

Entrepreneurial Organization of the Month

Team Taylor County Taylor County, Kentucky

Population: 23,000 in Taylor County; 10,000 in Campbellsville
Location: 170 miles south of Cincinnati
Organization: Team Taylor County
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Banding Together to Battle Job Loss and Create an Entrepreneurial Environment

In the 1950s, the population of Campbellsville, Kentucky, grew 100 percent. Union Underwear Company opened a factory there in 1952, which employed a good portion of citizens, making products for the Fruit of the Loom brand.

The Fruit of the Loom factory provided a solid economic base for Campbellsville for almost 50 years. But in 1998, facing the challenges of globalization, the factory moved its sewing facility to Latin America. Suddenly, in a town of 10,000 people, 4,000 jobs were gone.

Adding salt to the wound, Batesville Casket, another Campbellsville mainstay, closed its doors shortly after Fruit of the Loom, leaving 200 more people unemployed.

“You would think that if anything would be recession proof, it would be underwear and caskets,” said Kevin Sheilley, former economic development director for the area. “Up to that point, Taylor County had never had a real emphasis on economic development because they had what they thought to be very solid employers. But after the factory closings, we quickly realized that we had to take more of a proactive approach after.”

Area leaders chose the tactic of teamwork. Economic development organizations, schools, city and county governments, banks, the local college and many others huddled to formulate a plan of action together. They ended up even sharing office space and eventually called themselves Team Taylor County.

After less than five years, the Team helped recover all lost jobs.

Sheilley, then executive director of Team Taylor County and now president of the Northwest Kentucky Forward, added, “We realized that we really did not have to depend on someone else for our future.”

Diversification = Stability

The true “heart of Kentucky,” Taylor County not only sits in the center of the state – it’s also shaped like a heart. The county seat, Campbellsville is approximately 85 miles from Louisville, Lexington and Bowling Green and 170 miles south of Cincinnati.

Serving as both a stage coach stop on the national mail route and a staging ground for the Civil War, Campbellsville's development sparked at the turn of the century with new factories and booming business. From 1910 through 1950, the population grew by 25 each year, until Fruit of the Loom opened up in 1952 and the population boomed. Today, the population of about 10,000 is employed primarily in manufacturing; trade, transportation and utilities; and the service industry.

In October of 1998, when Kevin Sheilley started with Team Taylor County, the area had a 28.5 percent unemployment rate.

"The leadership at that time wanted to build a stronger, more diversified economy, focusing on new businesses and growing our businesses," Sheilley said.

Public and private leaders took the reins and recruited various organizations and local leaders to join and pool resources and share expenses. The city and county governments formed Team Taylor County Industrial Development Authority, with Sheilley at the helm, and established a strategy to economically revitalize Campbellsville. The leadership identified four practices instrumental in revitalizing the city: community leaders working together, an honest assessment of the town's strengths and weaknesses, a strategic plan and aggressive leadership.

They tapped into job-training funds like federal Trade Adjustment Assistance, geared for workers losing their jobs to the negative effects of trade treaties. And they improved the county's technology and telecommunications infrastructure.

A main component of that strategy was teamwork, with the following organizations under one roof: the chamber of commerce, tourism commission, downtown development, a minority economic development group, and a branch of the Community Ventures Corporation (CVC).

CVC is a community-based, non-profit organization that exists to improve the quality of life for urban and rural residents throughout central and northern Kentucky. CVC helps people increase income and build assets through small business ownership, home ownership, and job creation through business expansion.

Greater Campbellsville United promotes equal opportunity, equity, and positive relationships among all racial, ethnic, socioeconomic, religious, gender and political entities in the community and throughout the region.

All these players share rent, a computer network, copy and fax machines and a clerical person, who answers phone calls to all parties, "Team Taylor County."

"They are really using their resources effectively," Sheilley said of the effort. "It's allowed for more partnerships and literally a one-stop shop for economic and community development. And, they don't duplicate any efforts."

In a five-year period, Team Taylor County rallied to help the area recover all the jobs – and then some -- that were lost through factories deserting the town. Their biggest victory was the procurement of Amazon.com's largest distribution center, which employs more than 1,000 people – 2,000 over the holidays. They also service companies such as recruited Upstream Contact Center Solutions, a corporate travel management company affiliated with Orbitz.com, which employs more than 200 people. And, reflecting the town's entrepreneurial spirit, former executives at Fruit of the Loom got together to found Campbellsville Apparel, a homegrown garment factory employing more than 200 people, most of them former Fruit of the Loom workers.

In 5 years, Team Taylor County recruited 11 companies to relocate to the Taylor County area. In all, the Team attracted \$119 million in capital and increased the diversity of entrepreneurs in Taylor County. The average weekly wage increased to \$484 from \$374 between 2005 and 1996. Per capita income from 1995 to 2002 increased to about \$20,000 from \$16,000, outpacing the state by a third. And in 2004, unemployment average 5 percent, about where it was right before Fruit of the Loom left.

To fund this team effort, leaders implemented a 1 percent employee payroll tax and a 1 percent tax on employers' profits. Most importantly, they sought and received \$6 million in grants – about \$2 million from the U.S. Department of Housing and Urban Development Community Development Block Grants (CDBG). The Team also secured funds from the Department of Labor upwards of \$1.5 million.

“Having all these agencies and partners under one roof, it was much easier to work together to write solid grants,” Sheilley said.

He added that initially, when he received the microenterprise CDBG, “We didn’t know where to turn on the entrepreneurial piece.”

To add more entrepreneurial recruitment strategies, the Community Ventures Corporation opened a branch office in Campbellsville.

The Entrepreneurial Piece of the Puzzle

The Community Ventures Corporation opened up a branch office in Campbellsville in 1999, in part to encourage increased entrepreneurial activity in the area.

“If you have 20 percent unemployment in an area, people are willing to look at entrepreneurship as a way to control their destiny,” Sheilley said.

Pam Russell, CVC executive vice president, currently runs the CVC’s Campbellsville office, sharing space with the other Team Taylor County comrades.

“What I’m here to do is help people take a business idea and make it happen,” Russell said. “We provide technical assistance by offering instruction and education to entrepreneurs desiring to start or expand their small business. With one on one counseling we can cover specific topics relating to the clients individual business.”

CVC at Team Taylor County partners with Campbellsville University to provide business training through the Campbellsville University Technology Training Center (CUTT). A private liberal arts college with only about 2,000 students, the University is an important workforce development partner. In 2005, the federal government earmarked \$248,000 for CUTT to provide research and development support and technology training. The Center also allows local companies the capability of customized training programs.

Russell said CVC also offers a Jumpstart Program where entrepreneurs with ideas complete an 8-week course that culminates in a business plan. Clients can attend classes in person or online. The business plan can then be used as collateral for a \$1,000 loan set up on terms that allow them flexibility in paying it back.

For larger scale loans, Russell said they offer a Micro-enterprise program. Entrepreneurs can borrow up to \$35,000, based on completion of their business plan, for start-up funds or capital improvements.

CVC also runs a special student loan program for FFA high school juniors. High school advisors, as well as parents, sign with the child to borrow money for their entrepreneurial idea. Loans start small, but Russell relayed information about one successful client who started with the student loan program and went on to borrow almost \$100,000 through their various programs.

“He’s now 24 years old and runs a successful farm. He was raised on a farm, but now owns his own land, and his dad even works for him,” Russell said. “It’s easy to be good to people like this client who has worked hard at a young age.”

Started in 2001, the Student Loan program is small but impactful. Added Russell, “We’ve never made a bad loan with this program.”

CVC has two other programs providing business loans. Small Business Expansion Program allows CVC to make loans of up to \$100,000 to businesses graduating from the SBA Micro-Loan

Program. In addition, CVC originates loans through the SBA 504 program to larger companies wishing to expand their businesses to create new job opportunities.

“The biggest difference between communities that rally and recover from high job loss and those that fade away into history is leadership,” Sheilley said.

It would have been easy for Campbellsville to fold under the pressure of losing thousands of jobs, but instead they gathered together, gathered steam and pressed on.

“At the time we had a great mayor and really strong civic leadership,” Sheilley said. “The business owners and the university came together. They were all able to make some tough decisions that helped them prevail.

“We were also lucky to have success early on, creating 4,000 new jobs in four years and seeing wages significantly increase. This helped get the general citizenry on board and gave them confidence in our efforts.”

Sheilley added that the biggest challenge was “breaking down the fiefdoms that exist in all communities” and realizing that they could not have any sacred cows. They had to make difficult choices and do what was best for the area as a whole.

Sheilley said in Campbellsville, it took a blend of recruitment and entrepreneurship, creating more stability through diversity.

-By Lisa Bauer, 12/07

For more information on...

... the Center for Rural Entrepreneurship, go to <http://www.energizingentrepreneurs.org>

... Team Taylor County, go to <http://www.teamtaylorcounty.com>

... Community Ventures Corporation, go to <http://www.cvcky.org>

... the Campbellsville University Training Technology Center, go to <http://www.cuttc.com>