

# AN INNOVATION ECONOMY, AN INNOVATIVE WORKFORCE



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# THINGS HAVE CHANGED

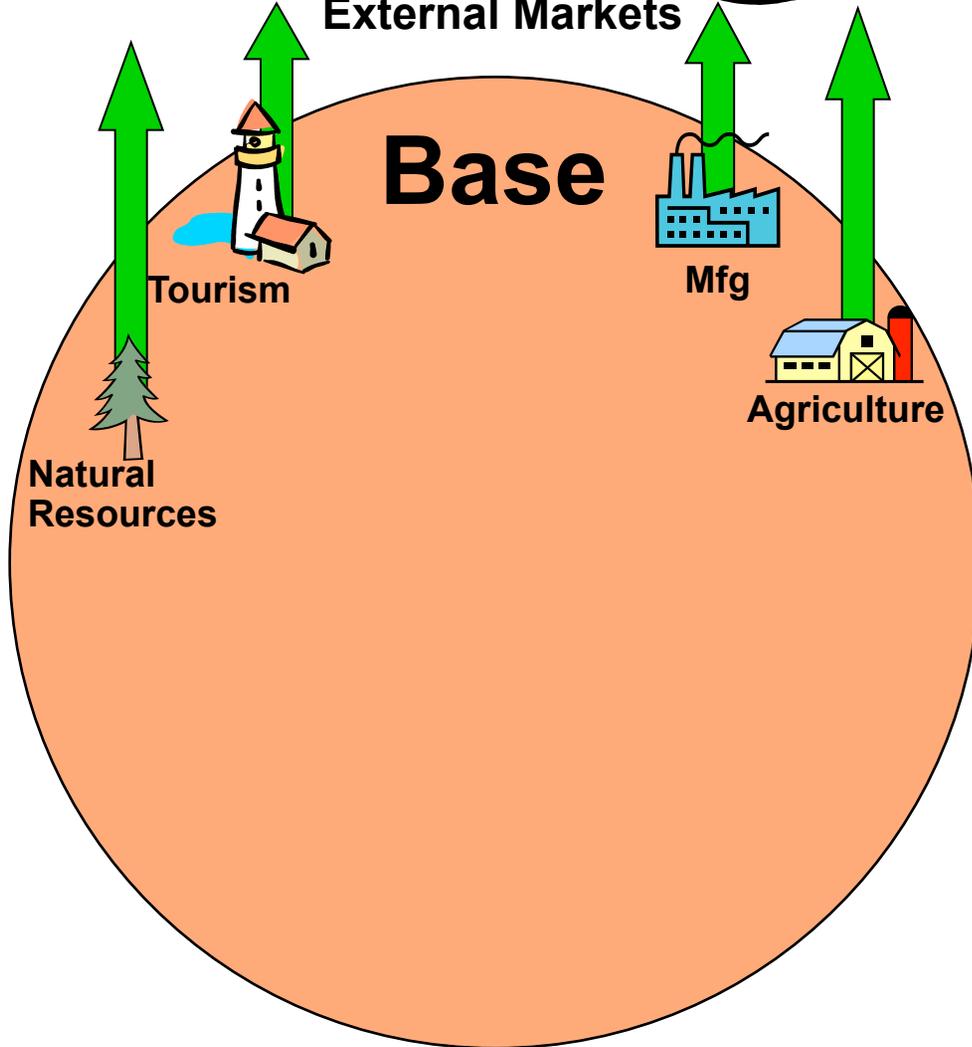


**Kentucky**™

*Cabinet for Economic Development*

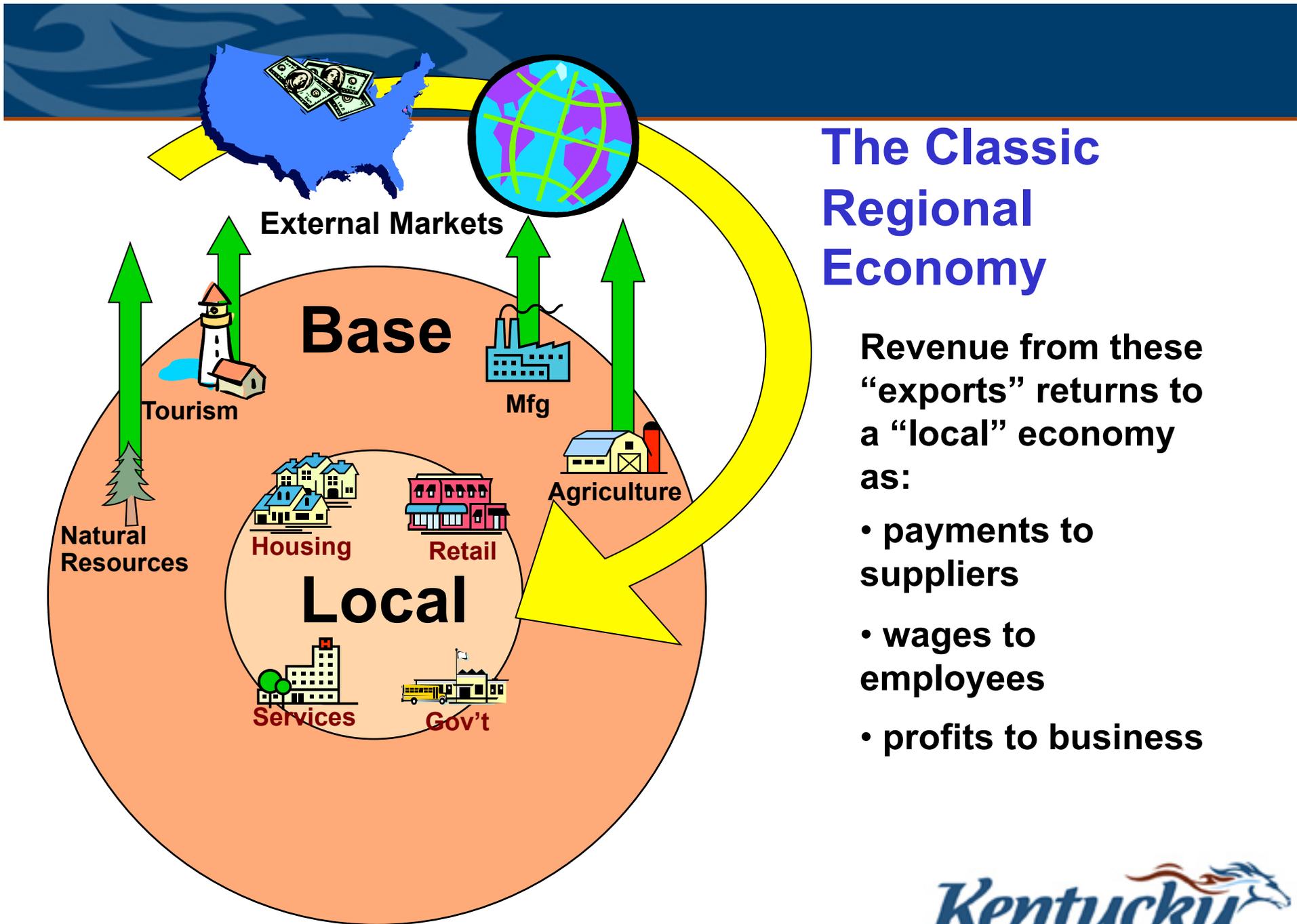


External Markets



# The Classic Regional Economy

Sectors in the “base” economy sell goods and services to external markets



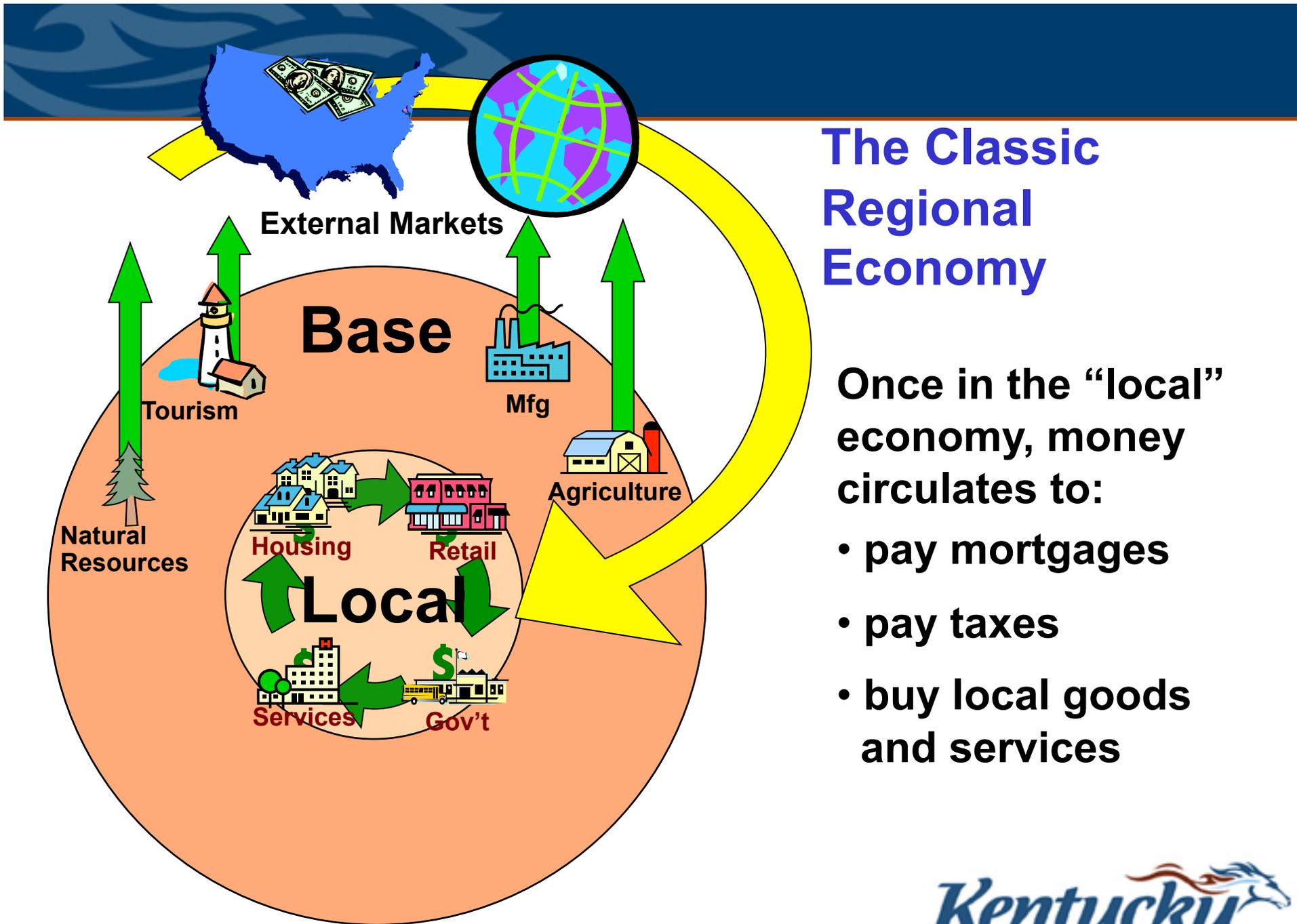
# The Classic Regional Economy

Revenue from these “exports” returns to a “local” economy as:

- payments to suppliers
- wages to employees
- profits to business

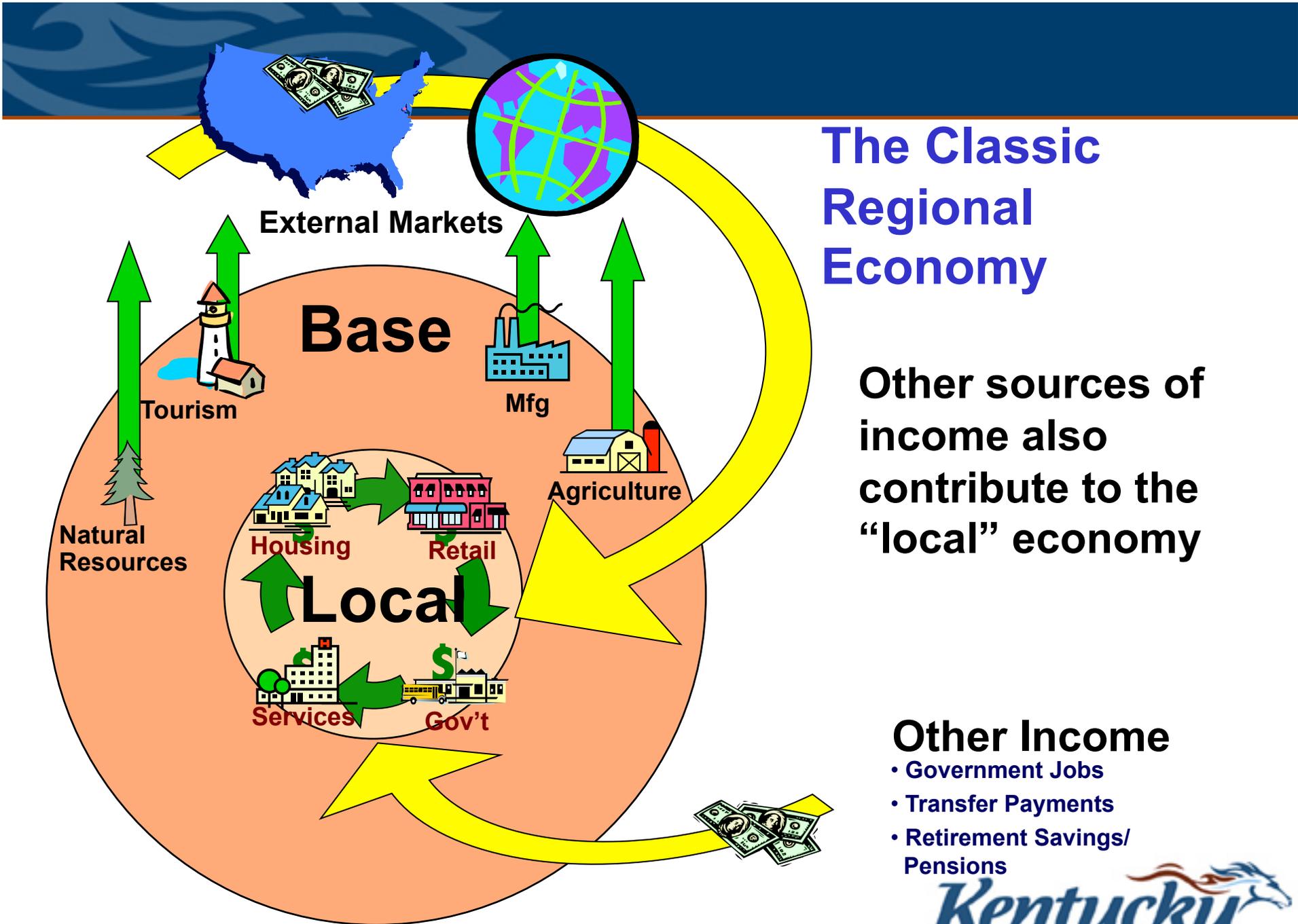


Source: Consumers Energy Economic Development



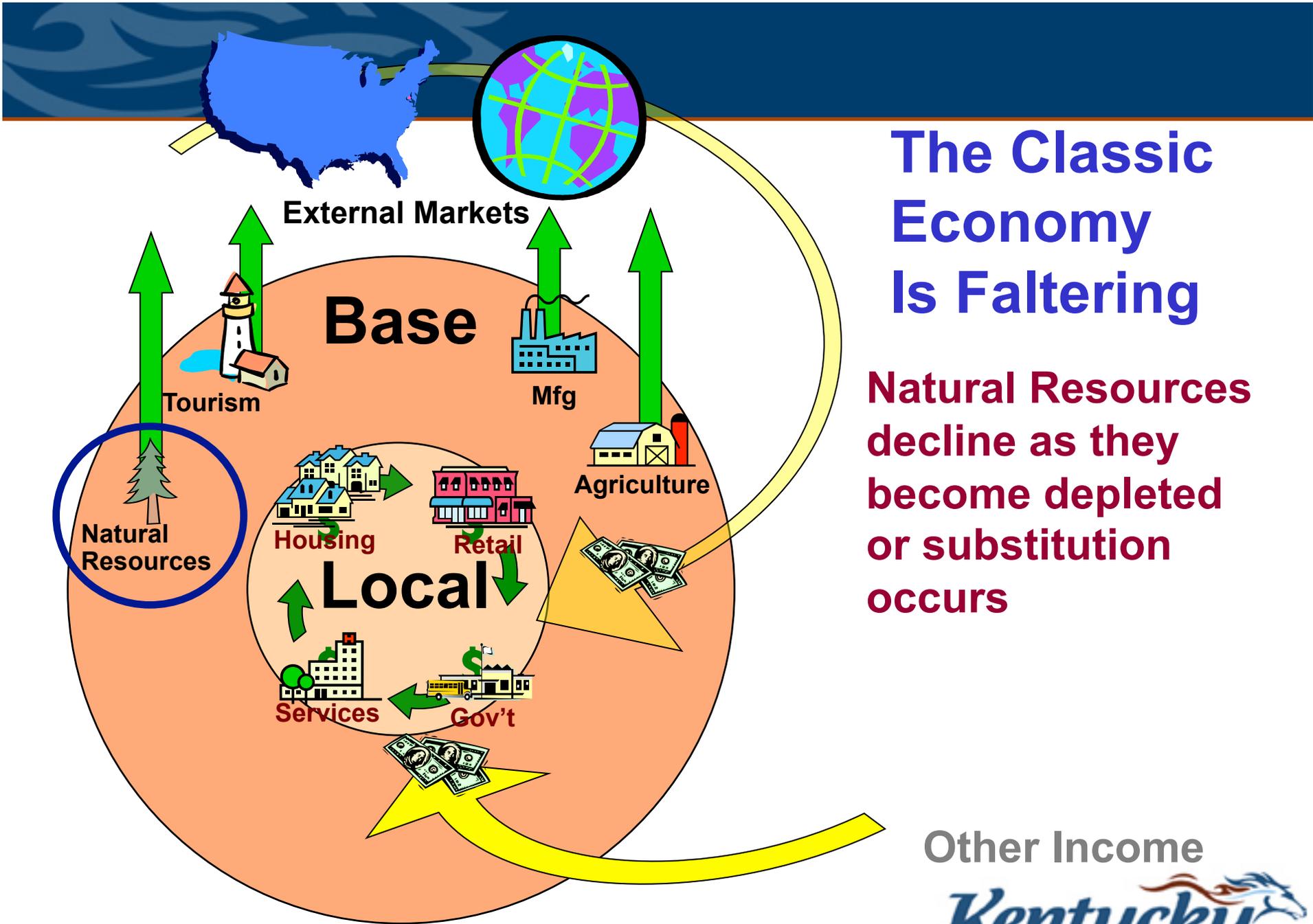
Source: Consumers Energy Economic Development





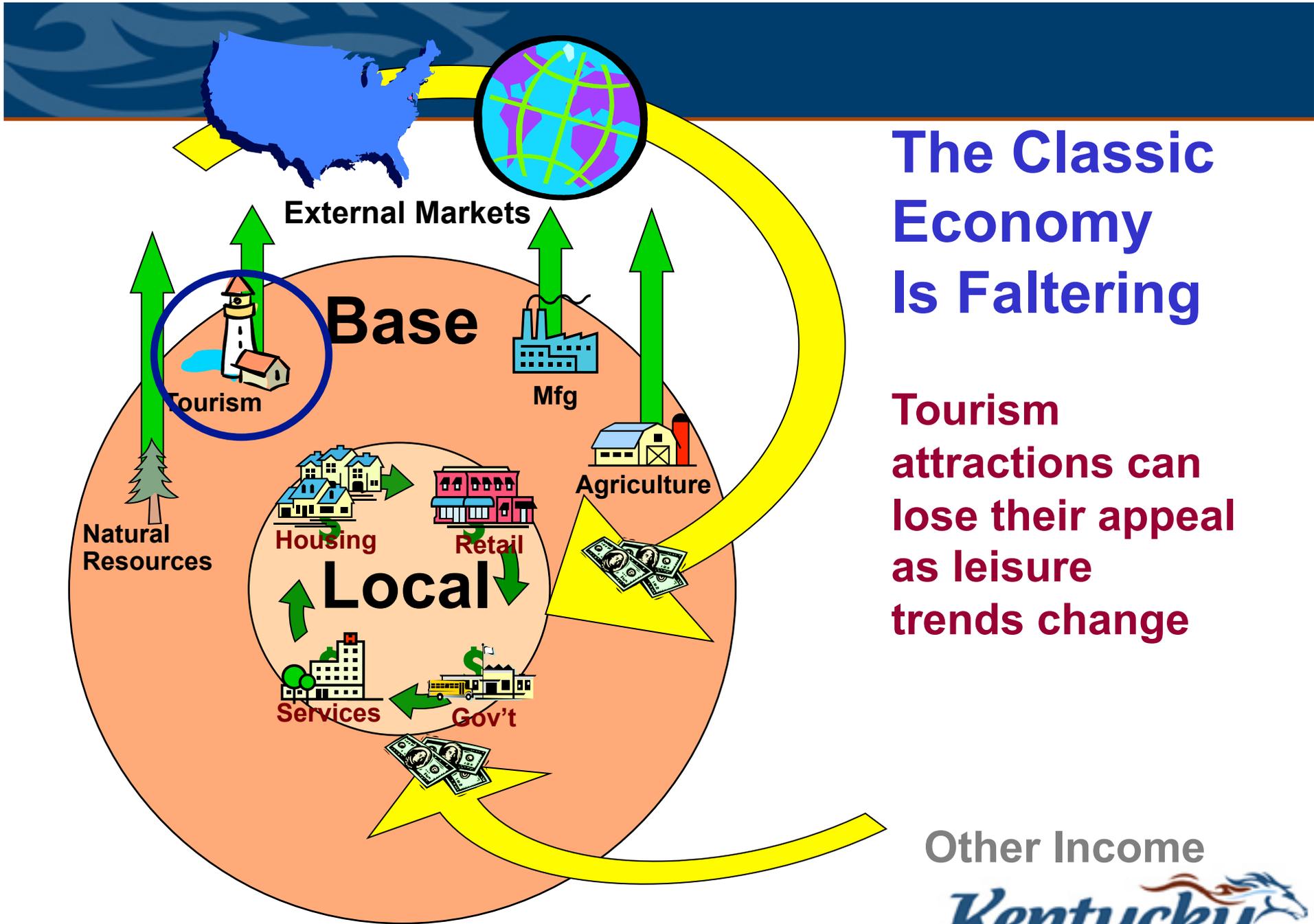
Source: Consumers Energy Economic Development





# The Classic Economy Is Faltering

Natural Resources decline as they become depleted or substitution occurs

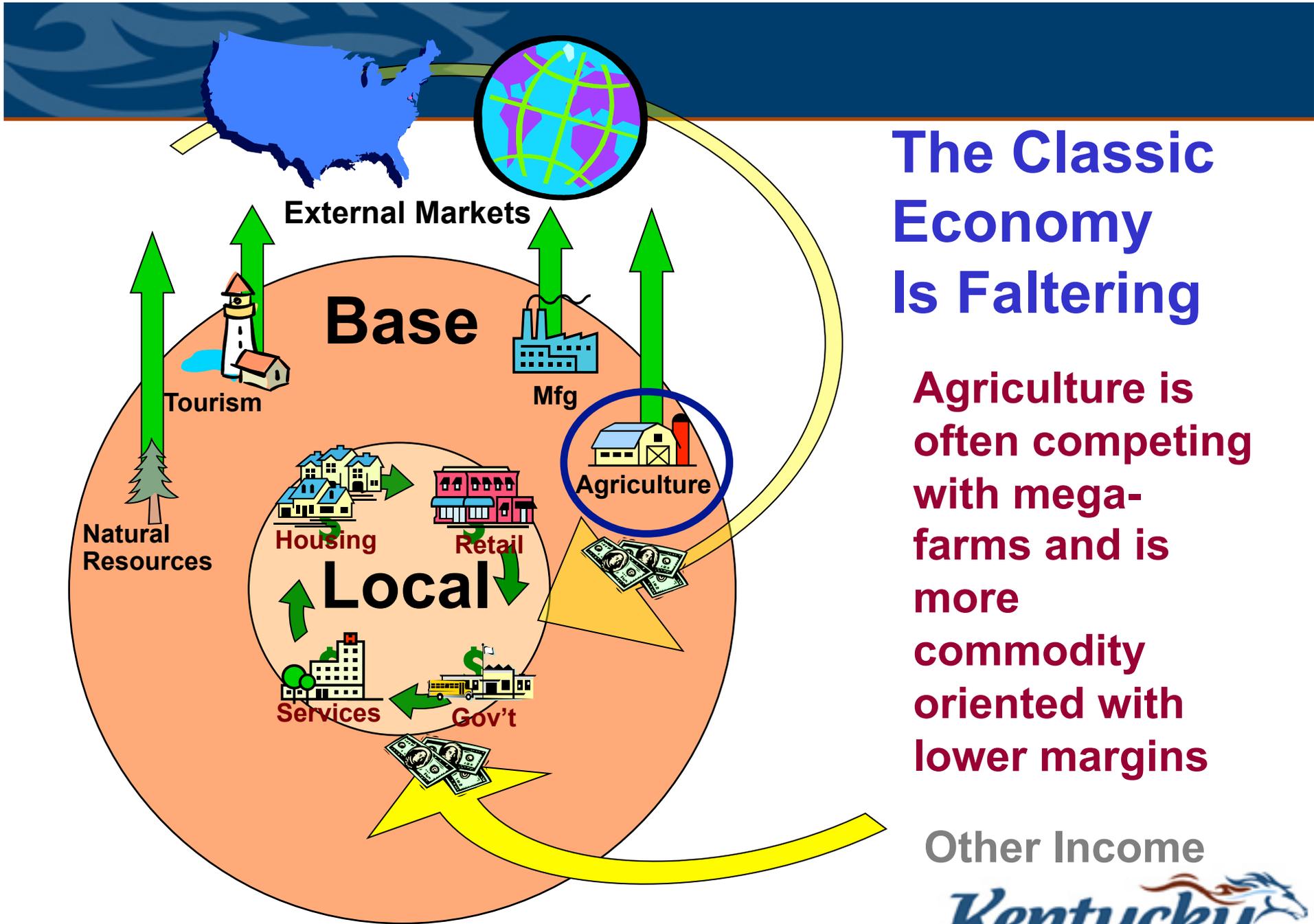


# The Classic Economy Is Faltering

Tourism attractions can lose their appeal as leisure trends change

Other Income  
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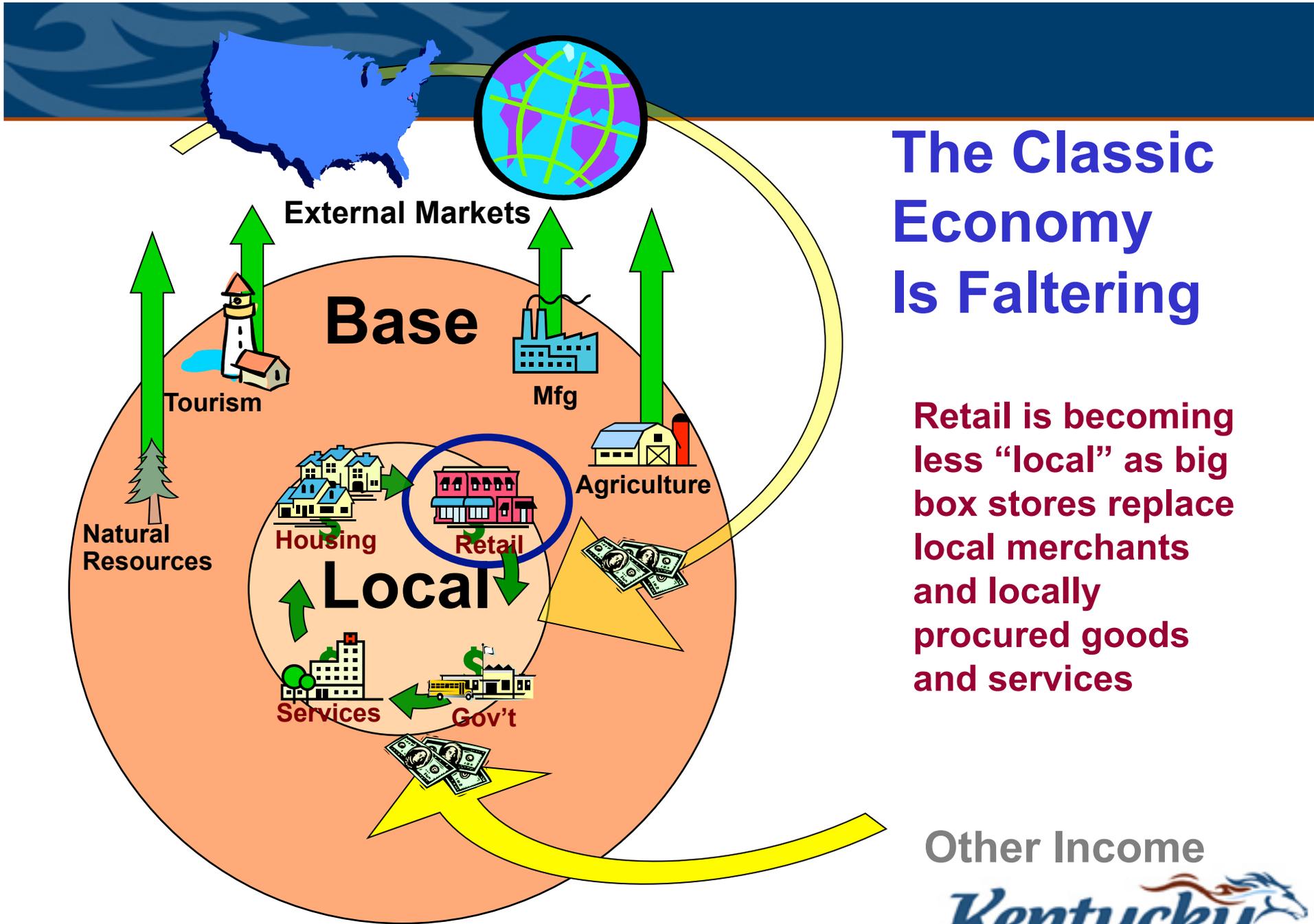


# The Classic Economy Is Faltering

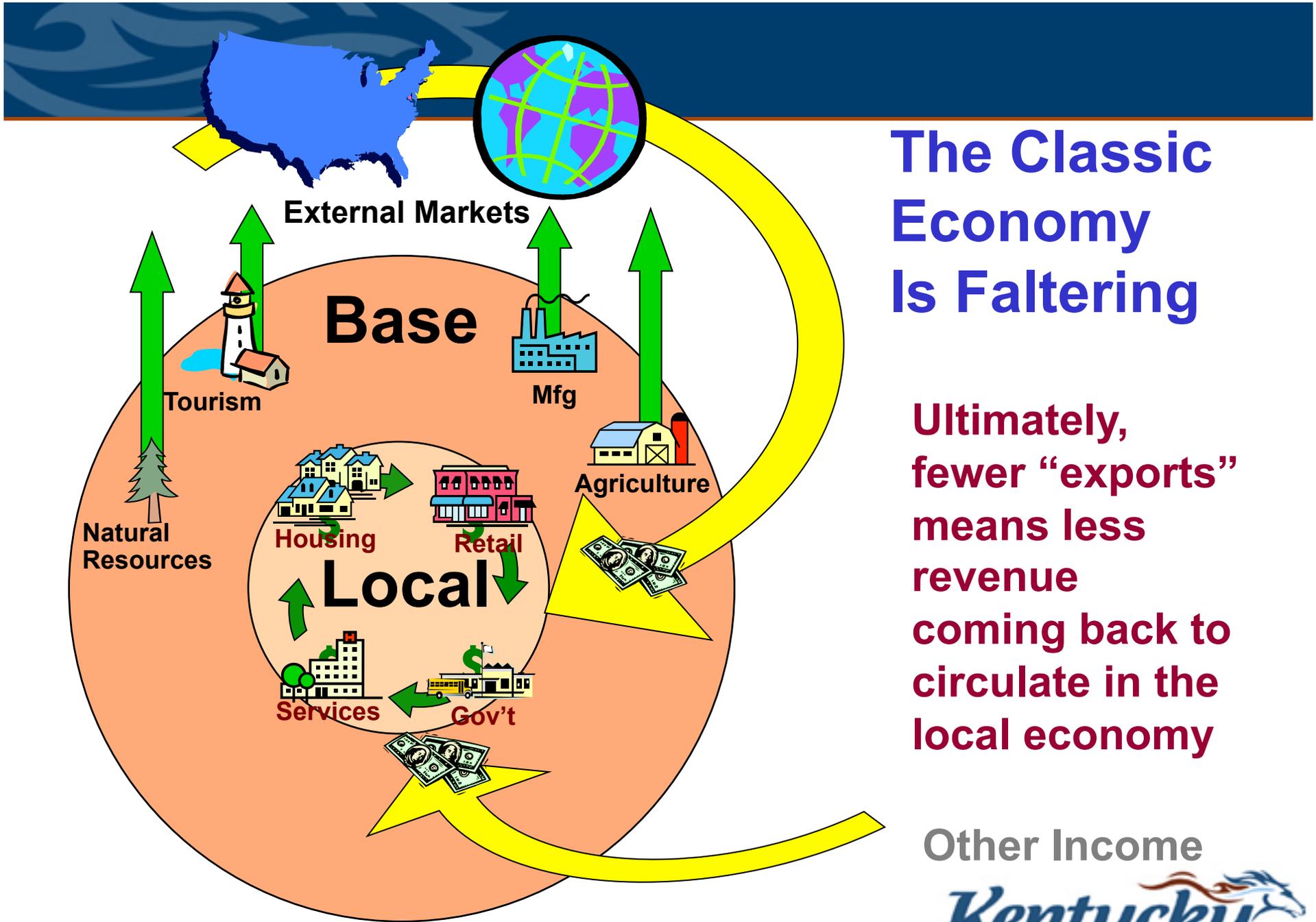
Agriculture is often competing with mega-farms and is more commodity oriented with lower margins

Other Income





Source: Consumers Energy Economic Development



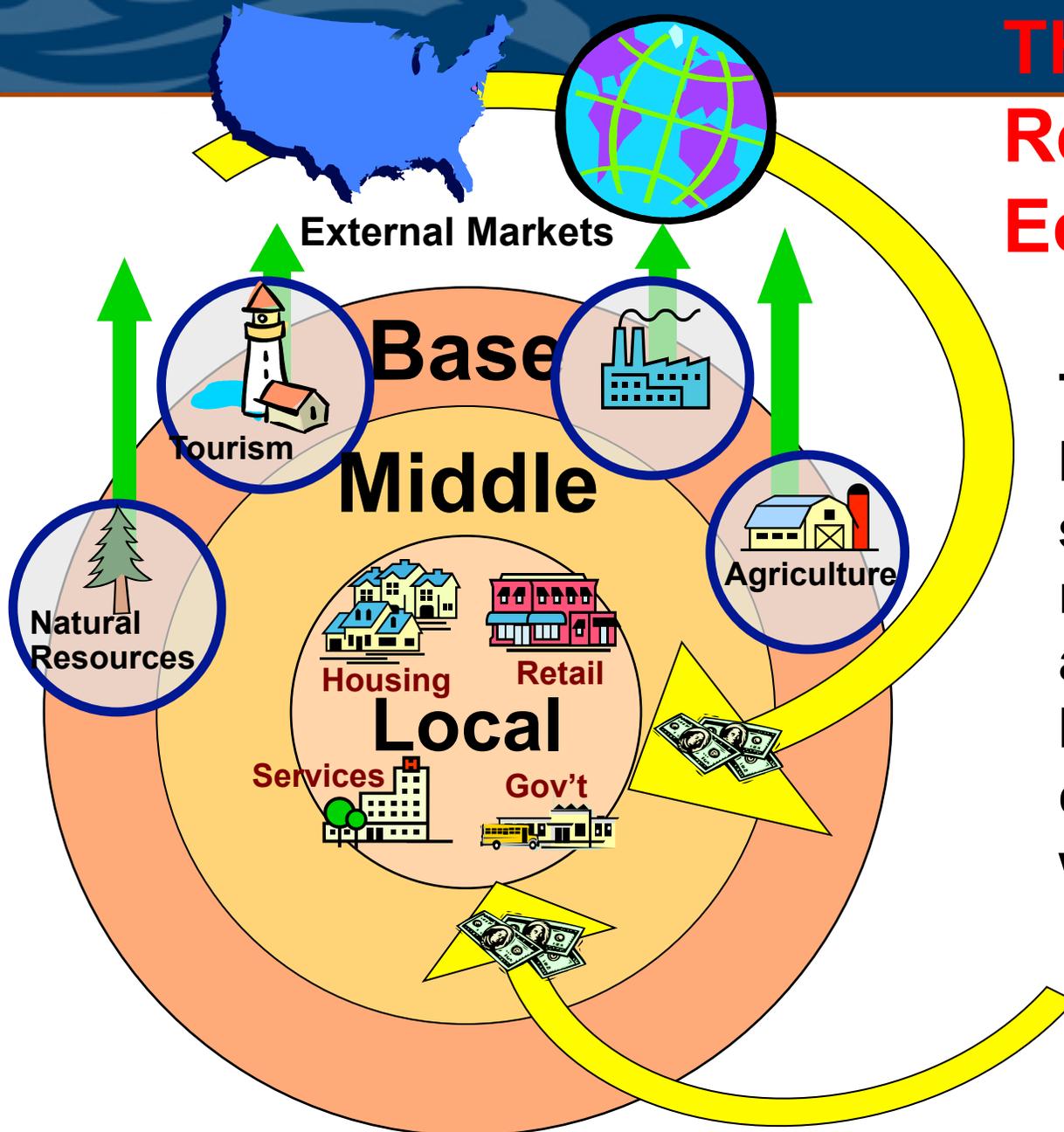
# The Classic Economy Is Faltering

Ultimately, fewer “exports” means less revenue coming back to circulate in the local economy

Other Income



# The New Regional Economy



Traditional base economy sectors look to niche products and services to better differentiate what they offer

Other Income



# The New Regional Economy



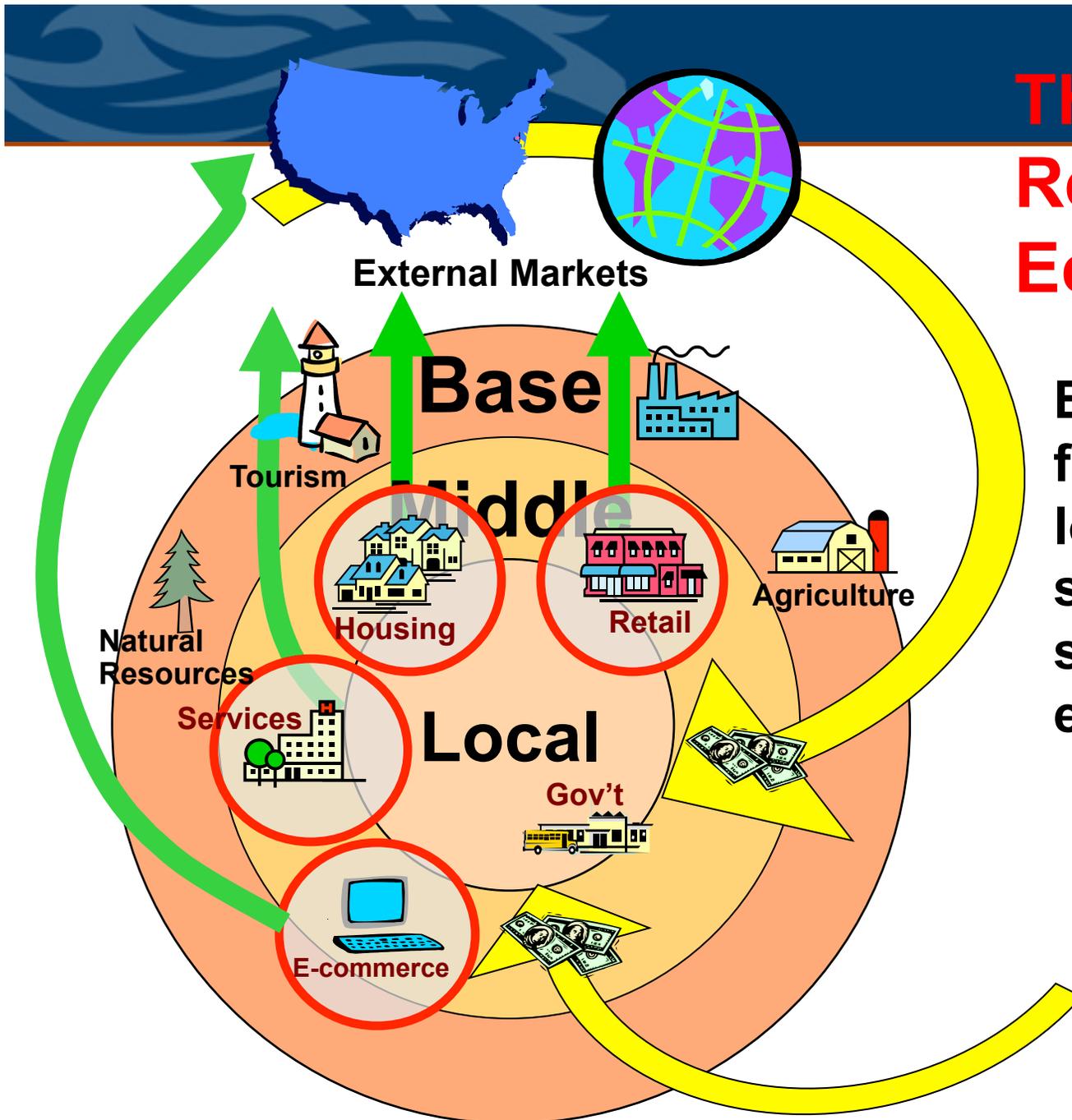
Emergence of a “middle economy” where traditional sectors of the local economy “cross the line” to appeal to traditional external markets

Other Income



# The New Regional Economy

E-commerce can further bolster the local economy by selling goods and services to external markets



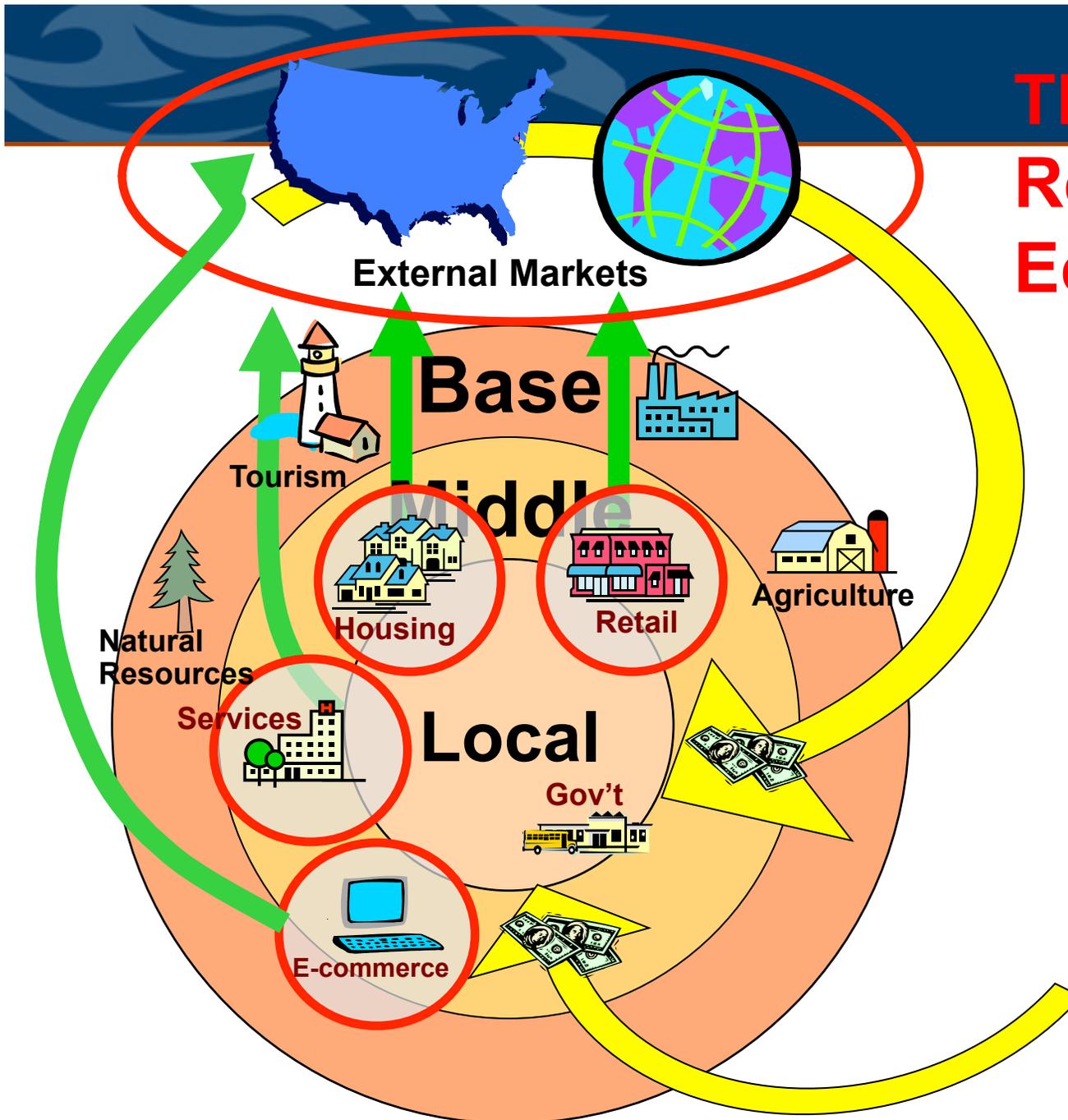
Other Income



# The New Regional Economy

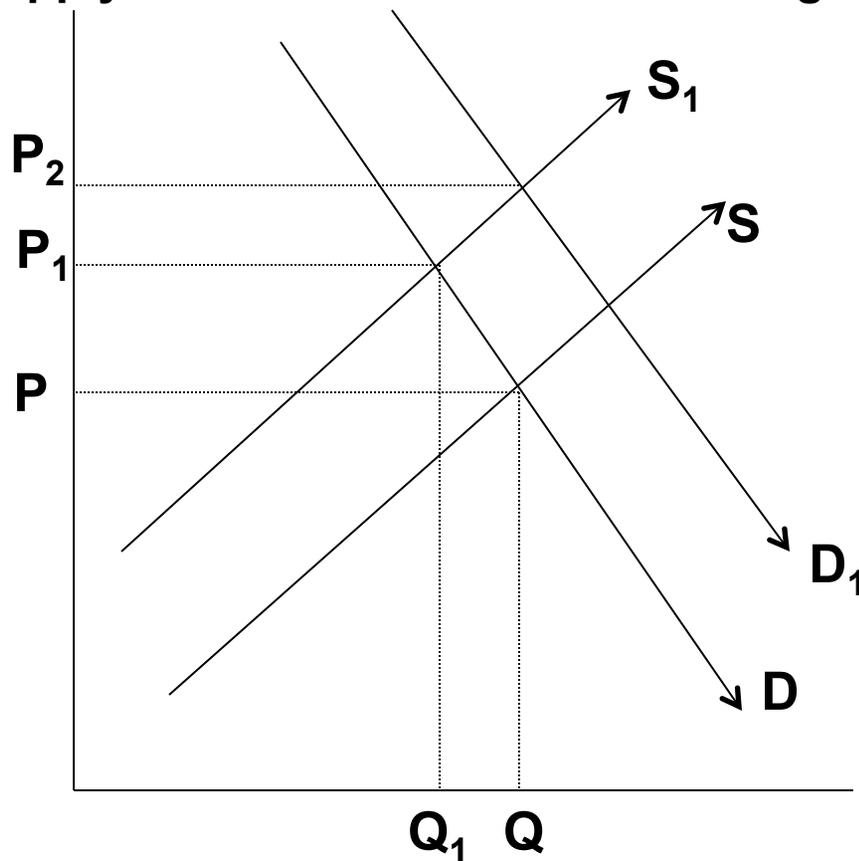
More and more economic activity is oriented to external markets to sustain and grow the local economy

Other Income



# THE CHANGED ECONOMY

## Supply and Demand of Manufacturing Jobs



The supply of manufacturing jobs continues to dwindle

- This results in a higher price to attract a job, as well as a lower quantity of jobs provided
- The demand for manufacturing jobs continues to increase, which exacerbates the problem



# The Result



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- 1. Prospective Manufacturing Jobs are More Costly to Recruit**
- 2. Prospective Manufacturing Jobs are More Difficult to Find**
- 3. The Number of Rural Communities that Depend on Manufacturing Jobs Will Continue to Decline**
- 4. Communities Overly Dependant Upon Manufacturing are at Great Risk**



# A Disney Story



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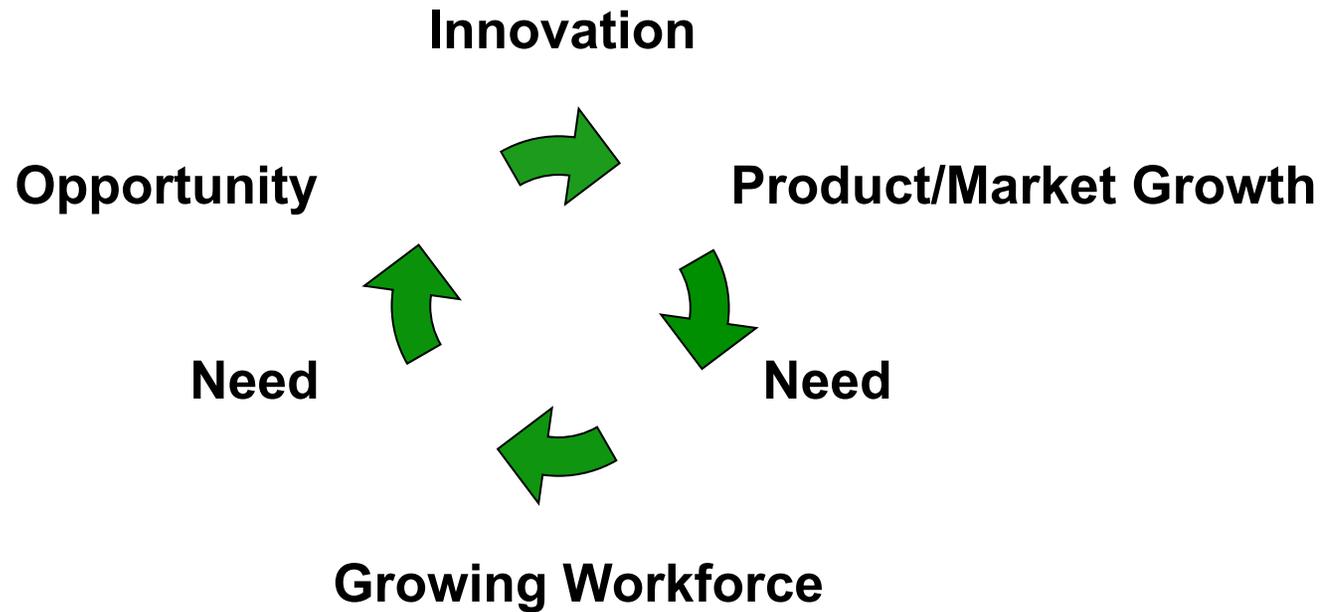
*Kentucky*



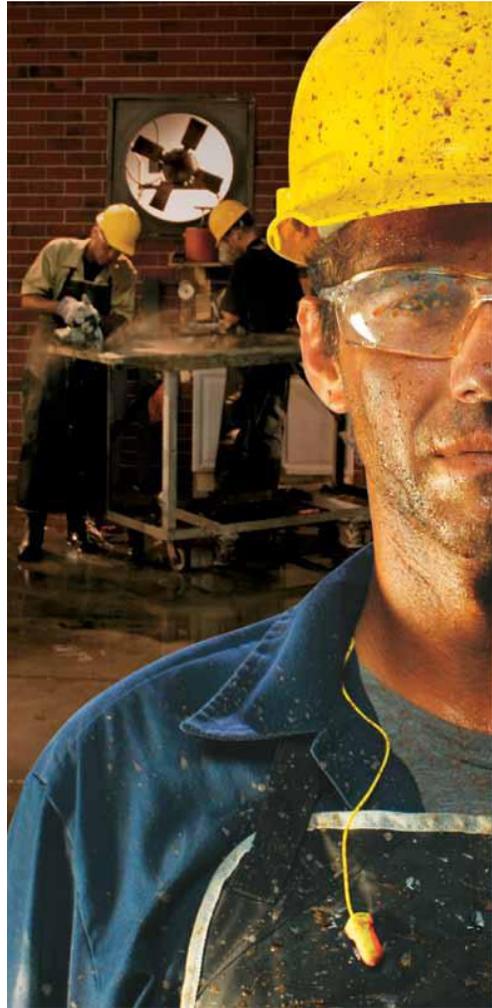
# A Disney Story



# The Innovation Cycle



# Production to Technician



FROM THIS . . .

# Production to Technician

TO THIS . . .



# The Patent Problem (1977-2008)

- Kentucky's Patents– 11,562
- California's Patents– 393,085
- Total Patents– 2,093,358
- National Average– 41,867

Source: US Patent Office



# The Patent Problem (1977-2008)

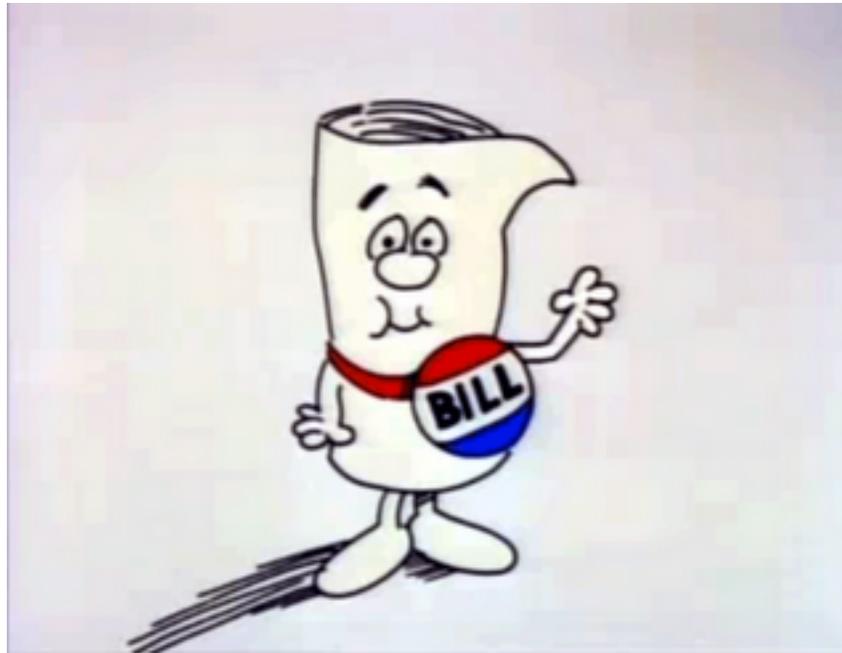
- Kentucky Average 1977-1999: 314/yr.
- Kentucky Average 2000-2008: 482/yr.
- Percentage Increase: 53.5%

Source: US Patent Office

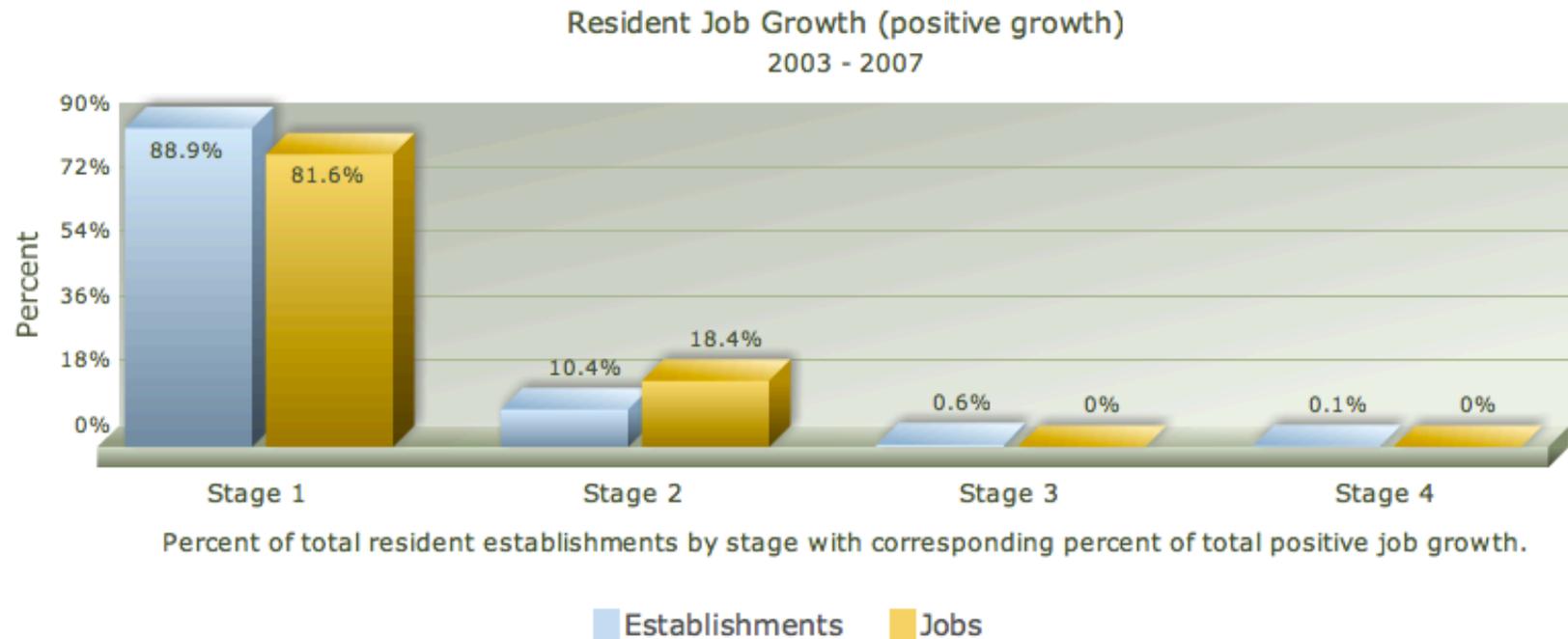


# The Future

**Stage 2 (10-99 employees) — At this phase, a company typically has a proven product, and survival is no longer a daily concern. Companies begin to develop infrastructure and standardize operational systems. Leaders delegate more and wear fewer hats.**



# The Need (Cont.)



Source: [youreconomy.org](http://youreconomy.org)

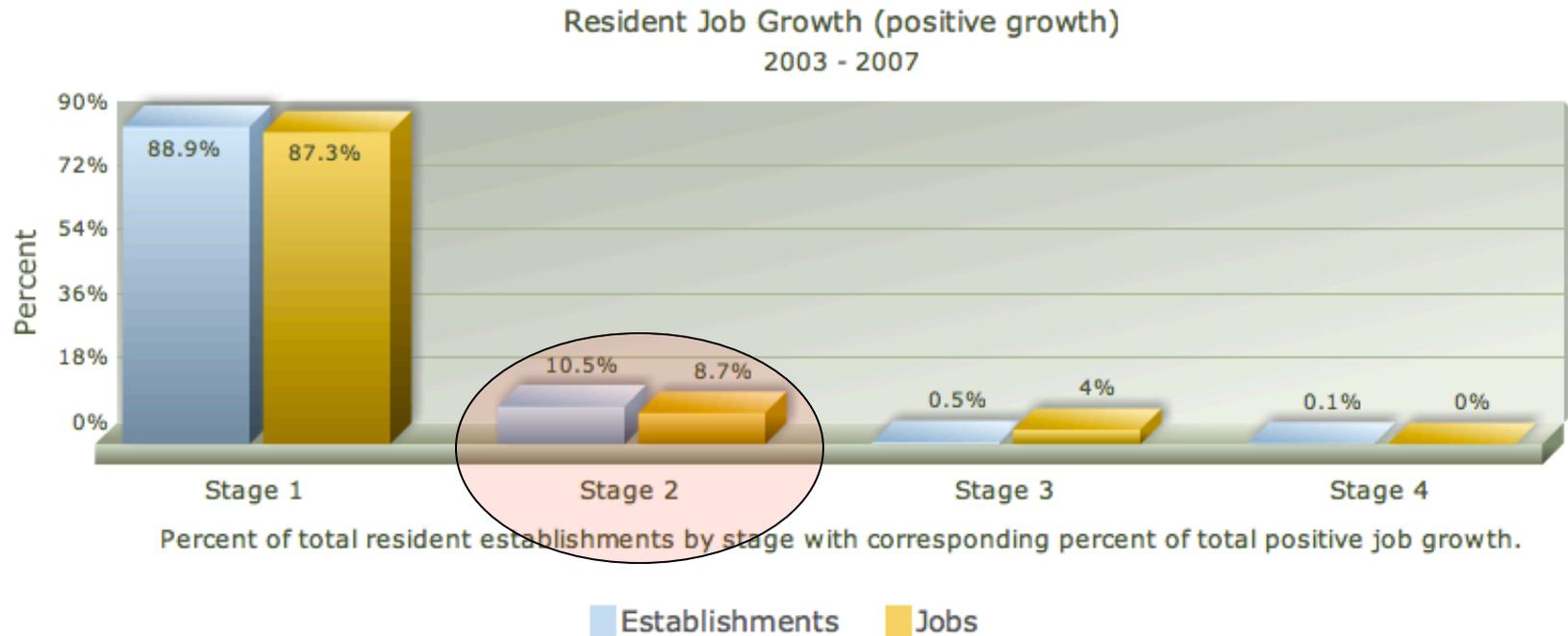


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# How Do We Compare?

## Commonwealth of Kentucky



Source: [youreconomy.org](http://youreconomy.org)



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# Results in Littleton



Source: [youreconomy.org](http://youreconomy.org)



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# A Choice



# Questions?

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- [www.emergingventures.org](http://www.emergingventures.org)

