

# Development Opportunity Profile

## Jackson County, Arkansas



*Getting Started Tool*  
*February 2016 edition*

## 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 example profile was prepared for Jackson County, Arkansas, by the Center, for our partner, Communities Unlimited ([www.communitiesu.org](http://www.communitiesu.org)). Other **Getting Started Tools** include our **Philanthropic Opportunity Profile** and our **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 region. 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/ViOiRY>

**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 regions. 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 region.**

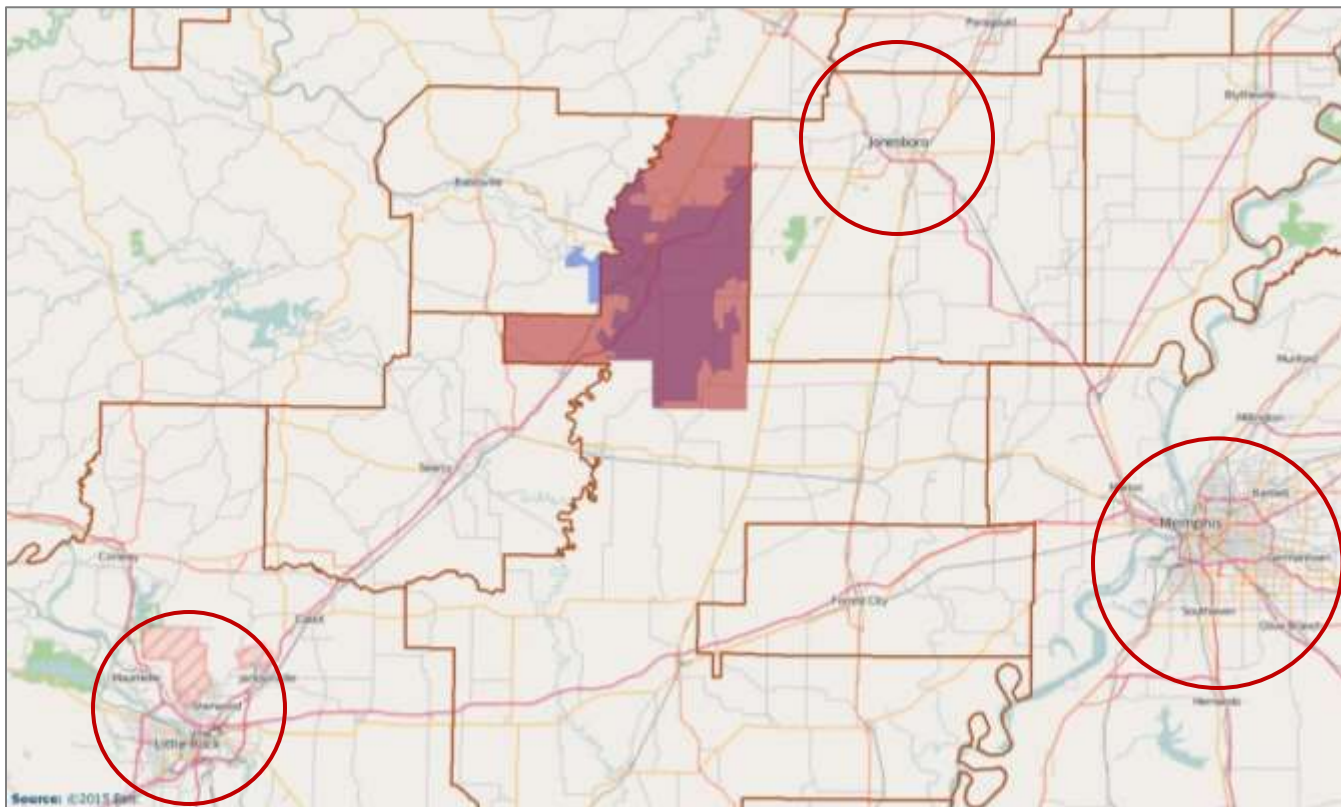
## Understanding the Economy – Historical Overview

### Regional Context

Every region has a unique location offering both opportunities and challenges. Even in our globally interconnected world, location still matters. Early in America's history, a region'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.

For this Profile, we use the county to reflect the opportunities for both the city of Newport and Jackson County, Arkansas. In 2010, the population of Newport was 7,879, according to the Census Bureau, while its ZIP Code (72112) had 12,365 residents and the county's population was 17,997. Newport and Jackson County are rural. However, the county is within driving distance of three major urban areas including Little Rock, Memphis and Jonesboro. This rural location and high quality of life, coupled with significant natural resource amenities (including the Cache River National Wildlife Refuge), position the county for development. Rural locations with access to urban amenities and market opportunities have a more diverse set of development options than more remote rural places. The map below shows Jackson County relative to the broader region and highlights (darker color) the Newport ZIP Code.

**Figure 1. Jackson County, Arkansas and the Region**





## Population Trends

The region experienced non-Native American settlement beginning in the 1830s and Jackson County population peaked in the 1930s at 27,943. Since then, the county has experienced slow and consistent depopulation, declining to 17,997 in 2010 – a net population decline of nearly 10,000 residents (43%) since the 1930 peak. Since 1970, population loss has stabilized somewhat (see Figure 2 below).

### Jackson County, Arkansas Quick Demographic Profile

2010 Population – 17,997  
 Median Age – 40.6 Years  
 Households – 6,724  
 Average Household Size – 2.38

2015 Projection – 18,132  
 2020 Projection – 18,266

Projected 2015-2020  
 Growth Rate = 0.15% per year

Figure 2. Population Trends, Jackson County, AR

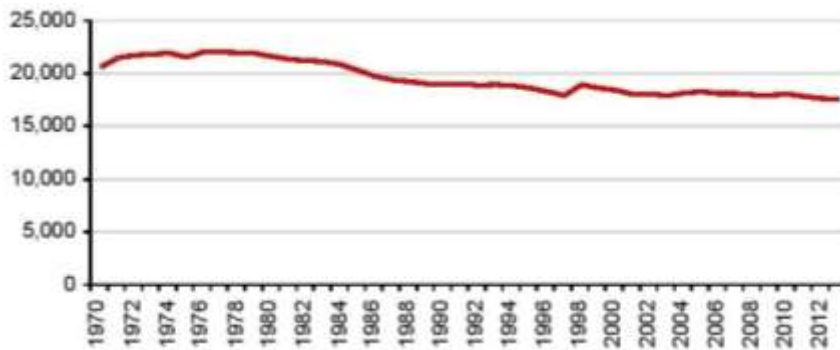
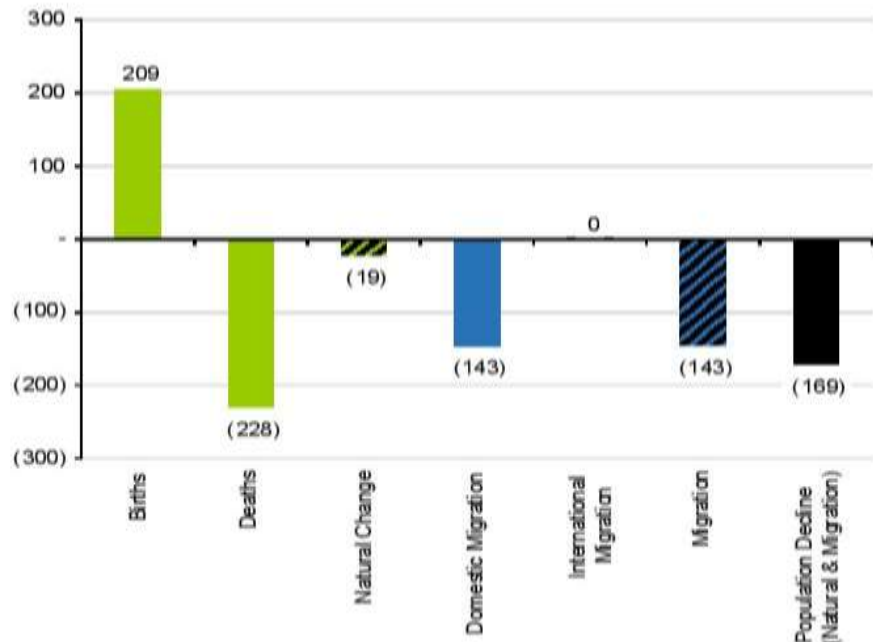


Figure 3. Population Change, Jackson County, AR 2000-2014

Figure 3 shows average annual change in population, including natural change (births and deaths) and migration (in-migration and out-migration), for 2000 through 2014. Natural population change (births minus deaths) is now negative and domestic migration continues to be negative. 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.



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

Overall, employment has dropped from nearly 10,000 in the 1970s to 8,000 today (Figure 4). Jackson County did relatively well in sustaining its employment base during the most recent two recessions (see Table 1 below). While there was no meaningful net job growth during these two downturns,

the county avoided major losses that created distress in other rural communities. Unemployment in the county has dropped from 13.5% in January 2011 to the 8% range in 2015. This rate is higher than the national average and suggests a need for increased economic activity and job growth. 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, Jackson County, AR

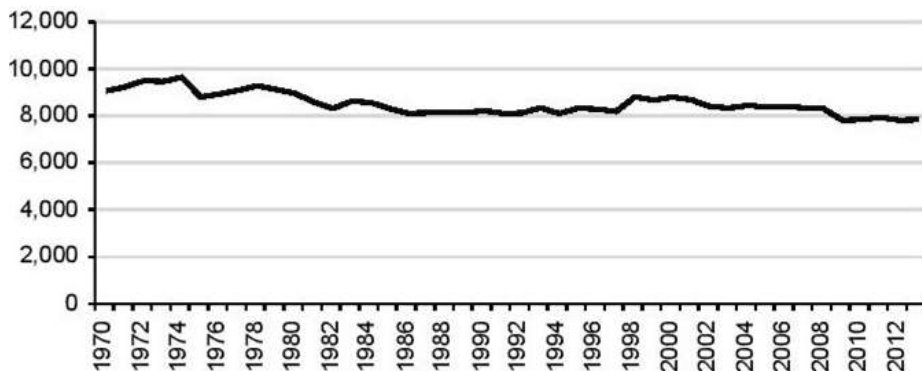
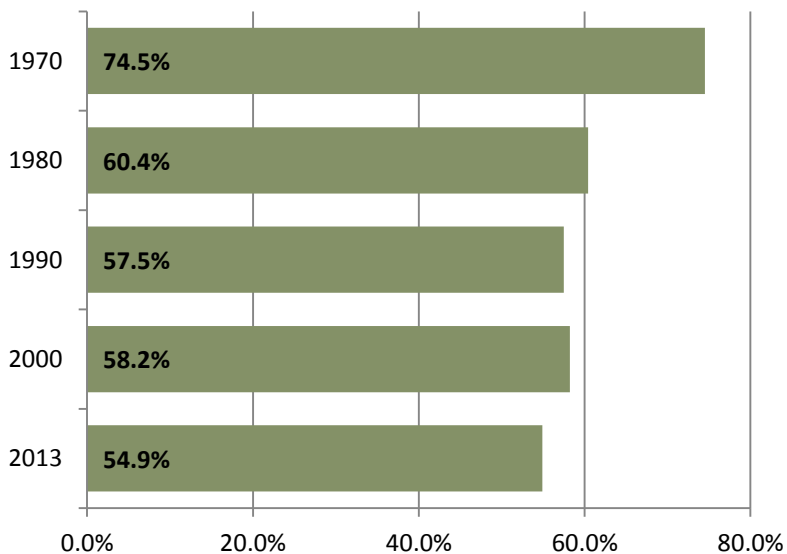


Table 1. Net Job Growth During Recession Periods

2001 Recession		Great Recession	
Recession (Mar-Nov 2001)	0.0%	Recession (Dec 2007-June 2009)	-0.2%
Recovery (Dec 2001-Nov 2007)	0.1%	Recovery (July 2009-Present)	-0.3%

“Labor earnings to total personal income” is a good proxy for how dynamic or robust an economy is. Labor earnings reflect income flowing to households from employment; non-labor earnings are derived from transfer payments, retirement income, etc. Figure 5 shows that labor earnings from 1970 to 2013 were less important to the overall economy, a reflection of an aging society and a changing economy. At nearly 55%, continued erosion of labor earnings would be a red flag going forward. The last three decades indicate some stabilization in the level of labor (active) to non-labor (passive) personal income. This suggests that structural adjustments in the economy have stabilized at least for now.

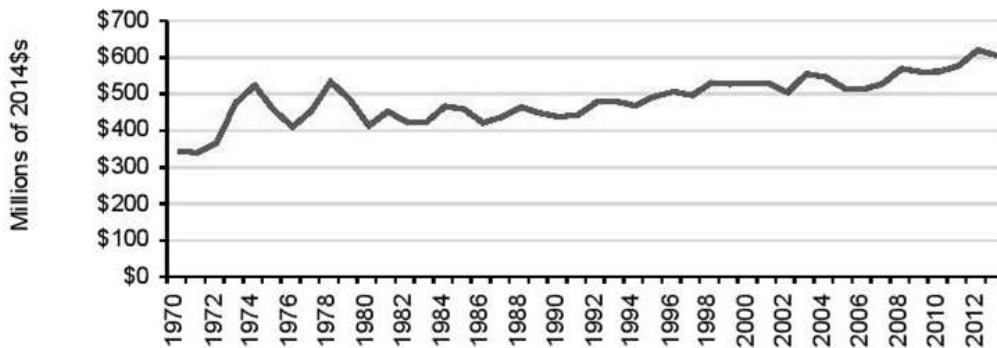
Figure 5. Labor Earnings



### Personal Income Trends

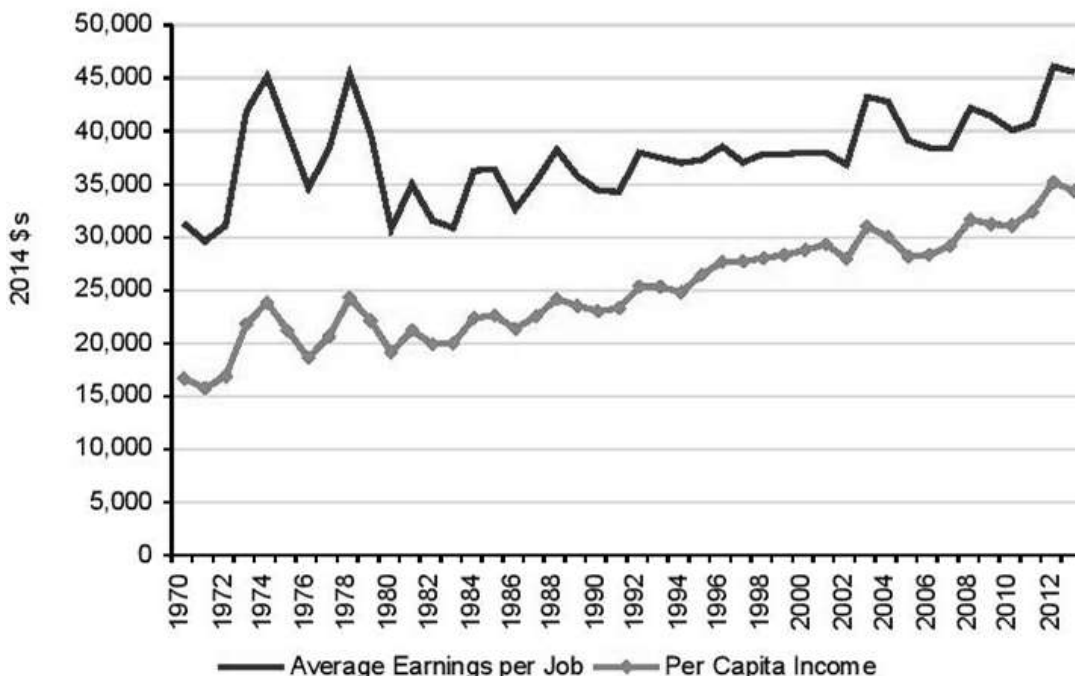
Personal income, measured in real or inflation-adjusted dollars, has increased throughout the 1970-2013 period (Figure 6). Growth has been more moderate in recent years, consistent with declining population and stable to declining employment. However, record farm incomes have buoyed personal income over the last decade, mitigating losses in non-agricultural sectors during the Great Recession.

**Figure 6. Personal Income Trends, Jackson County, AR**



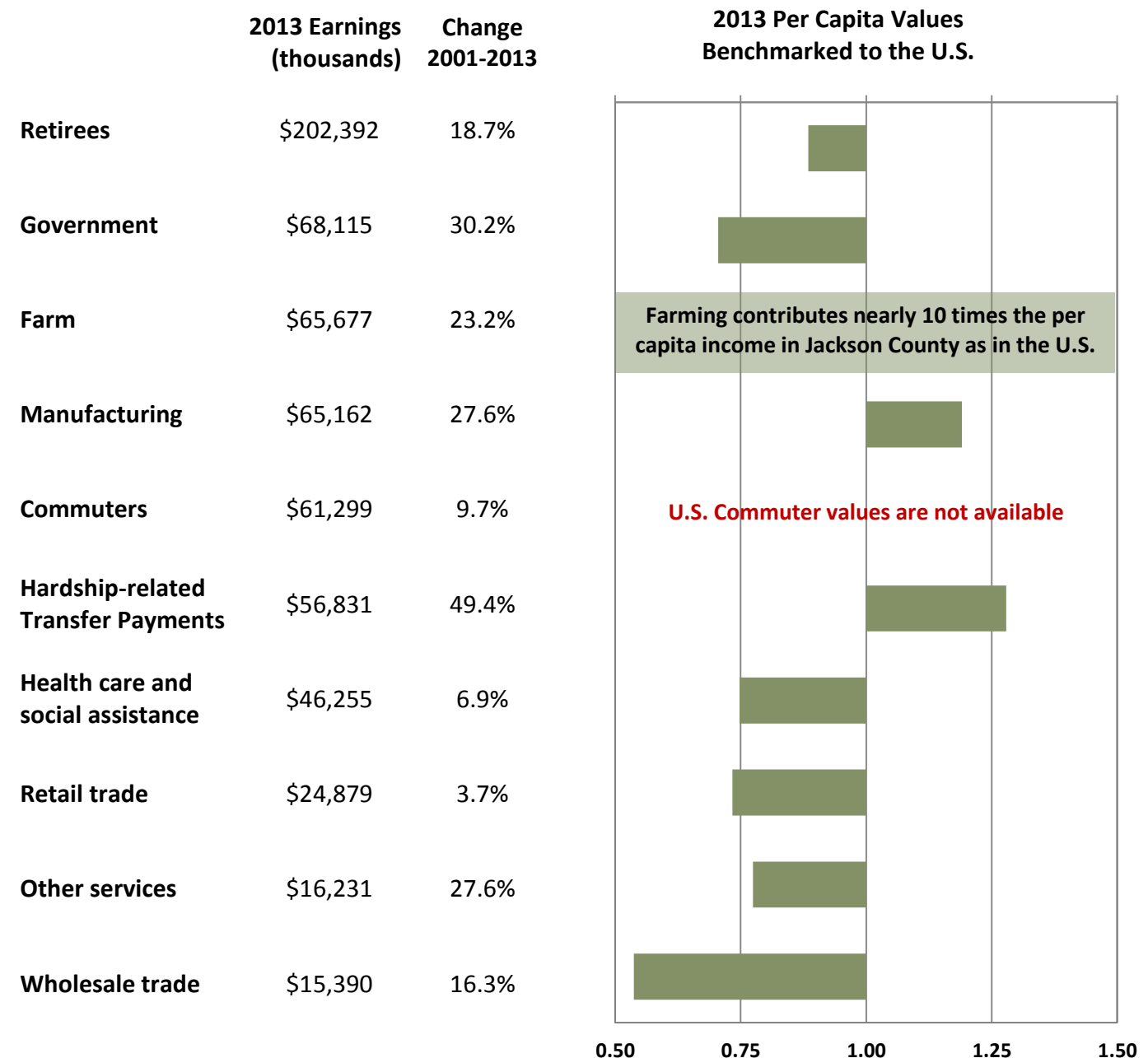
A hopeful trend for the region is that after several decades of decline, real earnings per job are trending upward. Average earnings per job jumped recently from \$37,990 in 2000 to \$45,586 in 2013 (Figure 7). One explanation for this increase is the strength of net farm income and related businesses. As a community, you may want to consider additional explanations for this result. Per capita income and average earnings per job for the region follow similar trends.

**Figure 7. Average Earnings per Job & Per Capita Income, Jackson County, AR**



## 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** are the number one economic driver in Jackson County, generating more income than government, farming and manufacturing combined. The number of retirees grew by nearly 19% from 2001 to 2013. Meeting the needs of the retiring Baby Boom generation represents a significant development opportunity. Retirees can



help stabilize the economy as retirement income and spending are more stable than agriculture, energy and even manufacturing. This stabilizing effect can help moderate economic downturns in the region.

**Government** (federal, state, local including public education) is the second largest economic driver in terms of personal income. Compared to the U.S., Jackson County is less dependent upon government. However, from 2001 to 2013, government-related income increased by over 30%. Like retirees, government activities tend to be a stabilizing force in the economy.

**Agriculture** was the third largest generator of income in Jackson County in 2013. Net farm income, estimated at \$60 million in 2012, was up due to a sustained period of higher commodity prices (moderating now). Figure 8 shows number of farm proprietors and income from 1969 through 2013, illustrating continued farm consolidation. The spending effect of this sector creates positive economic ripples in the region.

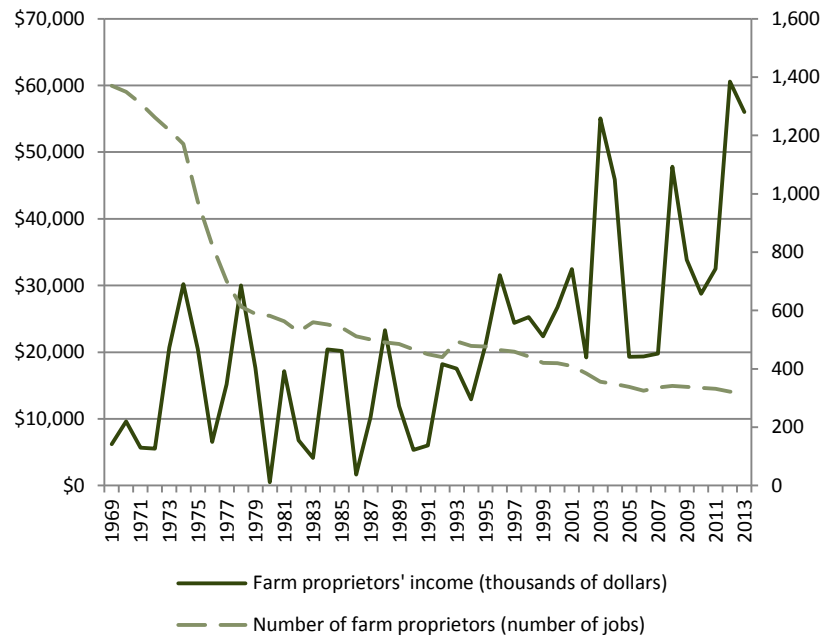
**Manufacturing** was the fourth largest economic driver in the region. Compared to the U.S., manufacturing is relatively strong, with income up by nearly 28% from 2000 to 2013. In 2013, manufacturing accounted for 12% of county employment (up 5.1% from 2000 to 2013) and 18.4% of personal income.

**Commuters** represent a significant economic driver in Jackson County. Earnings contributed by people who live in the county but work outside rank as **one of the top five economic drivers** in the county. There is also significant commuter activity by those living outside and working in the county. Commuting activity provides further evidence of the importance of the regional context for the county.

**Hardship-Related Transfer Payments** are not typically viewed as an economic driver. Transfer payments in Jackson County, including Medicaid, welfare payments and unemployment insurance, were the fifth largest source of personal income in 2013 and grew faster than any other driver. Elderly living in long-term care homes, many of whom have spent down assets and now qualify, account for a large portion of Medicaid spending.

**Health Care** nationally is an important economic driver. However, the sector is under-represented in the county, likely due to spending leakages to nearby medical centers and lack of capacity to access health care. The sector accounted for nearly 14% of county employment and 13% of income in 2013 and, with the aging population, could become a more important driver in the future.

**Figure 8. Farm Proprietors, Jackson County, AR**



## Understanding the Business/Entrepreneurial Economy

### Big Picture Overview

A central driver of regional prosperity is the business community. Figures 9-11 provide an overview of Jackson County’s business community, including for-profit, non-profit and governmental enterprises, from 1995 through 2013. Figure 9 highlights the change in total establishments over this period, showing growth from the early 2000s until the Great Recession followed by declining business numbers since 2008.

Figure 9. Establishments

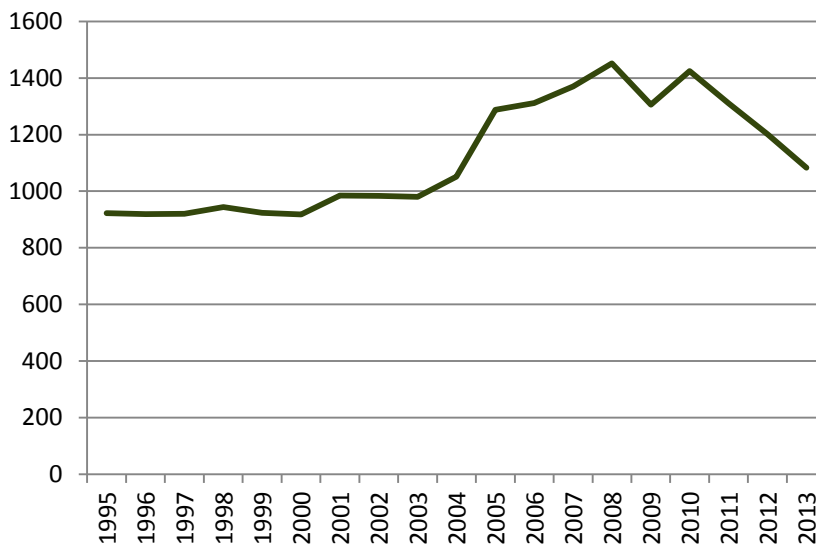
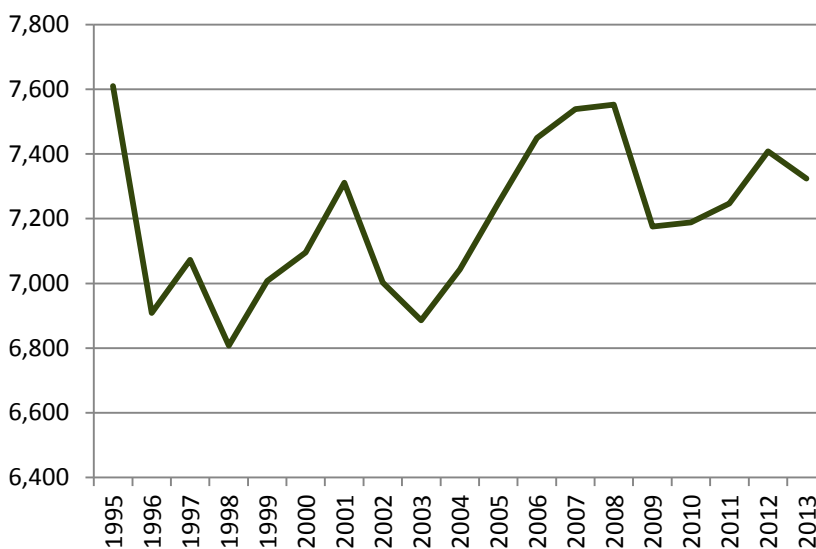


Figure 10. Jobs



**Jackson County, Arkansas 2015**

**Total Businesses**  
703

**Businesses per 1,000 Residents**  
Jackson County – 39  
Arkansas – 42  
U.S. – 77

**Total Employees**  
6,424

**Employees per 1,000 Residents**  
Jackson County – 354  
Arkansas – 489  
U.S. - 447

Figure 10 provides a comprehensive view of jobs in Jackson County. Total jobs in the county have fluctuated from a high of 7,600 (1995) to a low of 6,800 (1998). After steady growth in jobs from 2003 to 2008, there was a precipitous decline associated with the Great Recession. While there was net job growth beginning in 2010, the most recent trend line is negative. This decline may be temporary or the start of an emerging trend.

Data in Figures 9-11 is from [www.youreconomy.org](http://www.youreconomy.org). Find the source data for these figures in the electronic library.

Figure 11. Sales (millions)

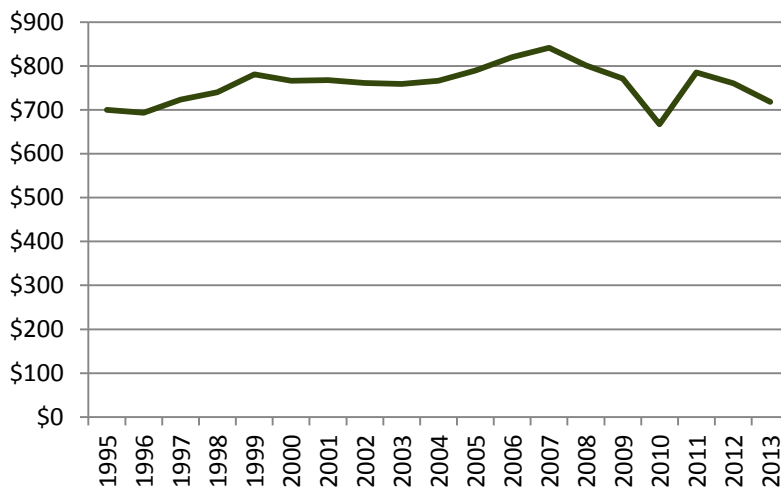


Figure 11 shows that total business sales from 1995 to 2013 for Jackson County have ranged from \$700 million to just over \$800 million. After a brief recovery following the Great Recession, sales are declining once again.

Taken together, this data presents a picture of a business community under some stress, with declining numbers of businesses and associated jobs and sales decline. These trends are worthy of deeper discussion and assessment by Jackson County leaders.

Esri ([www.esri.com](http://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 Jackson County economy in 2015 (Table 2). Economic sectors are organized into two components. A region's **traded sectors** produce products and services that are sold outside the region, bringing new income into the region. Traded sectors are also referred to as **basic industries**. Strong regional economies have strong and diverse traded sectors.

**Local sectors** are also important, enhancing the economy by capturing and re-circulating local spending to create additional economic activity. **Local sectors** (also called **non-basic industries**) help create more livable and competitive communities and regions. Local access to a wide range of goods and services such as shopping, entertainment, health care and education is essential to thriving communities and regions. Two particularly important sectors warrant additional analysis – retail trade (a **local sector**) and hospitality (a **traded sector**).

**Retail Trade** nationally has undergone major changes as once dominant locally-owned retailers are now competing with externally-owned big box stores and online sellers. A strong and diverse retail sector is important to capturing local spending and generating additional economic growth. The Jackson County retail sector is smaller relative to the national average due to its proximity to larger retail hubs. However, according to Esri, Jackson County has a positive retail trade balance. Total regional **retail demand** in 2015 was \$130 million and total **retail supply** (provided by businesses within the county) was \$171 million, resulting in a **retail surplus** of \$40 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](#). Jackson 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 Jackson County, AR, 2015

Sector	Businesses	Employees
Agriculture	16	84
Mining & Utilities	11	66
Construction	41	365
Manufacturing	23	867
Wholesale Trade	30	473
Retail Trade*	122	1,067
Transportation & Warehousing	34	145
Information	8	30
Finance & Insurance*	61	221
Real Estate	32	76
Professional Services	24	90
Management & Administrative	17	138
Education	14	640
Health Care	60	947
Arts, Entertainment & Recreation	9	61
Accommodations	4	14
Food Service	35	305
<b>Hospitality Sector**</b>	<b>48</b>	<b>380</b>
Other Services	91	289
Public Administration	61	537
Unclassified Establishments	10	9
<b>Total</b>	<b>703</b>	<b>6,424</b>

\*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 Jackson County. The county has numerous recreational and historical assets that could attract visitors, particularly associated with recreational tourism. Table 2 highlights the hospitality sector in Jackson County. Based on Esri data for 2015, there are 48 businesses associated with the hospitality sector, generating 380 jobs. 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

Jackson County, AR  
Jackson County, AR (05067)  
Geography: County

Prepared by Esri

## Summary Demographics

2015 Population	18,132
2015 Households	6,802
2015 Median Disposable Income	\$27,350
2015 Per Capita Income	\$17,414

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	\$130,386,442	\$170,633,883	-\$40,247,441	-13.4	125
Total Retail Trade	44-45	\$118,650,588	\$159,727,118	-\$41,076,530	-14.8	106
Total Food & Drink	722	\$11,735,854	\$10,906,765	\$829,089	3.7	19

Industry Group	NAICS	Demand (Retail Potential)	Supply (Retail Sales)	Retail Gap	Leakage/Surplus Factor	Number of Businesses
Motor Vehicle & Parts Dealers	441	\$25,675,623	\$63,831,088	-\$38,155,465	-42.6	24
Automobile Dealers	4411	\$22,865,713	\$62,178,023	-\$39,312,310	-46.2	19
Other Motor Vehicle Dealers	4412	\$1,477,638	\$185,389	\$1,292,249	77.7	1
Auto Parts, Accessories & Tire Stores	4413	\$1,332,272	\$1,467,676	-\$135,404	-4.8	4
Furniture & Home Furnishings Stores	442	\$2,090,515	\$1,721,536	\$368,979	9.7	4
Furniture Stores	4421	\$1,306,094	\$1,538,729	-\$232,635	-8.2	3
Home Furnishings Stores	4422	\$784,421	\$182,807	\$601,614	62.2	1
Electronics & Appliance Stores	443	\$2,486,114	\$1,800,010	\$686,104	16.0	3
Bldg Materials, Garden Equip. & Supply Stores	444	\$4,228,650	\$6,726,660	-\$2,498,010	-22.8	10
Bldg Material & Supplies Dealers	4441	\$3,335,954	\$1,689,702	\$1,646,252	32.8	7
Lawn & Garden Equip & Supply Stores	4442	\$892,696	\$5,036,958	-\$4,144,262	-69.9	3
Food & Beverage Stores	445	\$15,610,757	\$35,009,827	-\$19,399,070	-38.3	17
Grocery Stores	4451	\$13,925,786	\$25,449,432	-\$11,523,646	-29.3	10
Specialty Food Stores	4452	\$380,346	\$63,055	\$317,291	71.6	1
Beer, Wine & Liquor Stores	4453	\$1,304,625	\$9,497,340	-\$8,192,715	-75.8	6
Health & Personal Care Stores	446,4461	\$9,143,889	\$16,260,594	-\$7,116,705	-28.0	10
Gasoline Stations	447,4471	\$13,675,777	\$27,634,098	-\$13,958,321	-33.8	5
Clothing & Clothing Accessories Stores	448	\$5,015,903	\$1,453,965	\$3,561,938	55.1	4
Clothing Stores	4481	\$3,599,034	\$1,071,164	\$2,527,870	54.1	3
Shoe Stores	4482	\$727,267	\$0	\$727,267	100.0	0
Jewelry, Luggage & Leather Goods Stores	4483	\$689,602	\$382,801	\$306,801	28.6	1
Sporting Goods, Hobby, Book & Music Stores	451	\$2,240,494	\$377,618	\$1,862,876	71.2	3
Sporting Goods/Hobby/Musical Instr Stores	4511	\$1,853,584	\$315,061	\$1,538,523	70.9	2
Book, Periodical & Music Stores	4512	\$386,910	\$62,557	\$324,353	72.2	1
General Merchandise Stores	452	\$30,108,412	\$2,243,222	\$27,865,190	86.1	2
Department Stores Excluding Leased Depts.	4521	\$8,681,230	\$642,980	\$8,038,250	86.2	1
Other General Merchandise Stores	4529	\$21,427,182	\$1,600,242	\$19,826,940	86.1	1
Miscellaneous Store Retailers	453	\$4,497,458	\$2,467,476	\$2,029,982	29.1	21
Florists	4531	\$140,567	\$862,685	-\$722,118	-72.0	4
Office Supplies, Stationery & Gift Stores	4532	\$1,057,086	\$765,150	\$291,936	16.0	6
Used Merchandise Stores	4533	\$821,909	\$64,220	\$757,689	85.5	1
Other Miscellaneous Store Retailers	4539	\$2,477,896	\$775,421	\$1,702,475	52.3	10
Nonstore Retailers	454	\$3,876,996	\$201,024	\$3,675,972	90.1	3
Electronic Shopping & Mail-Order Houses	4541	\$2,410,261	\$0	\$2,410,261	100.0	0
Vending Machine Operators	4542	\$217,747	\$116,588	\$101,159	30.3	1
Direct Selling Establishments	4543	\$1,248,988	\$84,436	\$1,164,552	87.3	2
Food Services & Drinking Places	722	\$11,735,854	\$10,906,765	\$829,089	3.7	19
Full-Service Restaurants	7221	\$3,777,557	\$187,245	\$3,590,312	90.6	2
Limited-Service Eating Places	7222	\$6,846,862	\$10,203,156	-\$3,356,294	-19.7	10
Special Food Services	7223	\$378,565	\$113,925	\$264,640	53.7	1
Drinking Places - Alcoholic Beverages	7224	\$732,870	\$402,439	\$330,431	29.1	6

**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 view the methodology statement at <http://www.esri.com/library/whitepapers/pdfs/esri-data-retail-marketplace.pdf>.

**Source:** Esri and Dun & Bradstreet. Copyright 2015 Dun & Bradstreet, Inc. All rights reserved.



## Entrepreneurial Profile

Entrepreneurs play a central role in revitalizing community and regional economies. Where you have more robust entrepreneurial activity, you typically have more competitive, dynamic and prosperous economies. This is particularly true when there are rooted entrepreneurs who are part of the overall community, contributing to the economy and actively engaging in the civic and social life of the region. Healthy economies support a range of entrepreneurial talent – a **pipeline of entrepreneurs** – from aspiring and startup to growth-oriented and breakout entrepreneurs.

**Startup Entrepreneurs** are the seeds of an entrepreneurial economy, making up the mouth of the pipeline. Successful startups create opportunities for business growth that generates employment and ultimately drives the economy. One good proxy for startup entrepreneurs is the number of **self-employed** (where the owner/operator is the only employee). Figure 12 shows self-employment trends for Jackson County from 1995 through 2013 ([www.youreconomy.org](http://www.youreconomy.org)). In 1995, self-employment was just over 200 and grew steadily (except for a dip during the initial year of the Great Recession) peaking in 2010 at nearly 600, a three-fold increase.

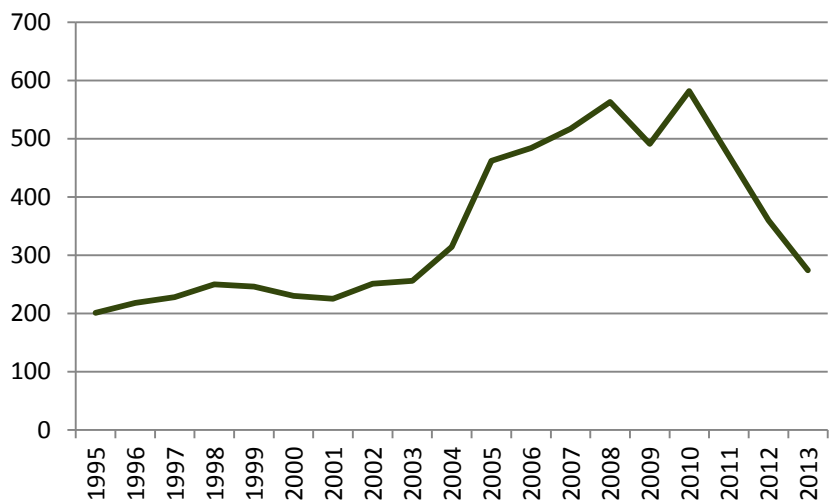
There was a particularly strong spike in self-employment in 2009-2010, what we call the “Recession Effect.” When finding a traditional wage and salary job is hard (as is the case in a severe recession), a talented and motivated person may choose self-employment as a career and/or survival strategy. As the county recovered from the Great Recession, self-employment dropped from almost 600 in 2010 to just below 300 in 2013. What happened to these startup entrepreneurs? There are three possible reasons for this almost 50%

decline. One, as wage and salary jobs became available, those who entered self-employment as a temporary solution transitioned into those jobs. Two, some of these startup ventures may have failed. Three, some of these startups ventures grew into Stage 1 (2-9 employees) or Stage 2 (10-99 employees) businesses.

Despite the recent contraction, Jackson County saw a net gain of 73 self-employed ventures, a 36% increase, from 1995 to 2013. This is a very positive indicator and county leaders should explore the following questions:

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

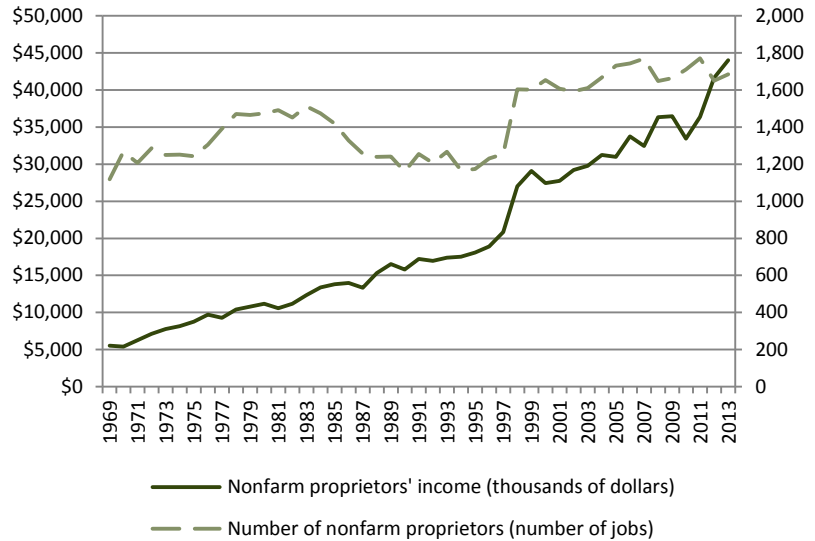
**Figure 12. Self-Employed**



**Established, Locally-Owned**

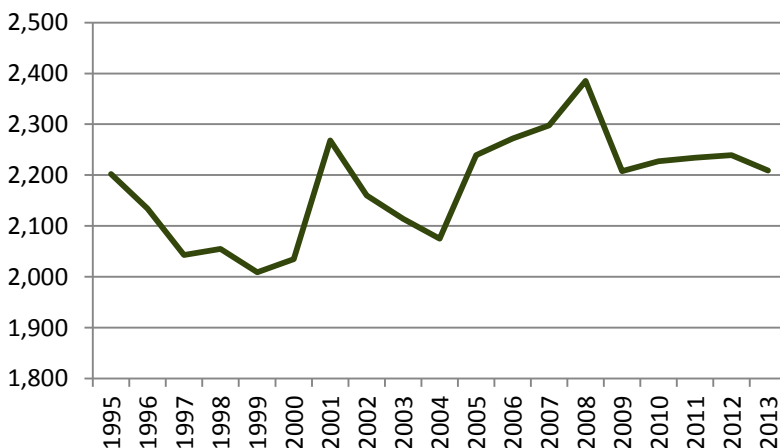
**Entrepreneurial Ventures** are important components of a community’s entrepreneurial pipeline. When family-owned, local businesses prosper, they hire more employees, pay more local taxes and are able to more actively support their communities. We use two sets of data to describe these entrepreneurs. The U.S. Bureau of Economic Analysis (Figure 13) tracks nonfarm proprietors, typically small main street type businesses that are not incorporated. Youreconomy.org (Figure 14) tracks ventures based on the number of employees, with Stage 1 businesses (2-9 employees) representing small, most likely family-owned or locally-owned businesses.

**Figure 13. Nonfarm Proprietors, Jackson County, AR**



There has been consistent long-term growth and very strong recent growth in both nonfarm proprietor employment and income – a very positive trend for Jackson County.

**Figure 14. Employment in Stage 1 (2-9 employees) Ventures**



The employment data on Stage 1 ventures (Figure 14) affirms the trends in nonfarm proprietorships for the county. Employment in Stage 1 businesses declined early in the Great Recession but appears to have stabilized from 2009 to 2013.

The trend lines for what we are describing as established, locally-owned entrepreneurial ventures are relatively strong, suggesting development opportunities for Jackson County. Leaders should consider identifying and visiting these entrepreneurs to discover their

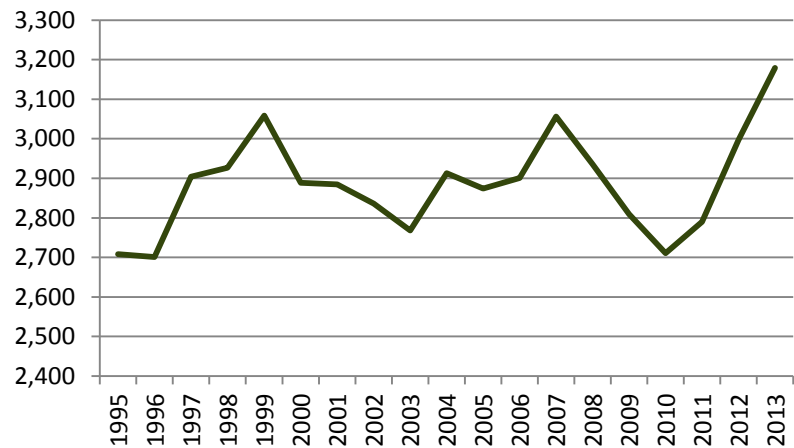
challenges and opportunities, and to determine how best to support their growth in the future. These ventures may be very important contributors to the **local sector** described earlier in this profile. And, some of them may be primed for growth, creating development impacts for the county.



**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](http://www.edwardlowe.org/tools-programs/economic-gardening)) focuses almost exclusively on these entrepreneurs. In most community and regional economies, we have found fewer growth entrepreneurs and much larger numbers of **growth-oriented entrepreneurs**. This latter group includes entrepreneurs who are actively exploring ways to grow their businesses but who may still benefit from the types of business development assistance most regions and communities can offer. Helping growth entrepreneurs often requires much higher level resources, including diverse forms of capital.

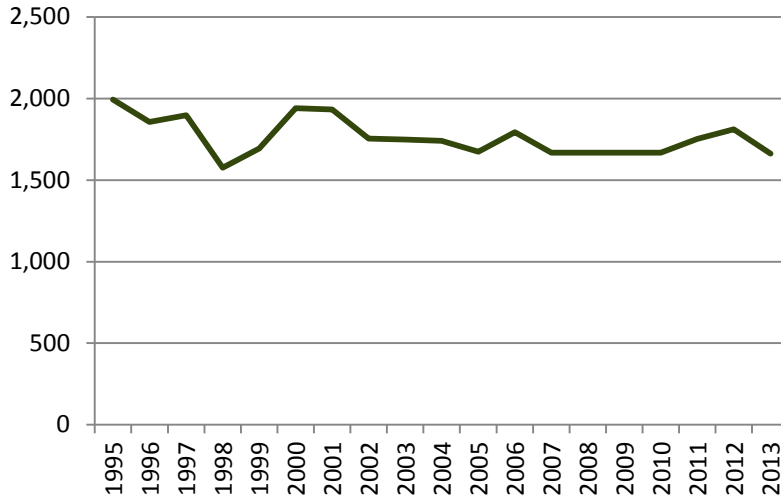
As a proxy for growth-oriented entrepreneurs, we use employment for Stage 2 ventures (10-99 employees). Figure 15 shows that following the losses associated with the Great Recession, Stage 2 ventures have seen significant growth, increasing employment from just over 2,700 to almost 3,200 – nearly 19%. This is a very promising trend for Jackson County and suggests additional development opportunities with these larger and more established ventures.

**Figure 15. Employment in Stage 2 (10-99 employees) Ventures**



**Breakout Entrepreneurs** are very important to both local and regional economies. Ideally, these entrepreneurial ventures create many jobs, stimulate economic growth and increase overall economic prosperity as new employee spending drives retail, service, construction and other sectors of the economy. In the **new economy**, many businesses are experiencing rapid sales growth but creating few jobs as they rely instead on contract employees and outsourcing strategies. As part of the entrepreneurial pipeline, communities should focus on those existing businesses that achieve breakout or rapid growth status **and** create many jobs in the process. According to Christine Hamilton-Pennell (former market research analysis with Littleton, Colorado's Economic Gardening program), the typical high growth entrepreneurial venture is one that has been around for several decades and reaches a point where there is both motivation and opportunity for high growth. It often takes an entrepreneur time to figure out how to achieve higher growth, creating opportunities for the community to provide support and resource connections. This observation also suggests that county leaders should not limit their focus to new entrepreneurial ventures. It is important to look at existing, established entrepreneurs who may be on the cusp of breakout growth.

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



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. In Jackson County, the data show a recent decline in employment for Stage 3. However, the decline is not precipitous, suggesting that there may be important opportunities to help these business teams strengthen their competitive position and their capacity to create jobs.

At the local level, it is relatively easy to identify potential breakout entrepreneurs (remember, they can be non-profits and public enterprises). At this stage, businesses are often moving out of existing space and building new office complexes or even campuses. They may be actively expanding their leadership teams or seeking new supplier relationships. County leaders should be watching for such evidence and meeting with these entrepreneurial teams to understand their plans and consider what support the community can provide.

Just as a water or natural gas pipeline is critical community infrastructure, the **entrepreneurial pipeline** is the lifeblood of a community or regional economy. A diverse set of entrepreneurial talent, across the entire pipeline, is one key to building a strong, diverse entrepreneurial economy. For Jackson 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](http://www.youreconomy.org).

The total number of establishments increased modestly between 1995 and 2001. All categories were positive (or neutral) except for the closure of a Stage 4 major employer. While this closure resulted in a net loss of jobs for the period, the net job creation for Self-Employed, Stage 1 and Stage 2 ventures served to mitigate this loss. The trends are generally positive for 2001 to 2013, with a net increase in both the number of establishments and jobs in the county. Almost all of the growth in establishments came from Self-Employed and Stage 1 ventures, while significant job creation came from Stage 2 ventures. The county did experience the loss of one Stage 3 venture, with corresponding job losses.

Jackson County has elements of the entrepreneurial pipeline in place, with more businesses in the earlier stages of venture development. 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.

**Table 3. Jackson County's Entrepreneurial Pipeline**

<b>Establishments</b>	<b>1995</b>	<b>2001</b>	<b>Change</b>	<b>2001</b>	<b>2013</b>	<b>Change</b>
Total	923	985	62	985	1,083	98
Self-Employed (1)	201	225	24	225	274	49
Stage 1 (2-9)	591	622	31	622	670	48
Stage 2 (10-99)	119	127	8	127	129	2
Stage 3 (100-499)	11	11	0	11	10	-1
Stage 4 ( 500+)	1	0	-1	0	0	0
<b>Jobs</b>	<b>1995</b>	<b>2001</b>	<b>Change</b>	<b>2001</b>	<b>2013</b>	<b>Change</b>
Total	7,610	7,311	-299	7,311	7,324	13
Self-Employed (1)	201	225	24	225	274	49
Stage 1 (2-9)	2,202	2,268	66	2,268	2,209	-59
Stage 2 (10-99)	2,708	2,885	177	2,885	3,179	294
Stage 3 (100-499)	1,993	1,933	-60	1,933	1,662	-271
Stage 4 ( 500+)	506	0	-506	0	0	0

## Using this Development Opportunity Profile

This **Development Opportunity Profile** is meant to be used as a conversation starter in your community or region. We believe that the best development decisions are made after a thorough assessment of your assets and opportunities. This Profile provides one set of information to get you started. We encourage you to share this profile with a diverse group of community stakeholders and residents. The data shared here will be enriched by conversations with a range of partners who bring new and unique perspectives on your economy and opportunities. An entrepreneur is likely to look at this information from a different perspective than a community banker or county commissioner. Yet, all of these perspectives can help you establish a better understanding of your starting point, and create the space for you to dream about what might be possible in your community going forward.

At the Center for Rural Entrepreneurship, we have studied local and regional economies throughout North America. We have deep and long-term experience helping communities understand their development opportunities and create entrepreneur-focused development strategies. Based on this experience, we offer some initial insights into potential development opportunities for Jackson County, Arkansas. We hope these insights provide the fodder for your initial community conversations.



<p><b>Retirees</b></p> <p>Retirees are the largest economic driver in Jackson County and Newport, generating one out of every three dollars of personal income. While retirees may add stability to the economy, long-term dependence on this driver, absent the encouragement of other development activity, will undermine economic vitality.</p>	<p><b>Manufacturing</b></p> <p>Manufacturing is the county’s fourth largest economic driver. Manufacturing-related personal income grew from \$50 to \$60 million (20%) from 2001 to 2012. Maintaining a strong manufacturing sector is critical to the area’s future prosperity and growth.</p>	
<p><b>Agriculture</b></p> <p>Land, particularly farm land, is one of the county’s most important assets. Farm-related personal income rose from \$53 to \$57 million (8%) from 2001 to 2012. Agriculture is a core development asset and opportunity, and maintaining its strength as commodity prices moderate will be a challenge.</p>	<p><b>Rural Life</b></p> <p>Newport offers a small town, rural lifestyle with strong historical and southern cultural attributes. Coupled with its location, this is an asset.</p>	<p><b>Location</b></p> <p>Newport has a very favorable location situated at the heart of a region with Jonesboro to the northeast, Memphis to the southeast, Little Rock to the southwest and the Ozark and Buffalo River recreation area to the northwest. Within a two-hour drive from Newport, there are over 200,000 businesses.</p>
<p><b>Retail Capture</b></p> <p>According to Esri, Newport had a net retail surplus of \$68 million in 2014 (\$83 million in retail demand and \$151 million in retail supply). Coupled with the retail surplus in Jackson County, this is a significant plus. Major activities accounting for Newport’s positive retail trade balance include motor vehicles, lawn and garden, food and beverages, health and personal care, gasoline and cafes (particularly fast food).</p>	<p><b>Entrepreneurial Energy</b></p> <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.</p>	
<p><b>Government &amp; Hardship Transfer Payments</b></p> <p>The second and fifth largest sources of personal income in 2012 were government and hardship-related transfer payments. These sources of income provide a degree of economic stimulus and stability. While the larger contribution by government is in part due to the presence of correctional facilities, the \$57 million in hardship-related transfer payments (equal to farming) is high and points to economic stress within the community. As families in the community continue to suffer, the overall economy may suffer as well.</p>	<p><b>Commuters</b></p> <p>The third largest source of personal income in 2012 was related to commuters – people living in the county but working outside. This pattern appears to be significant for Newport as well as for the county. Location relative to other employment opportunities is a key factor contributing to strong commuter behavior. Ensuring that the retail spending of these commuters stays local is a challenge for the future.</p>	

## Sources

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

- Esri ([www.esri.com](http://www.esri.com)), Assorted Esri Market Intelligence Reports, August 2015
- Edward Lowe Foundation ([www.youreconomy.org](http://www.youreconomy.org)), August 2015
- Headwaters Economics ([www.headwaterseconomics.org](http://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/ViOiRY>.

## Reading Library

Useful reading related to entrepreneur-focused economic development:

- [Overview of Economic Development](#) (Don Macke and Nancy Arnold, RTC, The University of Montana Rural Institute, 2012.)
- [Creating Entrepreneurial Communities: Building Community Capacity for Ecosystem Development](#) (Deborah M. Markley, Thomas S. Lyons and Donald W. Macke, *Community Development*, Vol. 46, No. 5, December 2015.)
- [Creating Entrepreneurial Communities in Kansas](#) (Deborah Markley and Ahmet Binerer, Center for Rural Entrepreneurship, 2014.)
- [Energizing Entrepreneurial Communities – A Pathway to Prosperity](#) (Donald Macke, Deborah Markley and John Fulwider, Center for Rural Entrepreneurship, 2014.)
- [The E Myth Revisited – Why Most Small Businesses Don’t Work and What to Do About It](#) (Michael E. Gerber, HarperCollins Books, 2001.)
- [Innovation and Entrepreneurship](#) (Peter F. Drucker, HarperCollins Books, 1985.)
- [Startup Communities](#) (Brad Feld, John Wiley & Sons, Inc., 2012.)
- [The Good Jobs Strategy](#) (Zeynep Ton, New Harvest – Houghton Mifflin Harcourt, 2014.)
- [Investing in Entrepreneurs – A Strategic Approach for Strengthening Your Regional and Community Economy](#) (Gregg A. Lichtenstein and Thomas S. Lyons, Praeger, 2010.)
- [The Illusions of Entrepreneurship](#) (Scott A. Shane, Yale University Press, 2008.)

## Other Center Resources

These additional [Empowering Research](#) tools can help you better understand your community and economy, the first step toward creating a vision and optimal prosperity plan.

### More Development Opportunity Resources

- Economic Diversity report
- Economic Cluster report
- Manufacturing sector report
- Tourism sector report
- Agriculture sector report
- Community conversation report

**Philanthropic Opportunity Profile** draws on research unique to your community to help you better understand the drivers of wealth in your community and the potential for community-based philanthropy to support your economic development dreams and plans.

### More Philanthropic Opportunity Resources

- [Donor Opportunity analysis](#)
- [Transfer of Wealth Opportunity analysis](#)
- Philanthropic Sector analysis
- Charitable Giving analysis

**Generational Diversity Profile** will help you understand generational change, some of the differences across the generations and potential impacts on community leadership, philanthropy and development.

### More Generational Diversity Resources

- [Generational Diversity analysis](#)
- Generational Scenario analysis

We can also help you share this research with key stakeholders in your community through webinars, workshops and other types of engagements.

- Consultations
- Webinars
- Toolkits
- Keynotes
- Customized workshops and training institutes
- Coaching support
- Community-based projects and initiatives

To learn more, go to the [Get Started](#) page on our [website](#).

## About the Center

**The Center for Rural Entrepreneurship's** mission is to help community leaders build a prosperous future by supporting and empowering business, social and civic entrepreneurs. With our roots and hearts in rural America, we help communities of all sizes and interests by bringing *empowering research* together with *effective community engagement* to advance *community-driven strategies* for prosperity.

Our **Solution Area Teams** – [Entrepreneurial Communities](#); [Community Development Philanthropy](#); [New Generation Partnerships](#) – empower community leaders to find their own answers to the economic development challenges and opportunities they face.

To learn more about the Center, go to [www.energizingentrepreneurs.org](http://www.energizingentrepreneurs.org).

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## Our Team



Don Macke is Co-Founder and Director of the Entrepreneurial Communities solution area. Through this work, Don helps communities and regions throughout North America grow entrepreneur-focused economic development strategies. He works with a group of strategic partners across the country to deliver customized economic development solutions.



Deborah Markley is Co-Founder and Managing Director of the Center. Deb guides the Center's measurement and research agendas, including development and implementation of tools for measuring success, practice-driven research, and evaluation of model entrepreneurship development systems and initiatives in rural places.

Ann Chaffin is Senior Associate for Marketing Communications with the Center. Ann heads the Center's Communications team and is responsible for overseeing and branding all content the Center distributes and keeping communications current and professional for each of our solution areas.



Dana Williams is Project Associate with the Center. Dana provides management assistance and operational support across the Center, including providing executive assistance to each of the Center's solution areas and has been actively engaged in product development, supporting the creation of a number of online toolkits.



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