

Community Assessment: Pike County

Community Assessment Program

**Kentucky Industrial Development Council
and the Kentucky Cabinet for Economic
Development**

1.0 Overview of the Process

On May 5, 2003, a Community Assessment Team visited Pike County to provide some guidance to the county's economic development efforts. The Community Assessment program is a joint initiative of the Kentucky Industrial Development Council and the Kentucky Cabinet for Economic Development. Here is how it works.

Counties first apply for a community assessment through either the Cabinet or KIDC. Based on criteria developed by the Cabinet and KIDC, four or five counties are selected to participate in the program each year. Once a county is selected, KIDC assembles a team of economic development professionals from around the state. In addition, KIDC invites representatives from the Workforce Development Cabinet, the Tourism Development Cabinet and the Kentucky Housing Corporation to participate, where appropriate. KIDC also invites participation from utilities, local economic development organizations, education organizations, and engineering and construction firms.

Prior to the visit, we ask the community leadership to complete a survey. The results of this survey helps the Team identify critical issues. The Assessment Team then comes to the community for a two day visit. On the evening before the first day, the Team assembles to review the results of the pre-visit survey and to discuss the overall strategy for the Assessment.

During the first day, the team listens to the community leadership to understand, from the local perspective, the challenges the county faces. The team then fans out through the county for tours. In the afternoon, the team conducts interviews with community leaders to probe more deeply into specific issues. Finally, at the end of the first day, the team reassembles to discuss its findings and develop recommendations.

At this point, Ed Morrison, a consultant to KIDC distills the findings of the Assessment Team into a report. On the morning of the second day, Ed presents the report. Finally, the Assessment Team compiles a written report and submits it to the community.

Within a year after the initial Assessment Team visit, the Team comes back to assess the county's progress. During this follow-up visit, the Assessment team offers additional thoughts and guidance.

This program has been remarkably successful in moving Kentucky's counties ahead in developing new approaches to economic development. Since its inception, we have completed about twenty assessments. All but two counties have shown significant progress.

The counties participating in the program gain access to experienced economic development professionals at virtually no cost to the community. More important, the community leadership gains access to important networks for learning and resources. The community only pays out-of-pocket costs for the Assessment Team during their visit. In Pike County's case, we assembled the largest Assessment team that we have ever deployed. members of the Assessment Team included:

- J.R. Wilhite, KY Cabinet for Economic Development
- Steve Carter, KY Cabinet for Economic Development
- Frank Salisbury, KCTCS
- Janet Williamson, KY Cabinet for Economic Development
- Ann Morris, KY Cabinet for Economic Development
- Marcie Puckett, KIDC
- Todd Cassidy, KY Cabinet for Tourism Development
- Smith Mitchell, KY Cabinet for Economic Development
- Brad Snowden, LG&E Energy
- Lisa Wilson, H.C. Nutting Company
- Tom Carew, KY Housing Corporation
- Martha Fightmaster, Cabinet for Workforce Development
- Ed Morrison, consultant to KIDC

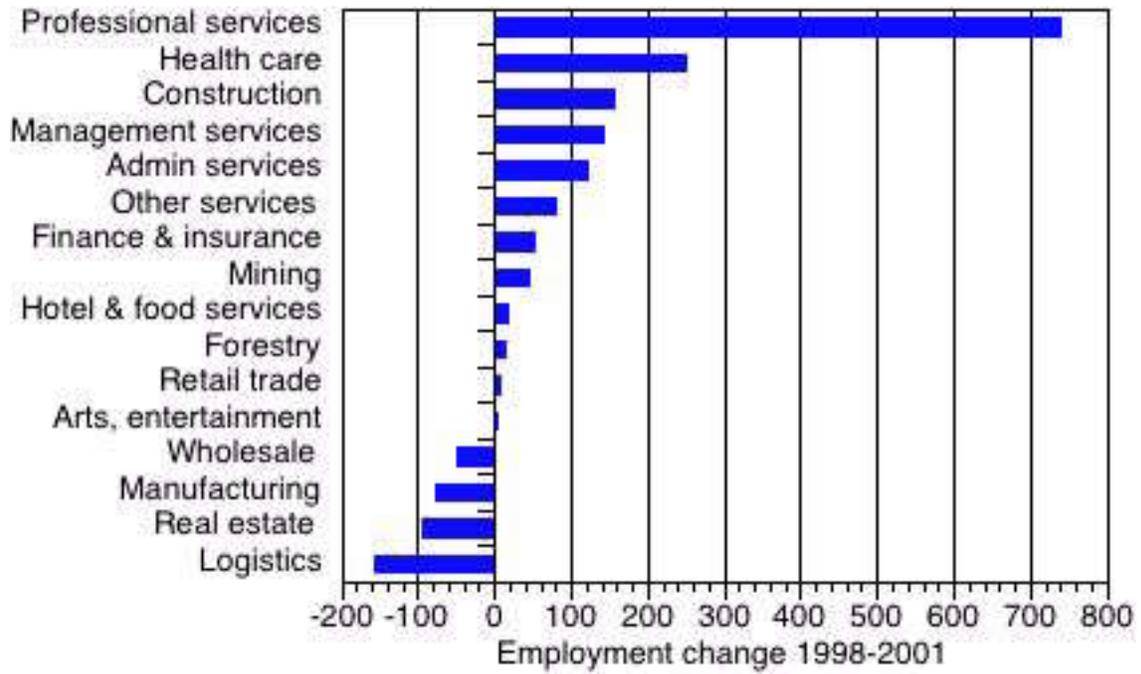
2.0 An overview of where Pike County stands

Here are some of the key elements of your current economic situation:

- Pike County is a slow growth county with a strong industrial base in coal. This core economic strength can give the county the strength to diversify.
- Health care is becoming an economic engine for the region. In addition, there are small pockets of growth in, for example, professional and technical services.
- The county has undertaken a wide range of individual projects, and these initiatives have given rise to a diverse, but unorganized group of county leaders who can "get things done".

- The county is facing some infrastructure planning problems. Without a broader county-wide perspective, the county risks making inefficient infrastructure investments. These inefficiencies will lead to taxes that are higher than they need to be. One of the most serious problems is balancing development, investment and taxes between Pikeville and Coal Run.
- The county has extraordinary educational assets on which to build. These educational institutions provide the base for building stronger entrepreneurial networks to encourage growth among existing firms and the creation of new firms. At the same time, the county, like the rest of Kentucky, faces a major challenge in adult education, as well as an opportunity to encourage entrepreneurship among the adult population. County leaders need to be continually looking for new ways to tie together the different educational assets in the county from primary school through adult education. The State has continued to provide additional flexibility to form new, valuable alliances.
- The county has an emerging tourist industry that can continue to grow. In 2002, tourism generated an economic impact of \$48.2 million for the county, an increase of 3.6% over 2001. The county currently ranks 25th in the state. The number of visitors moving through the county is rapidly growing. The new Convention Center provides another boost, but currently the county is not prepared to leverage this investment. The county has a lot of important work to do to prepare for growth in its tourism businesses, and the county's leadership is not currently organized to prepare for this growth.
- During our visit, we heard references to a lack of communication and "backstabbing". We want to emphasize an important point. We view this problem as a legacy of past leadership, not a reflection of current leadership. Indeed, we saw a tremendous amount of cooperation. Elected officials, despite their tight time schedules, were very generous with their time and very helpful with their comments. This new, dynamic cooperation sets the stage for a bright future in the county, if leaders can deepen these ties.

FIGURE 1. Despite slow employment growth, Pike County does have some expanding sectors



Job gains: 1998-2001

FIGURE 2. Looking at earnings growth, Pike County's pool of income is expanding

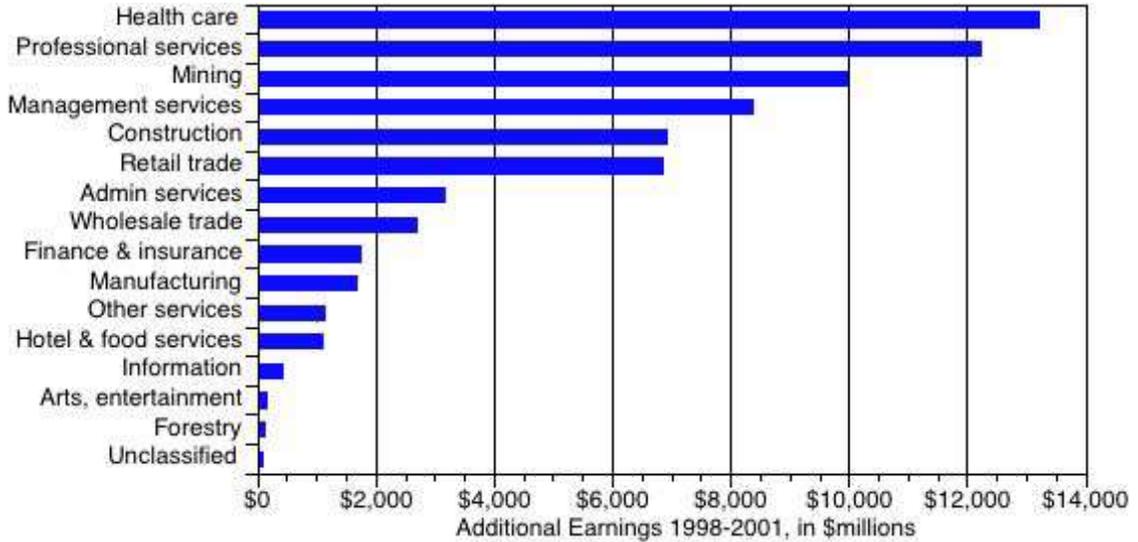
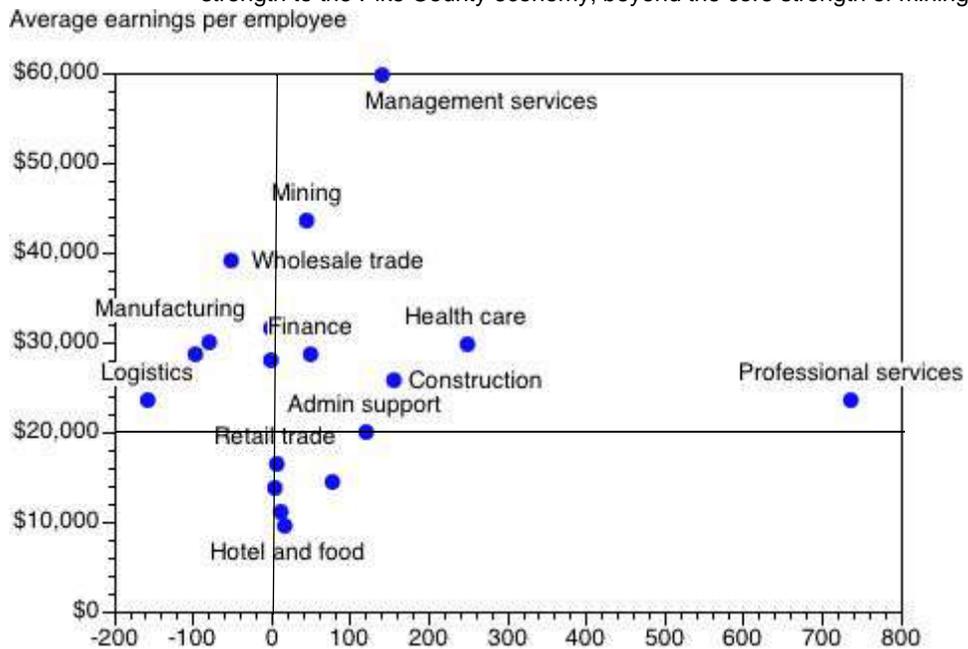


FIGURE 3. We can combine earnings and job growth into one graph to show that there is some strength to the Pike County economy, beyond the core strength of mining.



3.0 Results of the pre-retreat survey

The major obstacles facing the County can be overcome with closer coordination among the leadership. Improvements in communications among elected officials has set the stage for taking the county to a new level in its development.

As a first matter, over 200 county leaders participated in the survey. That's over 4 times the largest participation we have ever had from any county participating in the Community Assessment process. This level of participation represented our first indicator that Pike County has some real potential. Complete results are available on the Web at

- <http://www.edmorrison.com/kidcpike2.html>

But there are challenges ahead. In a word, the leadership in the county needs to build trust. This challenge is not academic or "soft". We have entered a new era in our national economic development...an era of networks. These networks operate on the basis of trust. So, communities that hope to build prosperity in the years ahead need to learn and practice the skills of collaboration. Our pre-visit survey alerted us to this issue.

In particular, we asked the question, "How would you characterize the level of trust among the citizens in Pike County". Over half indicated that the level of trust was low.

FIGURE 4.

How would you characterize the level of trust among the citizens of Pike County?

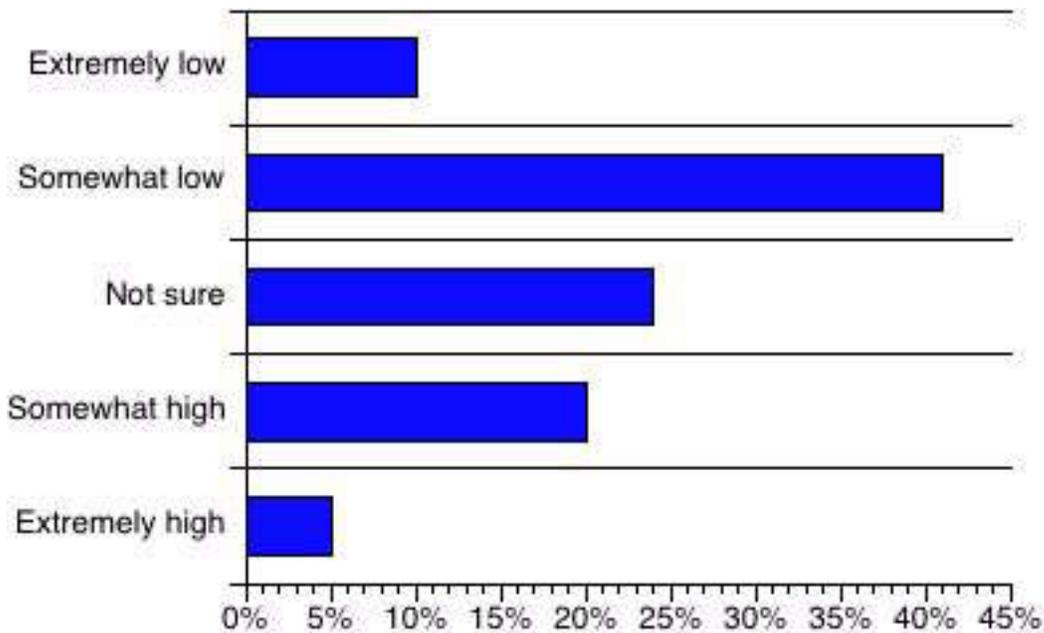
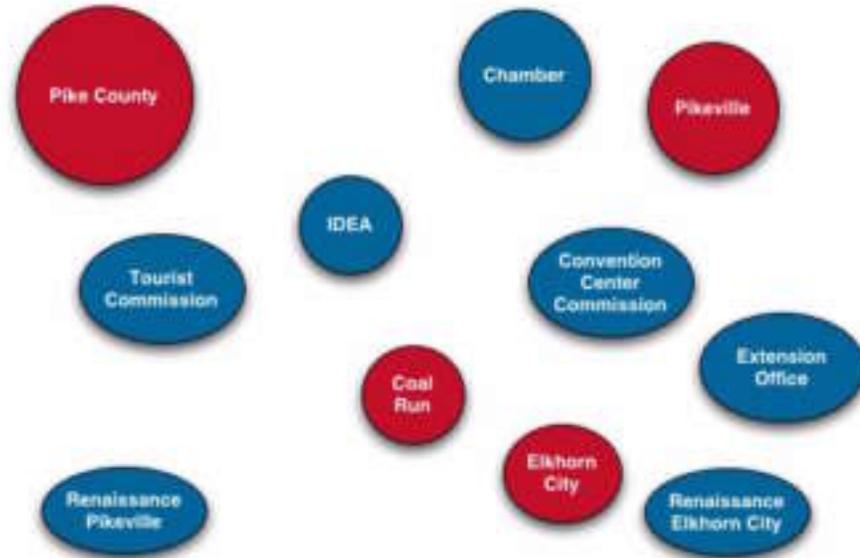


FIGURE 5.

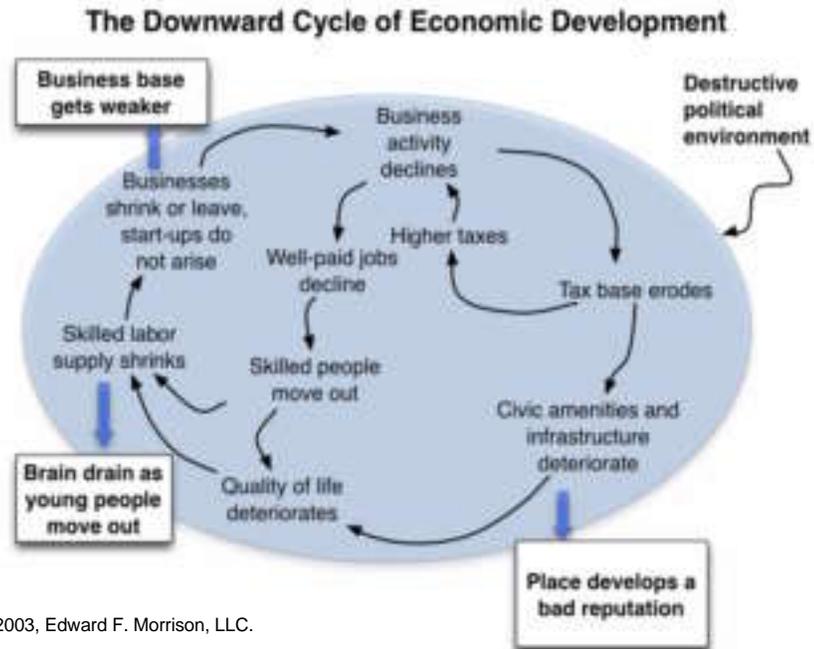
Development efforts in the county are fragmented. With a relatively low level of trust, the economic potential of the county is being squandered.



The consequences of weak cooperation are severe. They can lead to a destructive political environment characterized by eroding tax bases, deteriorating infrastructure and a brain drain. In contrast, collaborative political environments can lead to just the opposite: increased business activity, lower taxes, improved infrastructure investment and higher levels of prosperity. Pike County stands on the edge now. It can go either way. We hope that this Assessment will push the leadership in the County to consider the serious consequences of not collaborating more deeply.

FIGURE 6.

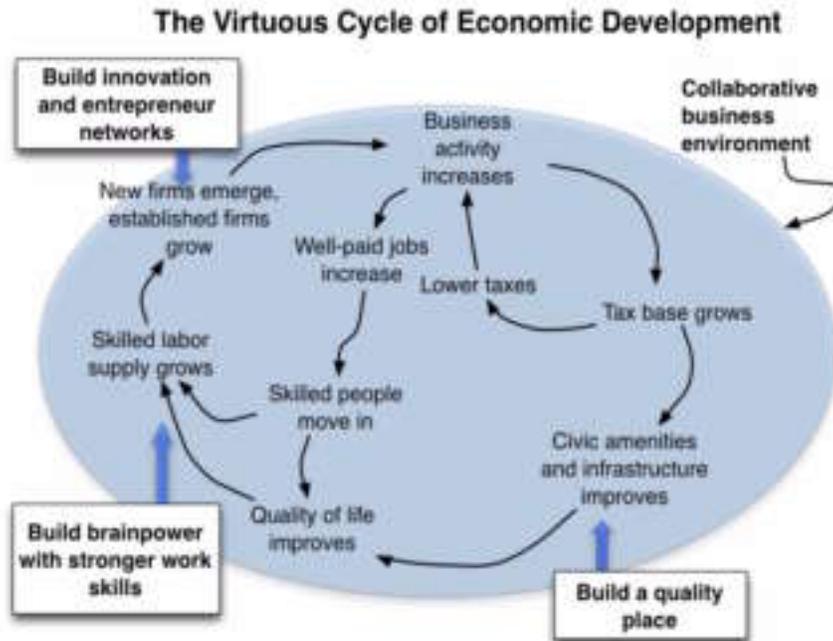
The consequences of a destructive environment are severe...The problem is that there is no self-correcting mechanism...the downward cycle can simply continue.



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FIGURE 7.

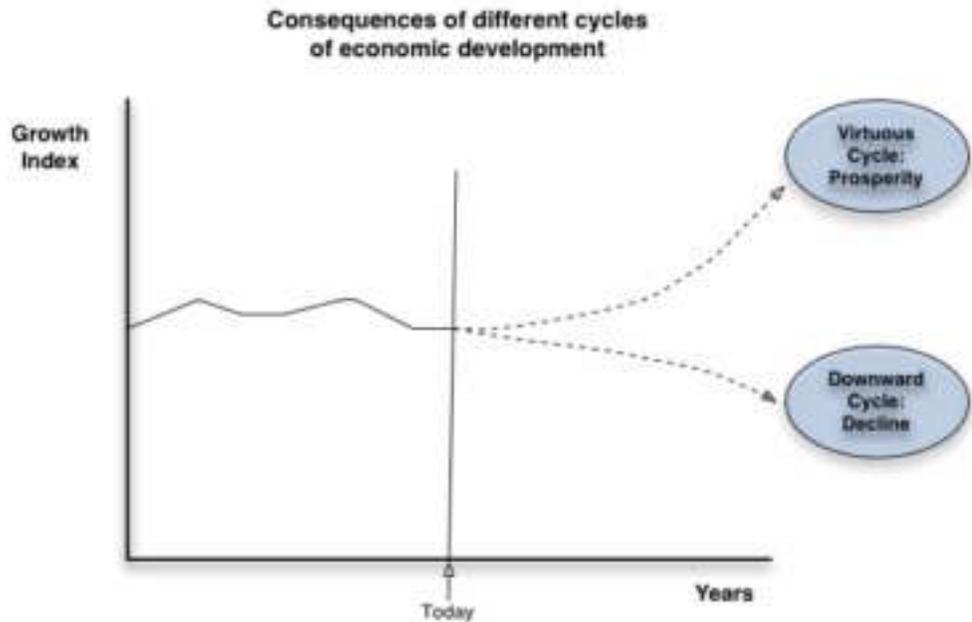
Deeper collaboration can lead to a virtuous cycle for Pike County.



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FIGURE 8.

The leadership in Pike County faces a choice. Either it can move the county forward to compete on the basis of its considerable assets. Or, it can continue down the path that will lead to a gradual erosion of income and employment opportunities.



Brainpower. Networks. Knowledge. Collaboration. Trust. These are all the elements that Pike County needs to compete in the years ahead. We envision a future for Pike County that builds from strong scenic, cultural, and historical roots. Using educational innovation, global communications, and entrepreneurial networks, we see the opportunity to build new prosperity in the county.

Coal will continue to play a part in this future. Indeed, the industry can provide the core earnings needed for the county to diversify. Pike County will continue to be a coal county. But you have the opportunity to be so much more.

This future is here, now. The emergence of regional health care is an example of how the county can build a new, more diversified economic base. Another opportunity looms on the horizon. The completion of the Convention Center opens the door to additional development opportunities. But the county is unprepared for what is coming. Without adequate hotel development, restaurant development, and hospitality training, the new Convention Center will have a limited impact. Indeed, if the first experiences with the Convention Center turn sour, Pike County will quickly develop a bad reputation among meeting planners. Like a bad restaurant, people will stay away.

The county leadership can avoid this situation by working together now to develop a clear plan for additional development around the Convention Center. A solid plan of development will require close, on-going communication.

Dig deeper. Take the case of entrepreneurship. As we learned during our visit, the prevailing attitude among many is that Pike County offers few opportunities for young people. The prevailing “story” is that you must prepare yourself to leave the county, if you want a prosperous future.

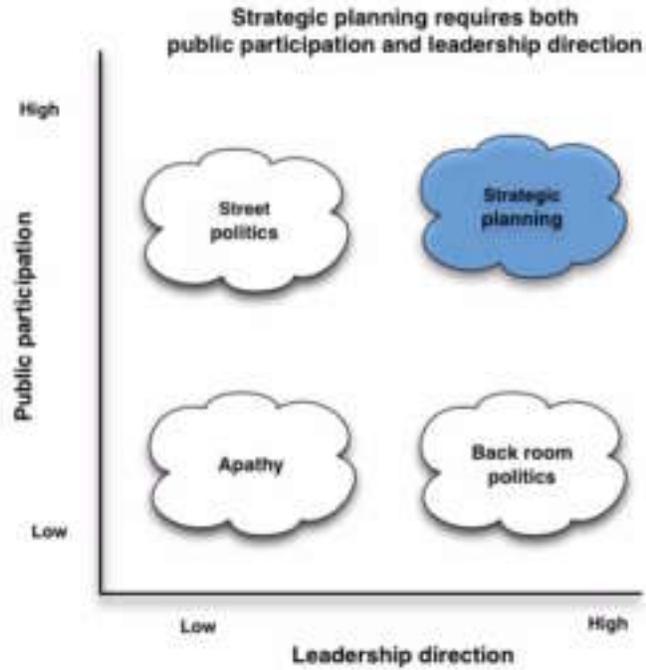
But a new story is emerging alongside the old. Open heart surgery at the Methodist Hospital broadcasts another message: we can do it here. We envision spreading this “can do” spirit -- a spirit to “move mountains”-- by aggressively encouraging entrepreneurship among the county’s young. Coal has already given the county a strong banking and legal infrastructure: sophisticated, smart people doing sophisticated, smart things. Building entrepreneurial networks should be relatively easy for a county so well endowed with professional talent and strong educational institutions with innovative leaders.

4.0 What it will take to build collaboration

Like other rural counties in Kentucky, Pike County faces a choice. It can build a new economic base on brainpower and innovation, or it can do nothing and watch its old economic base slowly (or rapidly, in some cases) erode.

- An economy based on brainpower must also be based on innovation and entrepreneurship: the ability to turn brainpower into business. That transformation requires collaboration and trust. It requires *both* strong public participation and strong leadership direction.
- Public participation without strong leadership direction leads nowhere. Chaos ensues.
- Leadership direction without public participation leads to back room politics and, in its worst form, political corruption.
- When both public participation and leadership direction are absent, we see a community that has given up. Apathy reigns.
- Healthy communities encourage both strong public participation and strong leadership direction. That is the future we see for Pike County.

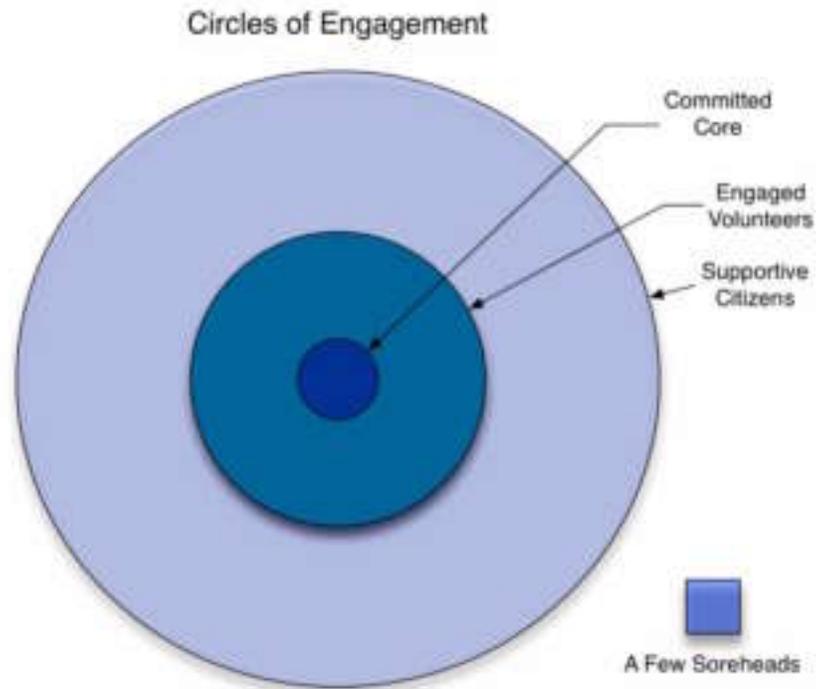
FIGURE 9. Pike County needs both public participation and strong leadership direction.



To build this future, you need to begin with a committed core of volunteers. Pike County already has a strong group of committed volunteer leaders and a new commitment to collaboration among its political leadership. That's the place to start. Working together, you can build public participation out from this core.

FIGURE 10.

Build coalitions out from a committed core of volunteers



These coalitions may be easier to build, if you commit first to adopting a Code of Civility. The code represents a set of simple rules that you agree will govern how you will work together. By establishing these rules and making them explicit, you are also delivering an important message: the old way of doing business will not work for tomorrow: we cannot drive into the future looking in the rear view mirror.

Destructive Behaviors in Pike County

During the course of our visit, we began to compile a list of destructive behavior in Pike County from the participants in our Assessment:

- Jealousy and competition leads to closed dealing and talking behind people's backs
- Backstabbing undercuts public participation
- We do not communicate enough...we are not listening to each other
- We are rude to each other, we sometime lack civility
- We do not appear motivated to seek mutual solutions
- We duplicate our efforts. We often want to play in our own sand-box
- Our leadership sometimes cannot abandon personal agendas and huge egos
- We have preconceived notions about how other people think or will behave

A Sample Code of Civility

In building the civic life of Pike County, we agree to:

- respect each other's views and ideas and listen to each other;
- conduct ourselves in a way that encourages learning from each other and avoid loud an abusive language;
- express our views truthfully and not knowingly misrepresent, distort; or misquote information;
- take responsibility for our own actions instead of blaming others;
- work together cooperatively for the best interests of Pike County;
- uphold the right to individual privacy and respect confidential information; and
- respect the differences in people.

5.0 What could go wrong

Let's spend a few minutes traveling the downward path for Pike County. This future is a real possibility, and it will come about unless the county's leadership works together to build an alternative future. We envision three scenarios, and they are not mutually exclusive.

5.1 Infrastructure meltdown

- Land-locked Pikeville cannot grow and starts to slide backward.
- Tax base erodes. Core infrastructure and services degrade.
- Growth moves to "lower cost" areas of the county, but tax base cannot support new service demands.
- Signs litter the landscape, and the county's rural charm is lost.

5.2 Empty Convention Center

- Convention Center is completed, but supporting services are not in place.
- Lack of hotels, restaurants discourages bookings.
- Inadequate hospitality training turns early convention visitors into "victims" instead of guests.
- Recriminations and finger pointing freeze progress.

5.3 Demographic undertow

- Coal industry continues to provide core earnings and employment, but no growth.
- Tourism strategy never comes together.
- Smart young people continue to leave. Entrepreneurship strategy fails.
- Drug problems capture a large proportion of the young people that stay.
- Older people also remain with high demand for services.

6.0 The Starting Point: Build the skills and behaviors of dialogue through an Alliance

Building trust depends on working together within a reliable framework, a clear set of "rules of the game", a code of civility. Beyond that, Pike County needs a forum, a place where county-wide issues can be discussed and action plans can be formulated.

FIGURE 11. Pike County's leadership can move forward on a county-wide agenda by using this checklist. All of these elements lead to successful initiatives.



With each issue, the leadership can manage a process of consultation and building consensus. You can think of this process beginning with collecting ideas and suggestions, then moving toward defining action plans and setting priorities.

7.0 The Next Step: Establish the Pike County Alliance

Pike County needs a place where civic leaders can come together, talk, decide and act. Through a new Pike County Alliance, the leadership can learn from each other, build new collaborations, and, most important, build trust.

Building this Alliance is not a trivial matter. Kentucky is now competing in a new type of global economy, an economy that values networks, collaborations, and innovation. To compete successfully in this new environment, Kentucky's counties must work together in new and different ways. Within each county, prosperity will depend on the leadership's ability to work together. The leaders in each county must also begin thinking regionally. No county, standing alone, has all the resources it needs to compete effectively in this new global economy.

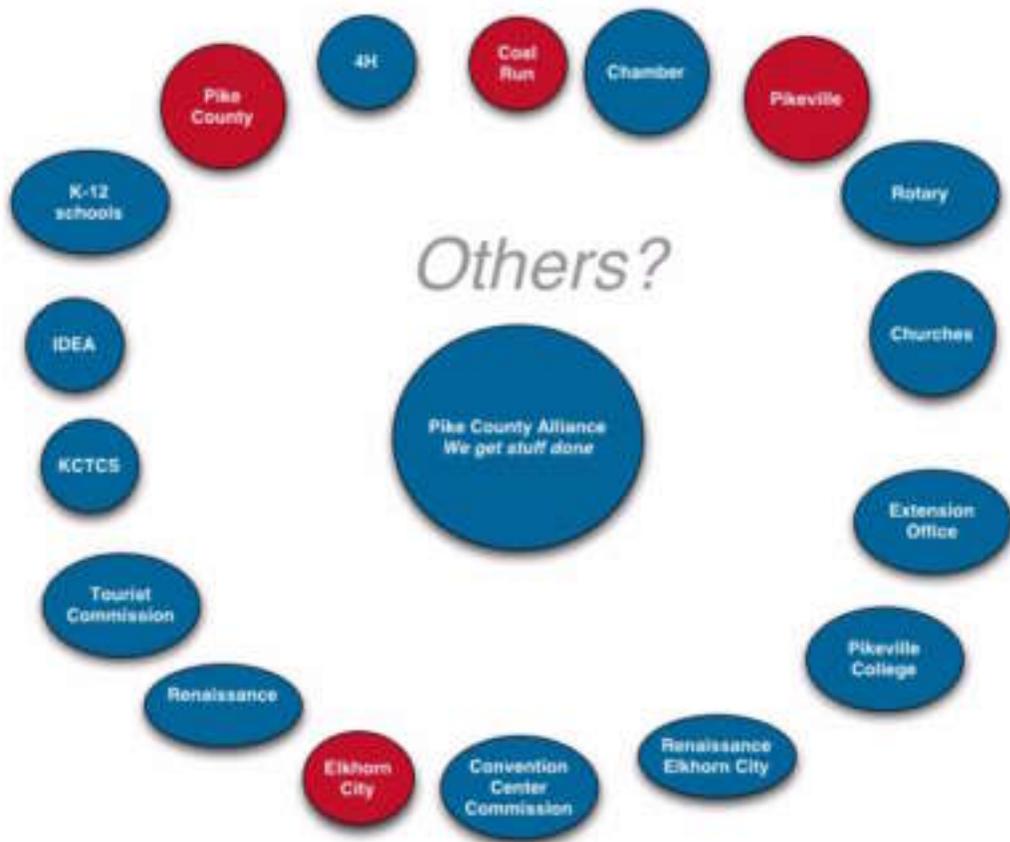
The Pike County Alliance can operate informally at first. The Alliance should start by adopting a set of ground rules, a code of civility. As a next step, the Alliance can create an inventory of programs and services being offered in the county. Finally, the Alliance can formulate a county-wide Action Plan to tackle the challenges ahead.

The Alliance can meet monthly at first. Working Teams within the Alliance can meet more frequently to accomplish specific tasks. The “watch word” of the Alliance should be “Action”. The purpose of the Alliance is to translate ideas into action.

Participation in the Alliance is voluntary. No one person, no one elected official, no one organization is essential to its operation. The Alliance must start where it can start. The goal is to take action quickly.

FIGURE 12.

The Alliance can serve as a catalyst for developing new connections within Pike County and creating new synergies



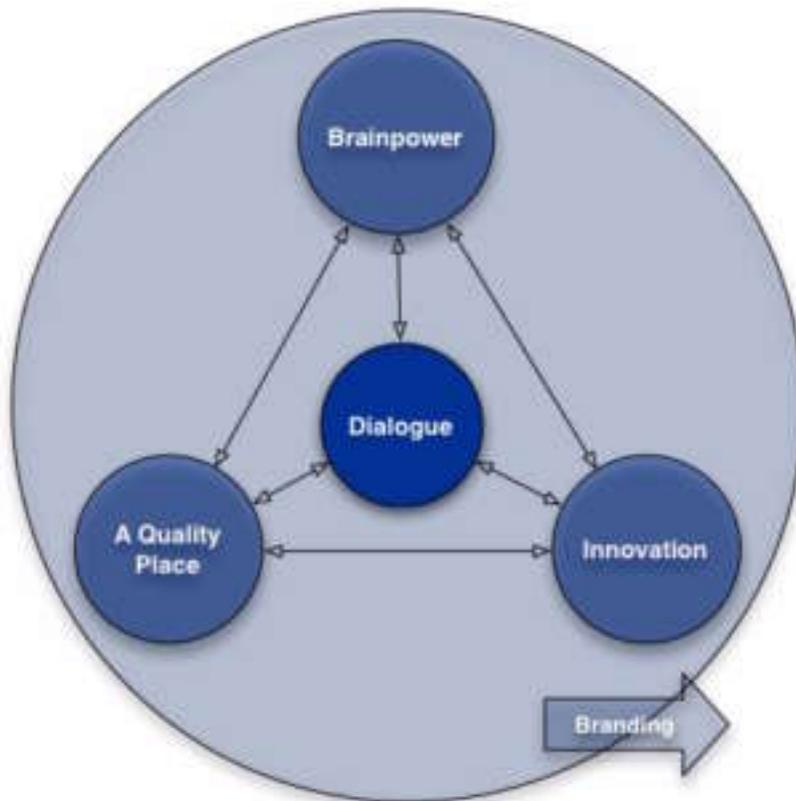
8.0 Use the Alliance to organize your activities into a strategy with this simple framework

But what to discuss? How should Pike County’s leadership organize a county-wide agenda with a simple strategy framework? To compete in today’s economy, competitive communities must have a strategy with five components:

- Reinforcing leadership and citizen behaviors to support dialogue;

- Building brainpower with pre-K through 20;
- Creating innovation and entrepreneurship networks;
- Building quality places for tourists and residents; and
- Developing a strong brand for Pike County.

FIGURE 13. The five components of strategy for building a competitive economy



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9.0 Keep your short term focus with an Action Plan and SMART GOALS

Strategy involves combining long term vision with short term focus. In order to maintain focus, successful communities set SMART goals. These are goals that are:

- Simple;
- Measurable;
- Aggressive, but achievable;

Keep your short term focus with an Action Plan and SMART GOALS

- Relevant; and
- Time-sensitive.

To start, the Assessment Team has established an action plan to help guide the county's leadership. This Action Plan is only set of preliminary suggestions.

TABLE 1. A Starting Action Plan for Pike County: Use this plan as a starting point and adapt it as you go along

Strategy	SMART Goal	Activity (partial list)	Partners	Milestones
Build dialogue	Establish the Pike County Alliance by July 1, 2003	Organize a working group to spearhead the Alliance Develop a work plan for the initial meeting	Chamber, IDEA, Pike County, Pikeville, Coal Run, Elkhorn City, Tourism Commission, Pikeville College, Convention Center, others	Initial organization meeting by June 15
Quality place	Define a development plan for Convention Center hotel, restaurants, and other support by Sept. 1	Organize a working group to coordinate the difficult challenges involved in promoting additional hotel and restaurant development for the Convention Center Take field trips to learn how to prepare for the Convention Center	Convention Center, Tourism Commission, IDEA, Chamber, elected officials, others	Complete field trips by August 1 Complete development plan by October 1
Quality Place	Develop a plan to coordinate development between Pikeville and Coal Run by Sept. 1	Gather facts about infrastructure investment, tax rates Begin discussions to define the scope of the development challenges and options for addressing them	Pike County, Pikeville, Coal Run, Chamber	
Quality Place	Develop plan to increase volume of housing up to \$150K by Sept. 1	Establish housing working group to develop plans in cooperation with experts from KY Housing Corporation	Chamber, Pike County, Pikeville, others	Develop policy options paper for expanding housing
Quality Place		Add activities related to improving downtowns through Renaissance		
Innovation	Launch an entrepreneurship plan by Sept. 1	Establish an entrepreneurship working team to launch entrepreneurship initiatives	SBDC, Chamber, Pikeville College	Define initial entrepreneurship plan by Step 1

Examples of what needs to be done

TABLE 1.

A Starting Action Plan for Pike County: Use this plan as a starting point and adapt it as you go along

Strategy	SMART Goal	Activity (partial list)	Partners	Milestones
		<ul style="list-style-type: none"> Compile list of entrepreneurship options to consider Research entrepreneurship training in high school 		
		<ul style="list-style-type: none"> Research development of an incubator connected with Pikeville College 		
Brain-power	Add activities that, for example, improve career pathways, reduce drop-outs, or add entrepreneurial education			
Branding (Developing a strong brand for Pike County)	Establish a county branding working team	<ul style="list-style-type: none"> Research what other communities are doing to brand themselves Develop 3 key messages to define the County Develop a graphic identity Build a branding toolkit 	Chamber, Methodist Hospital, IDEA, Tourist Commission, Convention Center, Pike County, Pikeville, Coal Run, Elkhorn City	Create branding toolkit for the county

10.0 Examples of what needs to be done

10.1 Building the foundations for tourism growth

10.1.1 Getting the history right

County residents are proud of their history, and they want it portrayed accurately. In particular, a number of stories swirl around the Hatfield-McCoy feud. The county has a lot of historic sites, and these can be effectively marketed, once they are in presentable condition. It is vital to fully research this history and accurately document it.

To accomplish this goal, the Assessment Team recommends that the county hire a non-biased, independent firm to assemble this history.

10.1.2 Building a visitor base

The scenic character of the county, Breaks Interstate Park, Fishtrap Lake all combine to create a magnet for visitors interested in an outdoor experience. While Pike County lacks the infrastructure to hold visitors for overnight stays, the county should start with

day visitors. The growth of day visitors will encourage the private developers to build hotels.

In developing its tourism business, the county should think regionally. No one county can provide all the amenities that interest tourists. Keep in mind, travelers typically neither know or care when they cross county lines.

10.1.3 Preparing for the Convention Center

In addition to encouraging private development, the county should focus on hospitality training. The Assessment Team cannot stress enough the importance of this training.

10.2 Planning infrastructure investments to keep taxes low for everybody

Pike County is experiencing its own version of sprawl, and the long term consequences can be very serious. balancing the between Pikeville and Coal Run carries serious consequences for the long term tax burden of residents in Pikeville, Coal Run and the county. The county should arrange for an independent assessment of the long term pattern of growth and determine the most cost efficient way to support this growth with appropriate infrastructure.

10.3 Connecting education, businesses, and entrepreneurs to build new businesses

The future prosperity in the county depends, in large part, on shifting the prevailing mindset toward business and employment. The county should encourage entrepreneurs in new and different ways. This challenge will require building new connections among students, existing businesses, schools, bankers, lawyers, accountants, and aspiring entrepreneurs. The best way to approach this challenge is to learn what other counties are doing and “borrow” their approaches.

10.4 Building creative businesses

Pike County could build a new economic base in creative industries by combining “old” and “new”. The Internet opens new opportunities to connect creative businesses to distance markets. (See, for example, The Custard Factory at www.custardfactory.com) Creative digital media is an emerging growth market, and Pike County has both the educational assets and the rich cultural “content” to build these businesses.

11.0 Options for the future

We envision a number of different, positive development scenarios for Pike County. These include:

- The development of a high quality mixed use business park that provides residential and commercial spaces geared for professional firms.
- Business incubators, business plan competitions, and a venture capital “angel” network tied to the county’s post-secondary schools.
- The development of creative digital media center tied to cultural business and multi-media development.

Next Steps

- An aggressive tourism and convention business development program that also promotes the area for corporate training and retreats.
- The expansion of the county as a regional medical center.

12.0 Next Steps

1. Develop a plan to distribute this report among your leadership group.
2. Create a working group to establish the Alliance.
3. Conduct a leadership retreat with a trained facilitator.(Contact KIDC for some names)
4. Adopt a “set of rules” or code of civility and an initial action plan, using this report as a guide.

At any time, you can call KIDC or the Cabinet for additional guidance or resources.

13.0 Our follow-up visit

We schedule a follow-up visit within one year of the initial Assessment. We will return sooner, if you get stuck, or your efforts are heading toward an impasse. Call Marcie Puckett at KIDC for any additional help.

14.0 Appendix: Pike County Strengths-Challenges-Opportunities-Threats

During the course of our visit, we listed various factors that can shape the future of Pike County. We organized them into four categories:

- Strengths: factors over which the leadership has some control
- Challenges: negative factors over which the leadership has some control
- Opportunities: Areas in which the leadership can build future prosperity
- Threats: Forces which could undercut future prosperity

14.1 Strengths

A. Strong connection to place

B. Hospital

C. Pikeville College

D. School of medicine

E. Projects underway include Convention Center, roads, Renaissance Pikeville, parking garage

- F. Commitment to school excellence
- G. US23 completion will increase visitors from 10K to 30K by 2010
- H. Responsive post-secondary system
- I. Banking center
- J. Legal Center
- K. Creative people: theater group, school of performing arts, mountain music, painting
- L. Emerging retail center
- M. Diversity
- N. New leadership is a breath of fresh air. Converting ideas to action
- P. Natural resources and beauty
- Q. Diverse small business community
- R. Skilled people
- S. Location: Center of a population triangle between Lexington, Huntington, Johnson City
- T. Medical Center, open heart surgery

14.2 Challenges

- A. A lot of micro visions but no larger vision
- B. Risk aversion to dealing with small businesses
- C. Lack of trust...connected to mineral rights and family-based networks
- D. Lack of trust within the community
- E. Charitable giving is relatively high, but no large foundations
- F. Limited zoning
- G. Commitment to family but what is the community? Need to change our perceptions of each other
- H. No venture capital
- I. Negative attitudes

J. Leadership sometimes does not support the medical center

K. Media stereotypes, advertising from away, although this is changing

L. Prevailing story: prepare to leave

M. Community confidence problem: economic cycles

14.3 Opportunities

A. Continued development as a health center

B. Business development tied to educational base

C. Development of cultural assets

D. Airport development options

E. Information connections enable businesses to compete globally from Pike County

14.4 Threats

A. Aging population

B. Caught in an industrial transformation

C. Dramatic school enrollment declines