migration growth is positive with migration driving current growth. 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, Taylor 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

There was strong job growth between 1970 into the mid-1990s followed by a severe contraction. Job growth returned during the 2000s with a moderate pull back during the Great Recession. Starting from the Great Recession Recovery, job growth has returned.

Increasing jobs and careers is foundational to attracting and retaining human talent and sustaining the county's population. 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, Taylor County, KY

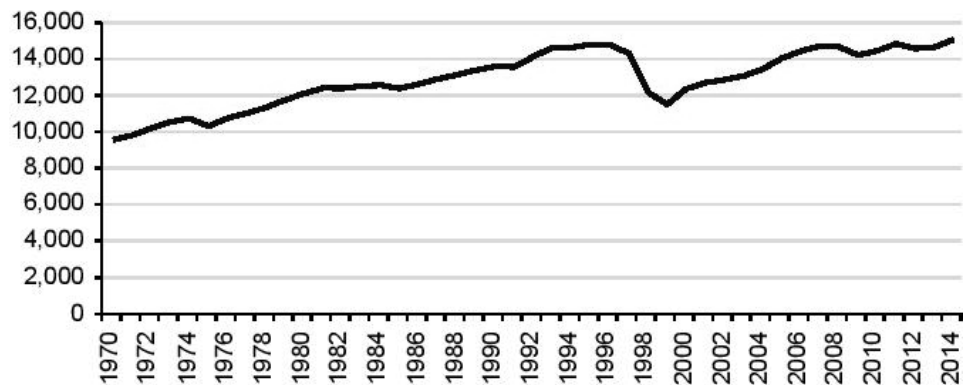
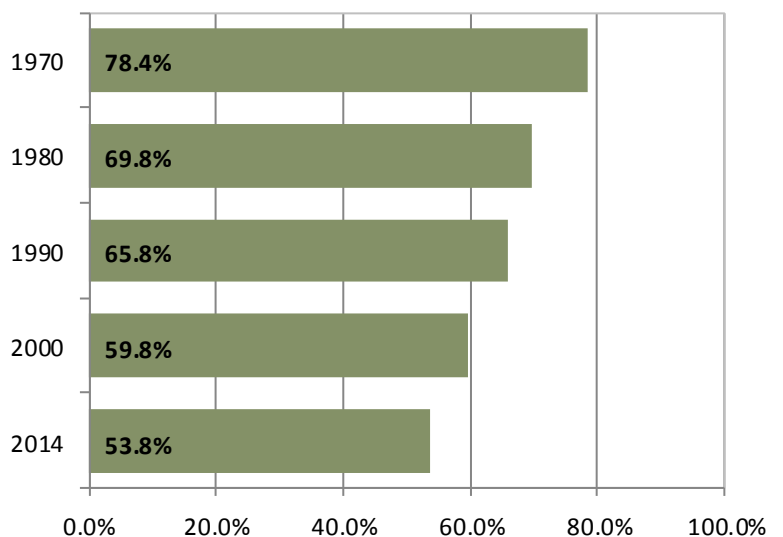


Table 1. Net Job Growth During Recession Periods

2001 Recession		Great Recession	
Recession (Mar-Nov 2001)	0.2%	Recession (Dec 2007-June 2009)	-0.6%
Recovery (Dec 2001-Nov 2007)	0.3%	Recovery (July 2009-Present)	-0.1%

“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 provides the Labor Earnings Ratio measured by labor earnings as a percent of total personal income. Values in the 60% range are associated with healthy and more vibrant economies and societies. Labor Ratios for the county have fallen from the high 70% range to below the mid-1950s range. Pursuing development that can move this ratio back into the mid-60% range is critically important to strengthening the county's economic prosperity.

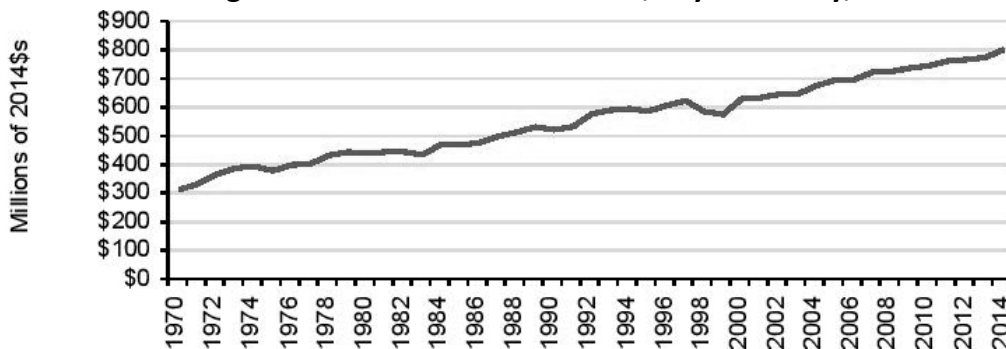
Figure 5. Labor Earnings



Personal Income Trends

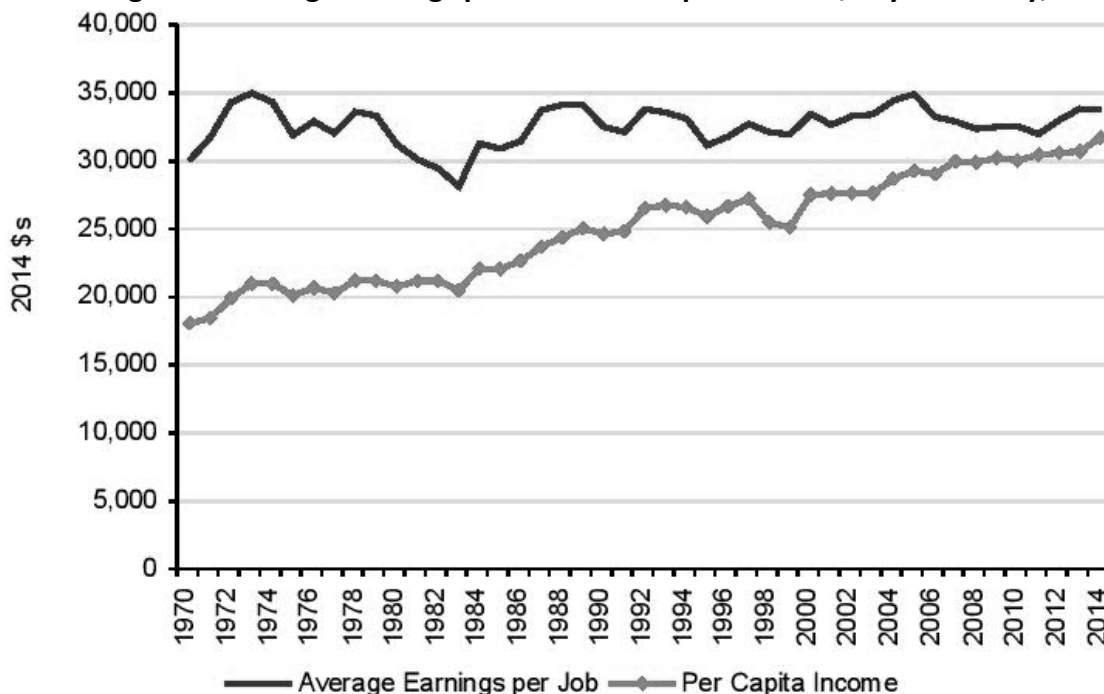
Personal income, measured in real or inflation-adjusted dollars, has increased throughout the 1970-2013 period (Figure 6). Personal income growth has been relatively strong over the last 44 years. Current personal income growth is being driven by rising non-labor income.

Figure 6. Personal Income Trends, Taylor County, KY



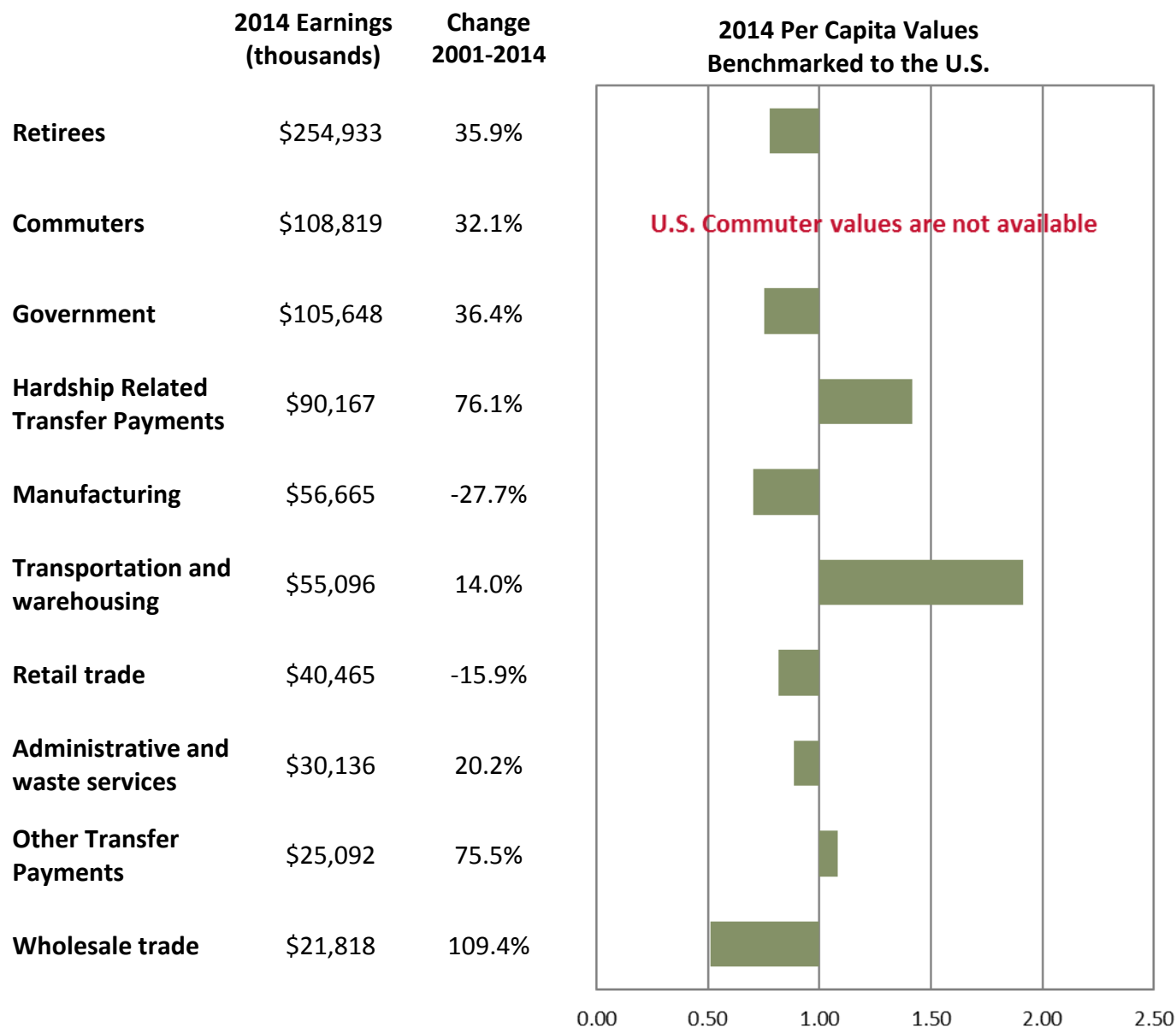
Per capita income or total income divided by total permanent residents has increased consistently over this period (Figure 7). Per capita income growth has been driven largely by growing non-labor personal income. Average earnings per job have fluctuated between \$30,000 and \$35,000 in real dollar terms. Real worker earnings have been weak in recent years. Growing real earnings should be a development goal

Figure 7. Average Earnings per Job & Per Capita Income, Taylor 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. The county is aging and retirees are the single 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 transfer payments have grown from \$19 million in 1970 to \$92 million in 2000 and \$146 million in 2014 rising to one in three county personal income dollars. 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.



Commuters. Commuters are another non-traditional economic sector but one that is very important to this community. Commuters include both “inflow commuters” or those who live in the county but work outside of the county and “outflow commuters” or those who live outside of the county but commute into the county to work. In 2014, inflow commuters accounted for nearly \$109 million of personal income and is growing. Outflow commuters are even more important pulling \$122 million in personal income in 2014 from the county. Outflow commuting is also growing.

Government. Government includes federal, state and local agencies. Public education from K-12, public universities, colleges, health care and community colleges fall into this category. Government is the third largest source of personal income in the county in 2014. Government generated \$106 million in personal income in 2014. Government created 1,843 jobs in 2014 down from a high of 1,924 in 2010. Future government growth is constrained by budget cutting efforts at the federal, state and local levels.

Hardship related transfer payments (e.g., Medicaid, welfare payments, unemployment insurance, etc.) are the second 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 \$90 million of all personal income and has grown by 76% between 2001 and 2014. Hardship payments are more important to the county’s economy when compared to the U.S. averages.

Manufacturing is critically important to this county. It offers important economic diversification and jobs. Manufacturing is the fifth largest economic driver generating \$57 million in personal income in 2014. Overall, manufacturing personal income declined by 28% between 2001 and 2014. Manufacturing jobs dropped from 1,976 in 2001 down to 1,294 in 2010. Since 2010, manufacturing employment has rebounded to 1,242 or by 48 jobs. This is a positive development. Personal income changes follow the pattern of job changes dropping from \$78 million in 2001 to \$52 million in 2010 and rebounding to \$57 million or by \$4.3 million in 2014.

Transportation and Warehousing is the sixth most important economic driver in the county generating \$55 million in personal income in 2014 and expanding by 14% between 2001 and 2014. Related personal income grew from \$48 million in 2001 peaking at \$76 million in 2010 and contracting to \$55 million by 2014.

Retail Trade. Later in this profile, we will provide additional information on the county’s retail trade sector. Capturing county spending is an important component of the economy. Retail trade employment dropped from a high of 1,825 jobs in 2005 to 1,709 in 2014. Personal income has dropped from \$53 million in 2005 to \$40 million in 2014. Remaining competitive in retail trade and services is essential to a strong overall economy.

Other Leading Economic Sectors. Other important sectors include Administrative and Waste Services, Other Transfer Payments and Wholesale Trade. Transportation and Warehousing and Wholesale Trade are typically closely associated economic sectors. These two economic sectors generated \$77 million in personal income in 2014.

Understanding the Business/Entrepreneurial Economy

Big Picture Overview

A central driver of regional prosperity is the business community. Figures 8-10 provide an overview of the county's business community, including for-profit, non-profit and governmental enterprises, from 1995 through 2013. Figure 8 highlights the change in total establishments over this period, showing growth from the early 2000s through the Great Recession followed by declining business numbers since 2010.

Taylor County, KY 2015

Total Businesses
1,060

Businesses per 1,000 Residents
Taylor County – 43
Kentucky – 38
U.S. – 77

Total Employees
11,068

Employees per 1,000 Residents
Taylor County – 444
Kentucky – 477
U.S. – 447

Figure 8. Establishments

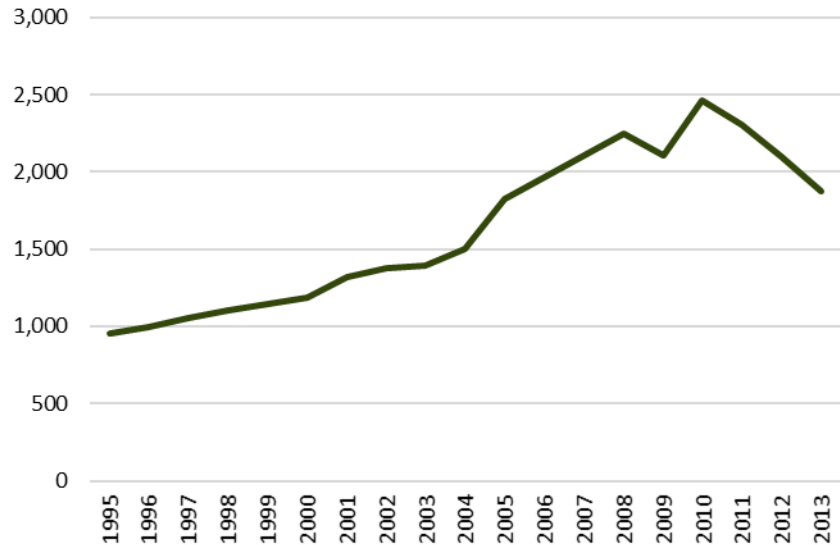


Figure 9. Jobs

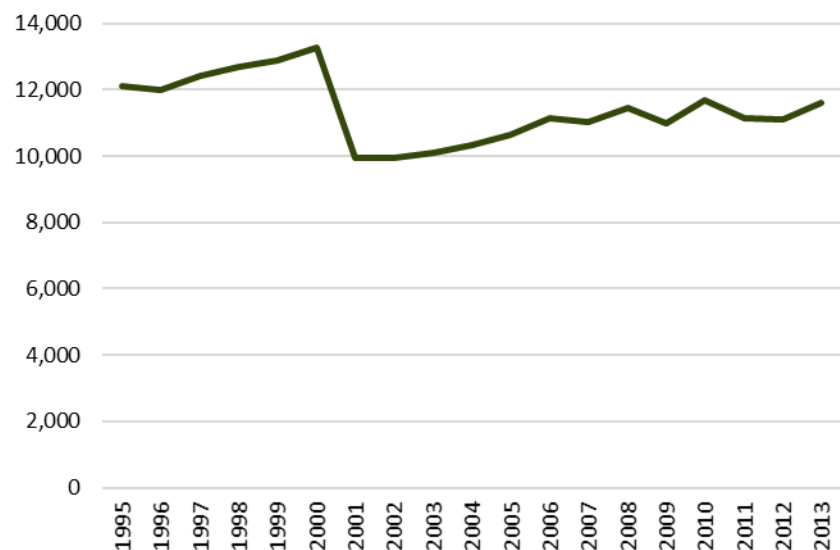


Figure 9 provides a comprehensive view of jobs in Taylor County. After a sharp decline in the late 1990s and early 2000s, there has been job growth in the county rising from around 10,000 workers to 11,598 in 2013.

Data in Figures 8-10 is from www.youreconomy.org. Find the source data for these figures in the electronic library.



COMMUNITY
DEVELOPMENT
PHILANTHROPY



NEW
GENERATION
PARTNERSHIPS



Figure 10. Sales (millions)

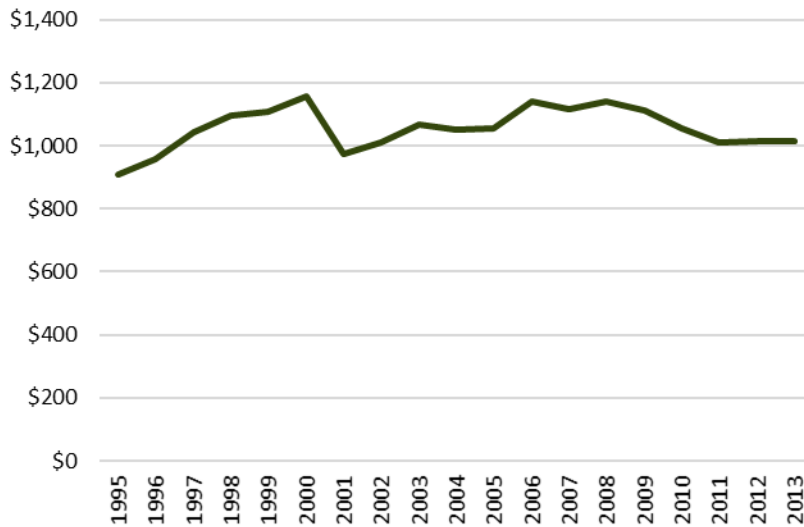


Figure 10 shows that total business sales from 1995 to 2013 for the county. Total venture sales have fluctuated from under \$1 billion in the mid-1990s to nearly \$1.2 billion on several occasions over this period. Since the Great Recession, sales have declined once gain to the \$1 billion level. Increasing sales is foundational to expanding job opportunities in the county.

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 county's economy in 2015 (Table 2).

Economic sectors are organized into two components. A county's *traded sectors* produce products and services that are sold outside the county, bringing new income into the county. 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 are 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, the county has a positive retail trade balance. Total regional **retail demand** in 2015 was \$258 million and total **retail supply** (provided by businesses within the county) was \$588 million, resulting in a **retail surplus** of \$329 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. Your 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 Taylor County, KY, 2015

Sector	Businesses	Employees
Agriculture	10	45
Mining & Utilities	6	83
Construction	78	292
Manufacturing	28	300
Wholesale Trade	43	668
Retail Trade*	224	3,411
Transportation & Warehousing	17	222
Information	24	249
Finance & Insurance*	88	282
Real Estate	45	154
Professional Services	49	281
Management & Administrative	30	435
Education	21	1,068
Health Care	92	1,454
Arts, Entertainment & Recreation	14	77
Accommodations	13	90
Food Service	43	727
Hospitality Sector**	70	894
Other Services	163	847
Public Administration	49	358
Unclassified Establishments	23	25
Total	1,060	11,068

*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 the county. According to Esri, the county has a moderately sized hospitality sector with 70 businesses employing nearly 900 workers in 2015. 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

Taylor County, KY
Taylor County, KY (21217)
Geography: County

Prepared by Esri

Summary Demographics						
2015 Population						24,920
2015 Households						10,043
2015 Median Disposable Income						\$28,044
2015 Per Capita Income						\$18,199
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	\$258,411,292	\$587,847,188	-\$329,435,896	-38.9	256
Total Retail Trade	44-45	\$236,500,158	\$568,629,005	-\$332,128,847	-41.3	215
Total Food & Drink	722	\$21,911,134	\$19,218,183	\$2,692,951	6.5	41
Industry Group	NAICS	Demand (Retail Potential)	Supply (Retail Sales)	Retail Gap	Leakage/Surplus Factor	Number of Businesses
Motor Vehicle & Parts Dealers	441	\$56,035,740	\$106,325,247	-\$50,289,507	-31.0	47
Automobile Dealers	4411	\$46,132,924	\$87,956,044	-\$41,823,120	-31.2	28
Other Motor Vehicle Dealers	4412	\$6,347,021	\$5,943,375	\$403,646	3.3	8
Auto Parts, Accessories & Tire Stores	4413	\$3,555,795	\$12,425,828	-\$8,870,033	-55.5	11
Furniture & Home Furnishings Stores	442	\$5,764,452	\$10,227,865	-\$4,463,413	-27.9	13
Furniture Stores	4421	\$3,518,806	\$7,485,041	-\$3,966,235	-36.0	9
Home Furnishings Stores	4422	\$2,245,646	\$2,742,824	-\$497,178	-10.0	4
Electronics & Appliance Stores	443	\$8,771,735	\$17,226,928	-\$8,455,193	-32.5	8
Bldg Materials, Garden Equip. & Supply Stores	444	\$11,118,596	\$50,034,290	-\$38,915,694	-63.6	30
Bldg Material & Supplies Dealers	4441	\$9,448,360	\$47,867,956	-\$38,419,596	-67.0	25
Lawn & Garden Equip & Supply Stores	4442	\$1,670,236	\$2,166,334	-\$496,098	-12.9	5
Food & Beverage Stores	445	\$42,530,528	\$101,392,244	-\$58,861,716	-40.9	25
Grocery Stores	4451	\$38,696,667	\$98,875,682	-\$60,179,015	-43.7	20
Specialty Food Stores	4452	\$1,133,522	\$2,516,562	-\$1,383,040	-37.9	5
Beer, Wine & Liquor Stores	4453	\$2,700,339	\$0	\$2,700,339	100.0	0
Health & Personal Care Stores	446,4461	\$15,417,764	\$11,660,502	\$3,757,262	13.9	8
Gasoline Stations	447,4471	\$18,389,573	\$23,572,008	-\$5,182,435	-12.4	8
Clothing & Clothing Accessories Stores	448	\$8,613,188	\$33,891,882	-\$25,278,694	-59.5	10
Clothing Stores	4481	\$5,559,270	\$31,380,455	-\$25,821,185	-69.9	5
Shoe Stores	4482	\$1,402,712	\$2,113,827	-\$711,115	-20.2	4
Jewelry, Luggage & Leather Goods Stores	4483	\$1,651,206	\$397,600	\$1,253,606	61.2	1
Sporting Goods, Hobby, Book & Music Stores	451	\$5,919,846	\$111,313,440	-\$105,393,594	-89.9	16
Sporting Goods/Hobby/Musical Instr Stores	4511	\$4,338,068	\$7,121,277	-\$2,783,209	-24.3	13
Book, Periodical & Music Stores	4512	\$1,581,778	\$104,192,163	-\$102,610,385	-97.0	3
General Merchandise Stores	452	\$49,754,650	\$87,805,813	-\$38,051,163	-27.7	14
Department Stores Excluding Leased Depts.	4521	\$38,971,457	\$77,138,965	-\$38,167,508	-32.9	4
Other General Merchandise Stores	4529	\$10,783,193	\$10,666,848	\$116,345	0.5	10
Miscellaneous Store Retailers	453	\$11,020,723	\$14,065,866	-\$3,045,143	-12.1	35
Florists	4531	\$419,250	\$771,818	-\$352,568	-29.6	3
Office Supplies, Stationery & Gift Stores	4532	\$2,486,111	\$1,693,905	\$792,206	19.0	6
Used Merchandise Stores	4533	\$730,150	\$2,635,394	-\$1,905,244	-56.6	14
Other Miscellaneous Store Retailers	4539	\$7,385,212	\$8,964,749	-\$1,579,537	-9.7	12
Nonstore Retailers	454	\$3,163,363	\$1,112,920	\$2,050,443	47.9	1
Electronic Shopping & Mail-Order Houses	4541	\$1,368,744	\$1,112,920	\$255,824	10.3	1
Vending Machine Operators	4542	\$393,709	\$0	\$393,709	100.0	0
Direct Selling Establishments	4543	\$1,400,910	\$0	\$1,400,910	100.0	0
Food Services & Drinking Places	722	\$21,911,134	\$19,218,183	\$2,692,951	6.5	41
Full-Service Restaurants	7221	\$10,715,709	\$10,510,596	\$205,113	1.0	24
Limited-Service Eating Places	7222	\$10,325,757	\$8,202,748	\$2,123,009	11.5	15
Special Food Services	7223	\$442,664	\$504,839	-\$62,175	-6.6	2
Drinking Places - Alcoholic Beverages	7224	\$427,004	\$0	\$427,004	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 county. 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 11 shows self-employment trends for the county from 1995 through 2013 (www.youreconomy.org). In 1995, self-employment was 269 and grew steadily (except for a dip during the initial year of the Great Recession) peaking in 2010 at over 1,100, a four-fold increase.

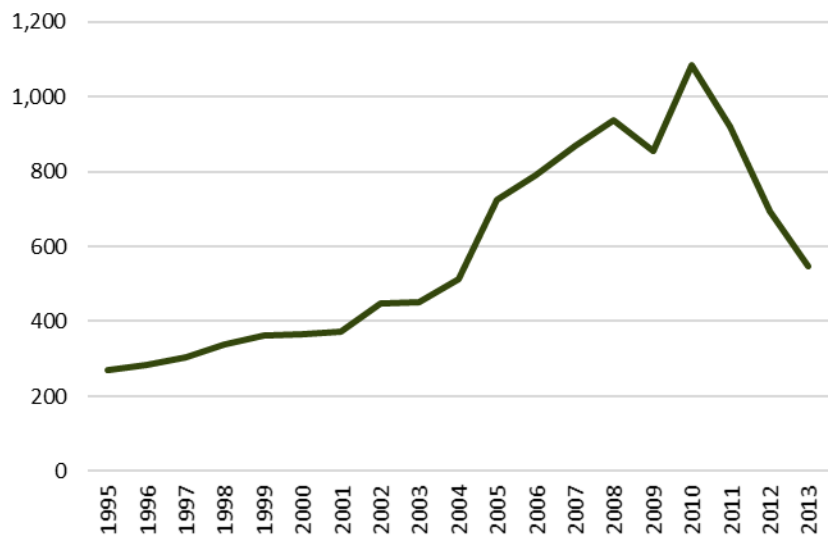
There was a particularly strong spike in self-employment in 2009-2010, what we call the “Recession Effect.” When finding a traditional wage and salary job is hard (as is the case in a severe recession), a talented and motivated person may choose self-employment as a career and/or survival strategy. As the county recovered from the Great Recession, self-employment dropped from over 1,100 in 2010 to around 547 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 grew into Stage 1 (2-9 employees) or Stage 2 (10-99 employees) businesses.

Despite the recent contraction, the county saw a net gain of 278 self-employed ventures, a 103% 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?

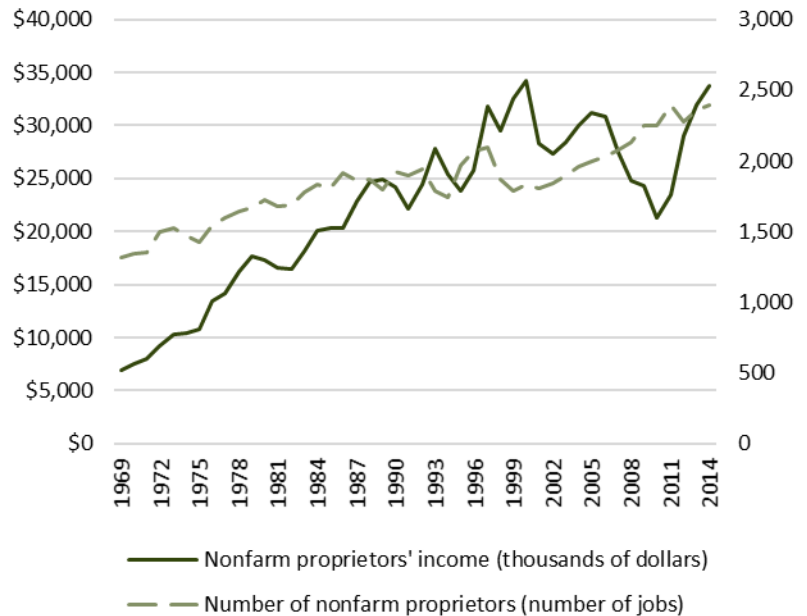
Figure 11. Self-Employed



Established, Locally-Owned Entrepreneurial

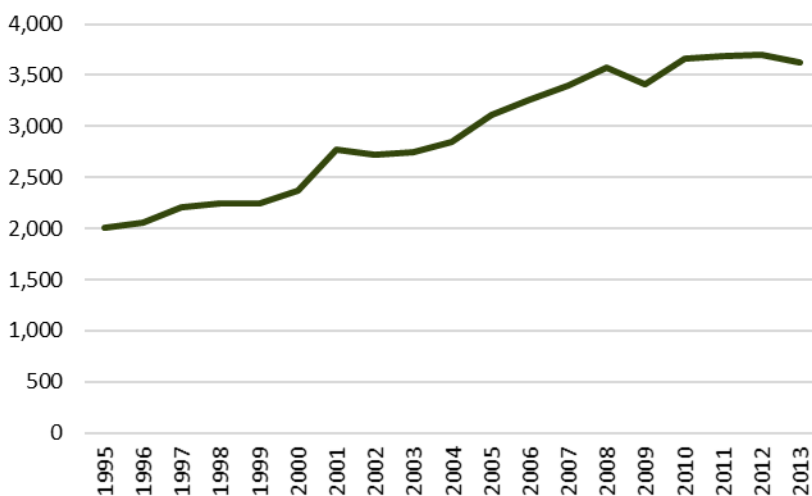
Ventures are important components of a community's entrepreneurial pipeline. When family-owned, local businesses prosper, they hire more employees, pay more local taxes and are able to more actively support their communities. We use two sets of data to describe these entrepreneurs. The U.S. Bureau of Economic Analysis (Figure 12) tracks nonfarm proprietors, typically small main street type businesses that are not incorporated. Youreconomy.org (Figure 13) 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 12. Nonfarm Proprietors, Taylor 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 the county.

Figure 13. Employment in Stage 1 (2-9 employees) Ventures



The employment data on Stage 1 ventures (Figure 13) affirms the trends in nonfarm proprietorships for the county. Employment in Stage 1 businesses declined early in the Great Recession but appears to be stabilizing between 2009 and 2013.

The trend lines for what we are describing as established, locally-owned entrepreneurial ventures are relatively strong, suggesting development opportunities for the 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 14 shows very strong post-Great Recession Stage 2 employment growth rising from just over 3,200 to over 3,600 in 2013. This represents a significant turnaround and worth further study to better understand what is driving this growth.

Figure 14. 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. Stage 3 employment (Figure 15 on the next page) has fluctuated between 2,500 and 2,000 workers.

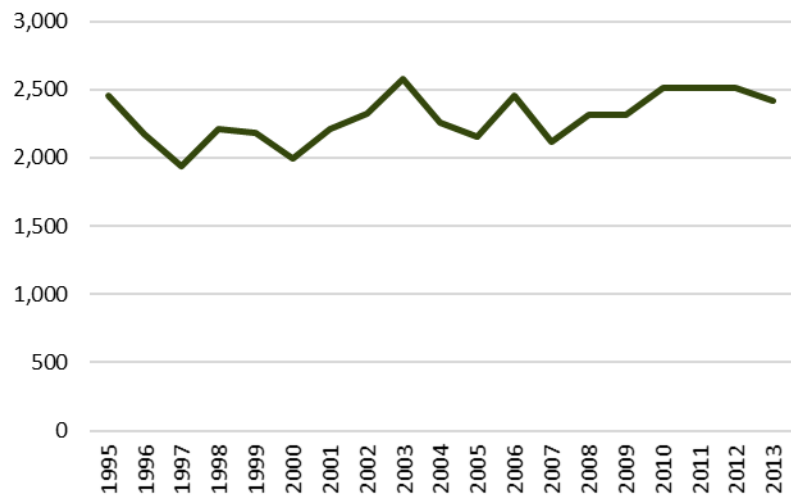
At the local level, it is relatively easy to identify potential breakout entrepreneurs (remember, they can be non-profits and public enterprises). At this stage, businesses are often moving out of existing space and building new office complexes or even campuses. They may be actively expanding their leadership teams or seeking new supplier relationships. Regional and local 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 the 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 took major hits with job losses in the late 1990s and early 2000s with its largest employers (Figure 16). Since, Stage 4 employment has been relatively flat.

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



**Figure 16. Employment in Stage 4
(500+ employees) Ventures**

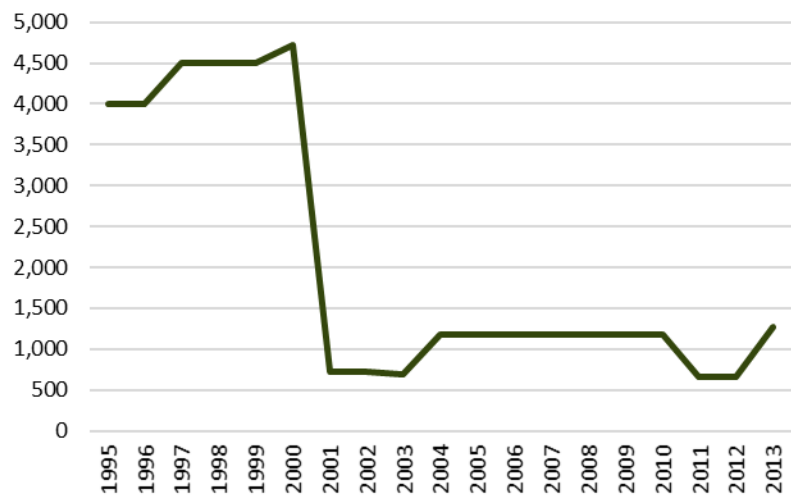


Table 3. Taylor County's Entrepreneurial Pipeline

Establishments	1995	2001	Change	2001	2013	Change
Total	952	1,319	367	1,319	1,871	552
Self-Employed (1)	269	374	105	374	547	173
Stage 1 (2-9)	533	768	235	768	1,148	380
Stage 2 (10-99)	139	163	24	163	160	-3
Stage 3 (100-499)	10	13	3	13	14	1
Stage 4 (500+)	1	1	0	1	2	1
Jobs	1995	2001	Change	2001	2013	Change
Total	12,100	9,950	-2150	9,950	11,598	1,648
Self-Employed (1)	269	374	105	374	547	173
Stage 1 (2-9)	2,002	2,774	772	2,774	3,627	853
Stage 2 (10-99)	3,376	3,862	486	3,862	3,741	-121
Stage 3 (100-499)	2,453	2,215	-238	2,215	2,418	203
Stage 4 (500+)	4,000	725	-3275	725	1,265	540

Using this Development Opportunity Profile

This **Development Opportunity Profile** is meant to be used as a conversation starter in your community or county. 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 Taylor 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. Helping retiring Baby Boomers age in their homes offers significant business opportunities.</p>	<h3>Commuters</h3> <p>The county is part of a multi-county regional economy. Commuters are very important with significant activity with both inflow (live in the county and work outside of the county) and outflow commuters (living outside of the county and working in the county). The county is an employment hub.</p>	
<h3>Government</h3> <p>Government is the third largest economic driver in the county. It is larger because health care is publically owned in the county. Government is likely to grow because of expanding health care but other parts of government may struggle due to funding constraints.</p>	<h3>Micropolitan</h3> <p>The county is classified as Micropolitan with a small city - Campbellsville. Micro-politan communities offer a unique quality of life attractive to certain market segments in the U.S.</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 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.</p>		<h3>Entrepreneurial Energy</h3> <p>While the county has entrepreneurs across the pipeline, more of the entrepreneurial talent is concentrated in early stage ventures. There is an opportunity to identify those entrepreneurs who have growth-orientation and target resources toward helping them grow. A focused strategy on Stage 1 and Stage 2 businesses is recommended.</p>
<h3>Manufacturing</h3> <p>Despite historic losses in the county’s manufacturing sector there has been stabilization and some rebound since the Great Recession. Manufacturing continues to be very important to the county’s economy. A lean but focused business retention and expansion manufacturing development strategy is recommended. Helping local manufacturers improve competitiveness is critically important to ensuring future success.</p>		<h3>Hardship Transfer Payments</h3> <p>In 2014, the fourth largest economic driver is Hardship Transfer Payments primarily due to elders that are qualified for Medicaid and those struggling with unemployment and poverty. Growing a stronger economy with greater job and career offerings will reduce the county’s dependence on these outside payments.</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, , 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.

421 S. 9th 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.