



Development Opportunity Profile

Valley County, Nebraska



Prepared for the Nebraska E3 Project

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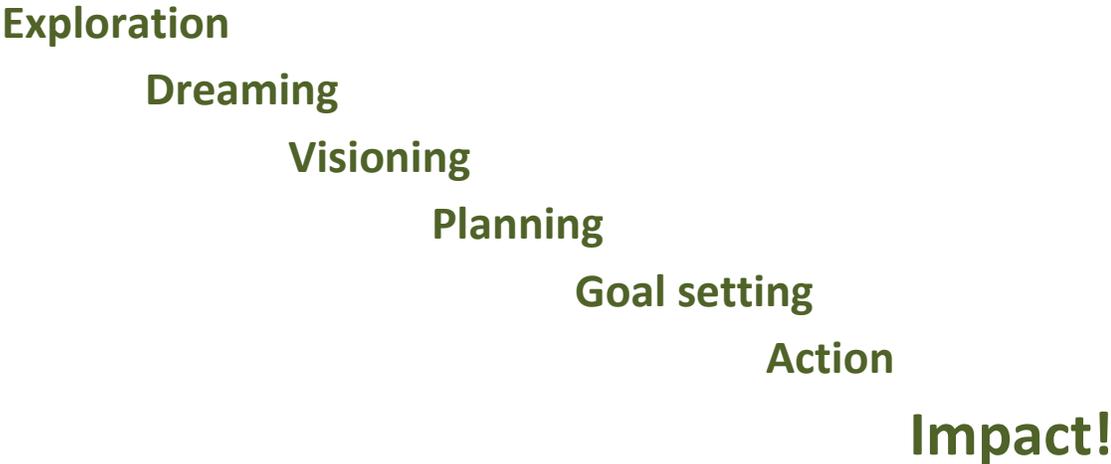


e2 Entrepreneurial Ecosystems believes in **empowering research** – making data-driven decisions about economic development to be more strategic and, ultimately, creating the kinds of economic development outcomes and long-term community or regional prosperity you desire. We work hard to build tools 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** was prepared for Valley County in Nebraska by e2 and NetWork Kansas.

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.



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 or region – how are families doing; how is the ethnic makeup of your community or region 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 county as well as some identified development challenges.

Online Library

Research collected and analysis completed in support of this profile is available through an Online Library at the following site:

[Valley County, NE](#)

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 Online 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 county.

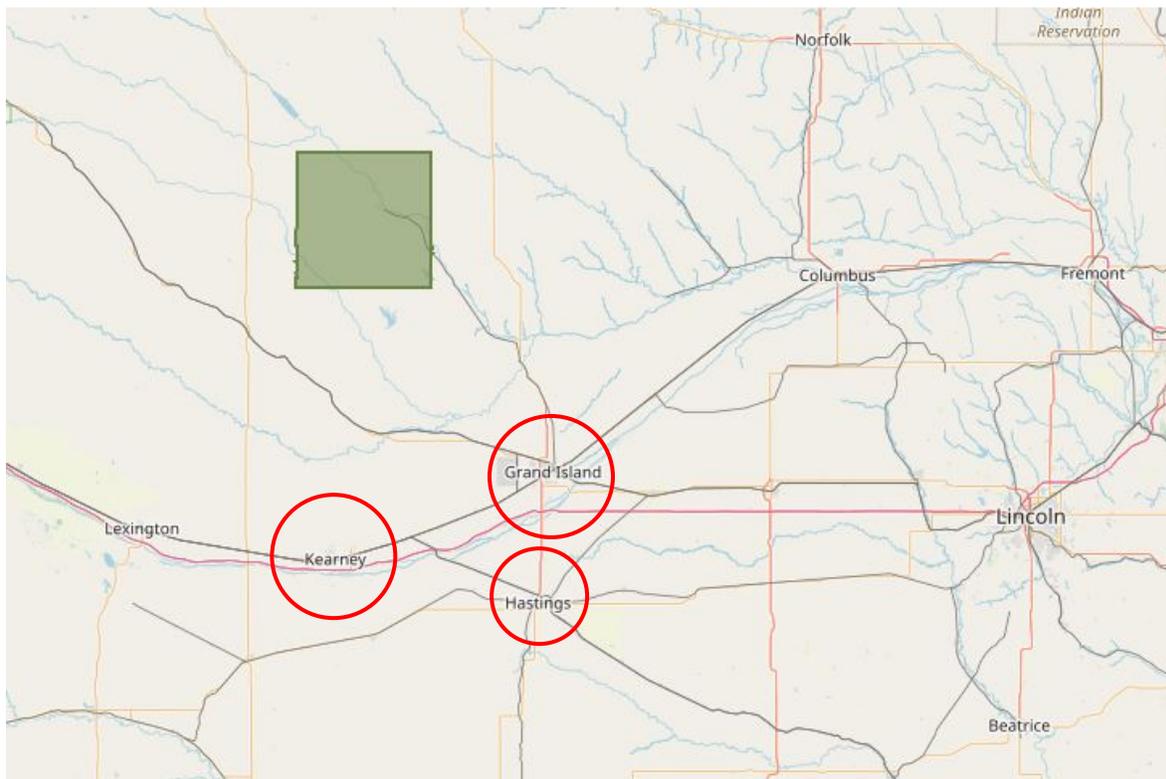
Understanding the Economy – Historical Overview

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.

Ord and Valley County are located in Central Nebraska where farming and ranching are economic drivers. Valley County is situated in the transition zone from farming to ranching near the Sandhills Region of North Central Nebraska. The landscape is defined by scenic river valleys and hill country. The Calamus Reservoir to the northeast and Sherman reservoir to the south provide natural amenities. Valley County is also home to the Fort Hartsuff State Historical Park, one of America’s only fully restored 1870 plains infantry posts. Ord is also home to Evelyn Sharp, the youngest person in the United States to earn a license to fly a plane, and a WW II veteran. The county is rural in nature with a large rural region to the north and west. Ord is about an hour from the closest regional hub (Grand Island) and about two and a half hours from Lincoln.

Figure 1. Valley County, Nebraska



Population Trends

Community and economic development should be focused on strategies that not only grow a more robust economy but create opportunities to attract and retain people. A growing population contributes to a strong workforce and supports community infrastructure including schools, health care, arts and culture, and retail activity. Failure to address population loss contributes to further economic and social contraction as a community or region’s vibrancy and capacity decline.

Valley County, NE Quick Demographic Profile

2010 Population – 4,260
 Median Age – 46.8 Years
 Households – 1,922
 Average Household Size – 2.19

2021 Projected Pop – 4,076
 2026 Projection Pop – 4,021

Projected 2021-2026
 Decline Rate = -0.27% per year

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.

Figure 2. Population Trends, 1969-2019

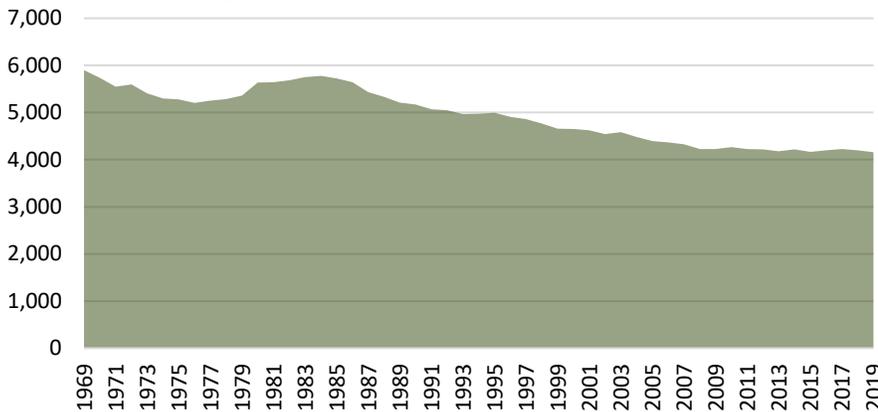


Figure 3 shows average annual change in population, including natural change (births and deaths) and migration (in-migration and out-migration), for 2000 through 2020. When natural population change moves towards zero or negative, a community will likely experience severe and chronic depopulation undermining community vitality. Migration, both domestic (within the U.S.) and international (outside of the U.S.) can strengthen or erode a community’s demographic or population health. Heavy net outmigration (more people leaving than coming in) can further stress demographic health and contribute to declining economic fortunes and quality of life. As America ages, overall birth rates are coming down. For many counties, in-migration of new residents is essential to not only sustain current population levels but to enable growth. For areas to be prosperous, rapid population growth is not necessary.

Figure 3. Average Annual Components of Population Change, 2000-2020

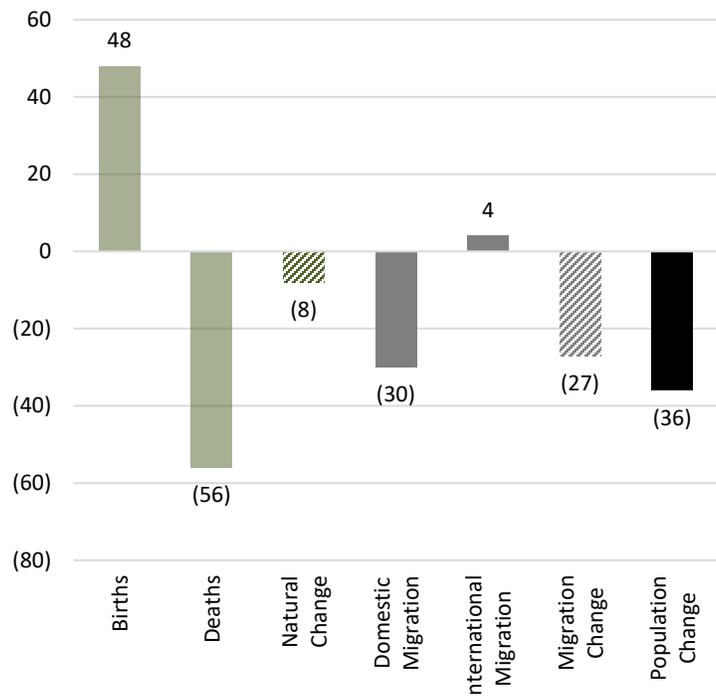


Figure 4. Percent Age Cohort Change, 1990-2000

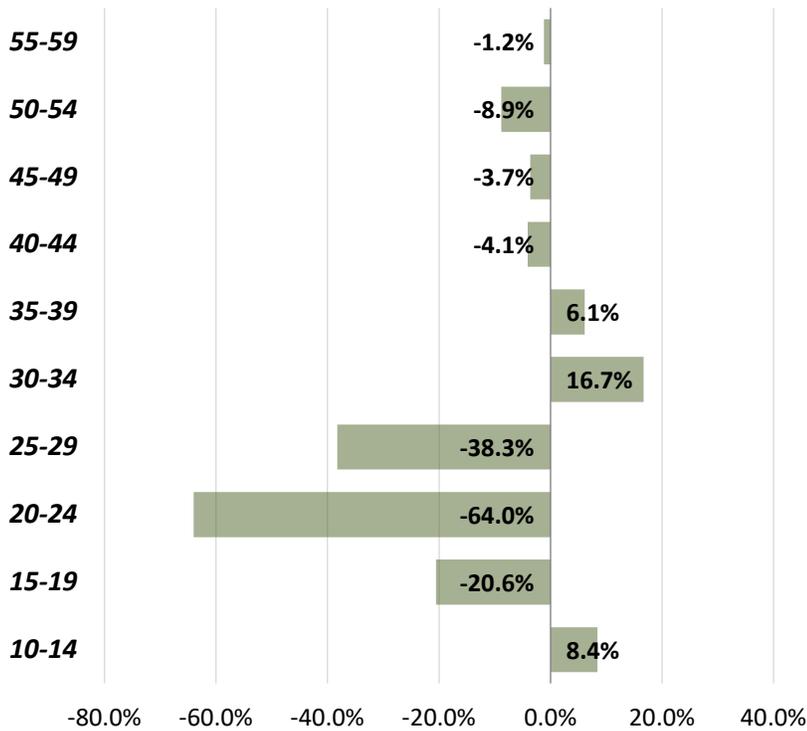
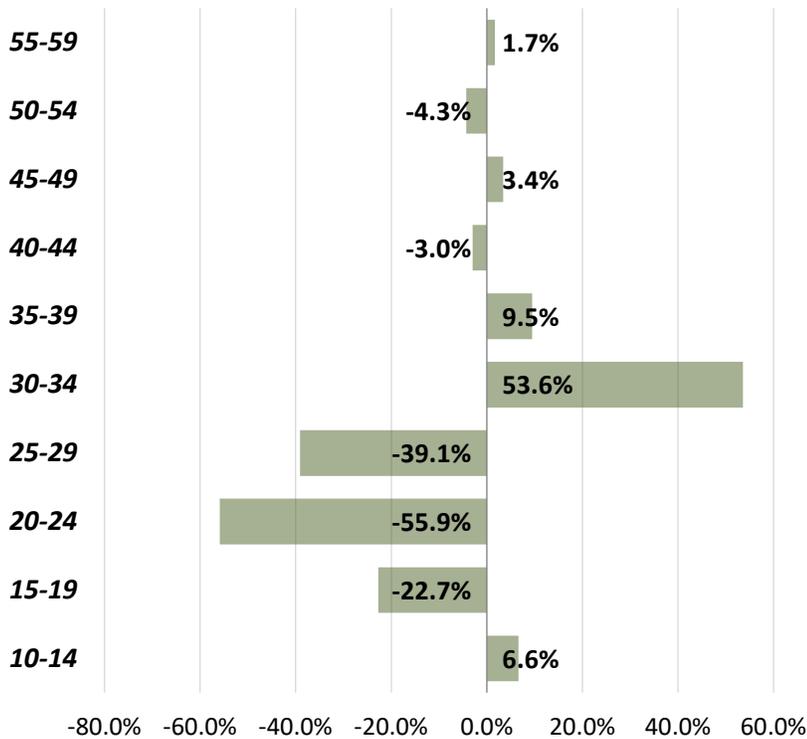


Figure 5. Percent Age Cohort Change, 2000-2010



Dr. Ben Winchester with the University of Minnesota studies population trends across America. We have been using his research increasingly over the past few years.

One way to think about a community's or regions **demographic health** is to compare changes in age cohort groups over ten year or Census periods. In much of rural America, there is a national trend where rural communities typically lose many of their 20-year-olds as they leave high school and often leave their home county to pursue higher education or work elsewhere.

What Dr. Winchester has observed is a trend of 30-year-olds returning after this away-from-home experience. This trend is potentially important to rural communities that have been losing population over time. With returning 30-year-olds, we have younger families, school-age children, a larger workforce and potential entrepreneurs.

Increasing the population of 30 year olds should be a development objective in the county. In creating a more entrepreneurial economy and society, your county can be more successful in retaining and attracting the 25 to 40 year old age groups. For this to happen more frequently, communities must create more and better economic opportunities with a range of jobs and careers through local business formation and growth.



Employment Trends

Figure 6 to the right provides the long-term historical trend for total employment in the county. Typically, if a county’s population is increasing, we will also see increasing employment. However, for rural counties, it is not uncommon to see declining population with growing employment at least for some time. In most parts

of America, workers are willing to travel long distances for jobs and careers. Workforce is often regional where people live in one community and commute to another community for work and running businesses. Eventually, if a community continues to experience population loss, its ability to sustain job growth is undermined. Later in this profile, we provide more detailed information on job trends associated with different kinds of ventures by type and size of employment.

Figure 6. Employment Trends 2001-2019

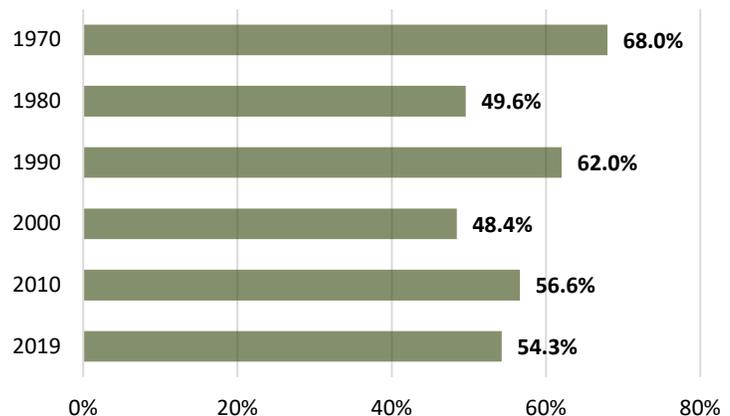


Table 1. Net Job Growth During Recession Periods

2001 Recession		Great Recession	
Recession (Mar-Nov 2001)	0.1 %	Recession (Dec 2007-June 2009)	0.3%
Recovery (Dec 2001-Nov 2007)	0.1%	Recovery (July 2009-Mar 2021)	- 0.1%

“Labor earnings to total personal income” is a good proxy for how dynamic or robust an economy is. Across the country, the share of labor earnings (active work) relative to total personal income has been dropping reflecting both an aging and stagnating economy. A healthy labor-earning rate is in the range of 60 to 70 percent. For communities with a Labor Earnings Ratio that has been consistently dropping, there should be concern about the vitality of a community’s economy. In some situations, this ratio will fluctuate due to influences of natural resource extraction and processing. In communities where farming is predominant, earnings will fluctuate from year to year impacting this ratio. The same is true for other economies where oil, timber, fisheries, and tourism are king. Understanding how these economic activities impact community health and well-being is important and a commitment to economic diversification is key to more stable and prosperous communities.

Figure 7. Labor Earnings as a Percent of Total Income 1969-2019



Personal Income Trends

Long-term personal income trends measured in real or inflation adjusted dollars (where a dollar in 2019 has the same purchasing power as a dollar in 1970) are presented for your county in Figure 8. Personal income is a critically important indicator of community well-being. Generally speaking, when personal income is rising faster than both population and employment, household and community well-being is improving.

What Figure 8 does not show is income distribution. We have additional research in your Electronic Library profiling household disposable income and net worth.

Figure 8. Personal Income Trends 2001-2019
(Millions of 2019 dollars)

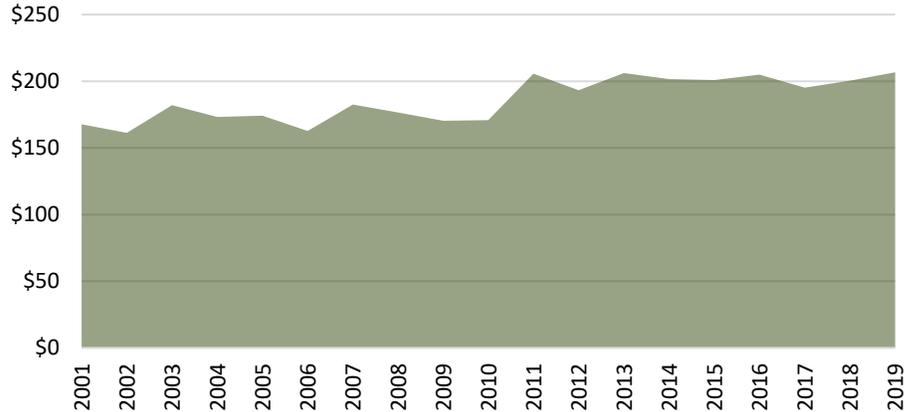
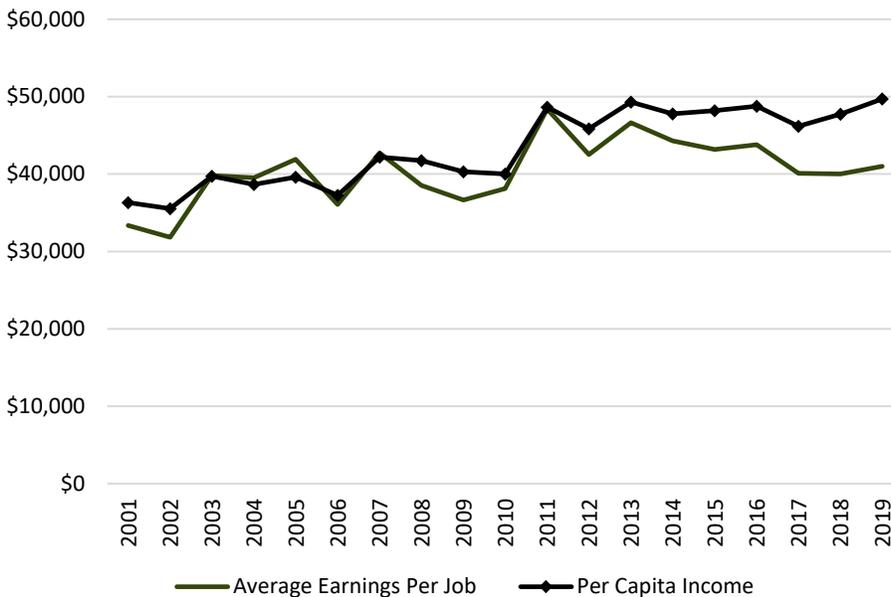


Figure 9. Average Earnings Per Job & Per Capita Income 2001-2019
(2019 dollars)



Per capita income (total personal income for the county divided by the number of permanent residents or population) is a good indicator of how well a county is doing. Per capita income in most rural communities is rising because of an aging population. Total personal income includes active earnings (wage and salary earnings) and passive earnings associated with rents, Social Security, retirement, royalties, and the like. With aging populations, active earnings may be stagnant but per capita income is rising due to growing passive earnings.

Average earnings per job gives us a better indicator of how business owners and workers are doing. When average earnings are rising, chances are good that the county is doing better. The converse is true when average earnings are contracting reflecting reduced earnings from businesses and wage stagnation or cuts for workers.

Economic Drivers

Every community, region 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 county, how each of these has done in the last decade and its relative importance benchmarked to U.S. averages.

Figure 10. Earnings Drivers

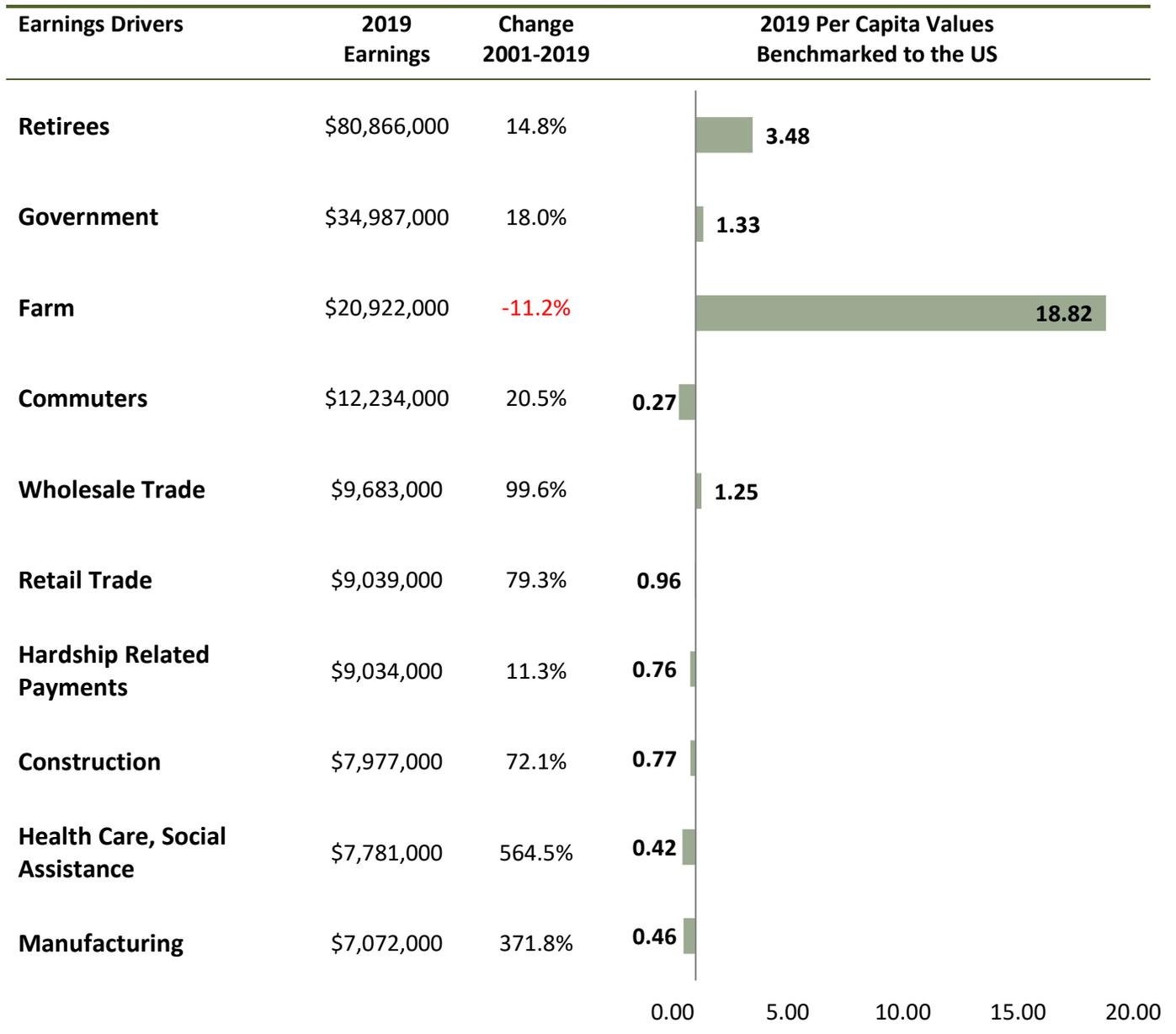
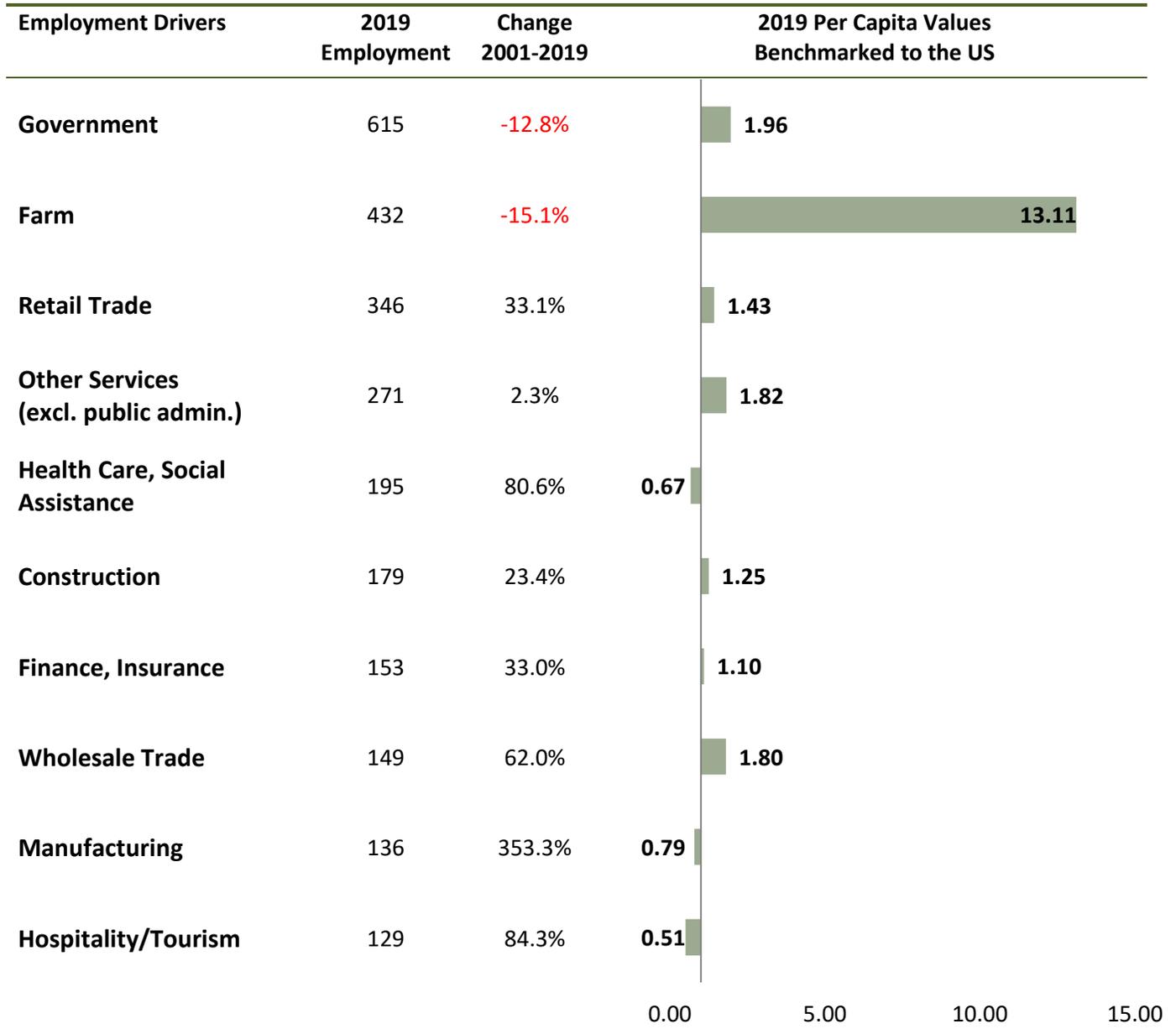


Figure 11 – Employment Drivers



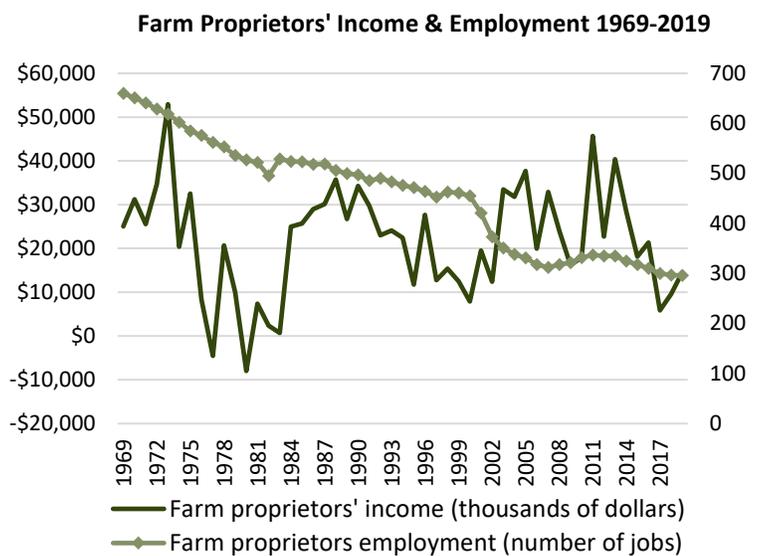
The following analysis provides additional detail on each of these “economic drivers” shaping your county’s economy and society. Additional information is available through the profile’s electronic library and from e2 Entrepreneurial Ecosystems by contacting Don Macke at don@e2mail.org.

Retirees. America is aging, and retirees are among the most important economic drivers in our communities today. Retirees are a non-traditional economic sector. We may consider manufacturing, mining and even health care as economic sectors, but retirees are increasingly important to our community’s economic well-being. Retirees generate significant spending for 55-plus housing, health care, recreation, and other activities. For some rural communities, their local hospital and clinics exist because of retirees and their Medicare insurance programs.



Government. Government includes everything from military agencies to federal, state, and local government organizations. Government also includes public education ranging from the local public K-12 school system, public community colleges, colleges, universities and educational learning centers and agencies. For some communities, all or part of their health care system is public and would be included in the government sector. Government adds stability and diversification to your community while also providing critically important services. Ensuring government stability is highly recommended. Growing, through business development, a larger tax base is an important game plan providing adequate tax revenues to support government functions while reducing the burden on both farm and residential taxpayers.

Farming. Production agriculture or farming remains one of rural America’s more important base industries. Over time, production agriculture has undergone massive industrialization and consolidation in most parts of America. Today, agriculture is bigger than ever in terms of sales but requires a fraction of the labor it once employed. Agriculture has two major trends including increasing industrialization and commercialization illustrated by mega farms and growth in niche agriculture centered on supplying food, fiber and other agricultural products more directly to consumers.



Commuters. Workers are often willing to travel significant distances for work and careers. We may choose to live in one community and work in another. For many rural communities, commuters are an important economic driver. People living in our community and working outside of it bring earnings home, generate local spending and support other economic and social activities foundational to our community’s character and well-being. See our summary Commuter data report in your electronic library.

Wholesale Trade. America has an integrated economy, and the movement of goods and resources requires a strong wholesale trade sector. Wholesale Trade includes everything from grain elevators, to farmer cooperatives, to petroleum depots, to regional supply and distribution centers. These centers collect goods that are in turn distributed to retail outlets or directly to consumers. Higher levels of wholesale trade activity are often associated with transportation and warehousing activities.

Retail Trade. Retail Trade is a bedrock and iconic economic activity in every community. Over the years, the “Norman Rockwell main street” has experienced significant change with emergence of strip commercial activities, shopping centers, franchised box stores and now electronic commerce (i.e. Amazon). Today, locally-owned retail trade is very important to community health (e.g., captures and recycles local spending and roots wealth) but challenged.



Hardship Related Payments. According to Headwaters Economics (www.headwaterseconomics.org), Hardship Related Transfer Payments include payments associated with poverty and include Medicaid, Food Stamps (SNAP), Supplemental Security Income (SSI), Unemployment Insurance and other income maintenance benefits. With the Great Recession and an aging population, hardship payments have grown and become more important for many communities.

Construction. Construction, like local retail trade and services, is found in most community and regional economies. Construction activity ranges from locally-based contractors like plumbers and homebuilders to regionally-based construction companies and external companies doing major projects (e.g., roads, power plants, etc.) in a community.

Health Care and Social Assistance. Depending upon the source and the community, between 5 and 10% of the entire American economy is associated with health care and social services. For many rural communities, the local hospital, clinic, dental office, and care home represent major economic drivers and important sources of both jobs/careers and supply chain businesses like the local private pharmacy that exists because there is an assisted living home in your community.

Manufacturing. Manufacturing is a mainstay economic activity. Manufacturing in the United States is undergoing profound change due to automation and offshoring. Lower value and lower skill manufacturing is in decline. However, overall manufacturing activity in the U.S. based on value-added output is actually rising. Manufacturing can range from the production of clothing, cars, and furniture to natural resource processing and refining.

Locally Owned Ventures. Historically, one of the greatest assets of American communities was locally owned retail businesses, services, and manufacturing operations (often referred to as Main Street USA). These were area-owned and operated. They were rooted in the community. Figure 12 measures the income associated with these locally owned businesses compared to that associated with wage and salary jobs. This ratio provides an indication of how well these ventures are doing in our changing environment.

Figure 12. Nonfarm Proprietor Income as a Percent of Wage & Salary Income 2001-2019



Commuters

Outbound commuters (e.g., those who live in your county but work outside of your county) are your community's 4th largest economic driver based on 2019 household earnings. *Note the distribution of both outbound and inbound (e.g., live in outside your county and work in your county) in Table 2 below.* Both outbound and inbound commuting have grown between 1990 and 2019. Outbound commuting, based on household earnings has gone from \$5.9 million in 1990 to \$12.2 million in 2019, although there has been a small decrease between 2010 and 2019. Inbound commuting has grown from \$7.4 million in 1990 to \$13.2 million in 2019, but it also saw a decrease from 2010 to 2019. Clearly, your community is part of a larger regional economy and society. There is a likely growing group of residents who are remote workers with employment contract relationships with employers throughout the larger region and the United States.

Table 2. Valley County Resident and Worker Destinations (2018)

Where Residents Work			Where Workers Live		
Total Jobs	2,029	100.0%	Total Jobs	1,754	100.0%
Cities			Cities		
Ord city, NE	743	36.6%	Ord city, NE	594	33.9%
Burwell city, NE	93	4.6%	North Loup village, NE	54	3.1%
Arcadia village, NE	87	4.3%	Arcadia village, NE	47	2.7%
Grand Island city, NE	79	3.9%	Burwell city, NE	40	2.3%
Lincoln city, NE	76	3.7%	Grand Island city, NE	36	2.1%
Omaha city, NE	52	2.6%	Broken Bow city, NE	25	1.4%
Kearney city, NE	48	2.4%	Loup City city, NE	16	0.9%
Broken Bow city, NE	42	2.1%	Kearney city, NE	15	0.9%
North Loup village, NE	36	1.8%	St. Paul city, NE	15	0.9%
Greeley Center village, NE	32	1.6%	Sargent city, NE	14	0.8%
States			States		
Nebraska	2,003	98.7%	Nebraska	1,725	98.3%
Colorado	7	0.3%	South Dakota	5	0.3%
South Dakota	6	0.3%	Kansas	3	0.2%
Iowa	2	0.1%	Mississippi	3	0.2%
Kansas	2	0.1%	Texas	3	0.2%

Understanding the Business/Entrepreneurial Economy

Big Picture Overview

A central driver of community or regional prosperity is the business community. Figures 13-20 provide an overview of the county’s business community, including for-profit, non-profit, and governmental enterprises, from 2004 through 2020. Figure 13 highlights the longer-term trend in the number of all regional establishments including for-profit businesses, non-profit ventures, and government entities. Data in Figures 13-15 & 17-20 is from www.youreconomy.org. Find the source data for these figures in the online library.

Figure 13. Businesses



Valley County, Nebraska Business Summary

Total Businesses
299

Businesses per 1,000 Residents
Valley County – 73
Nebraska – 41
U.S. – 36

Total Employees
2,110

Employees per 1,000 Residents
Valley County – 518
Nebraska – 522
U.S. – 438

Figure 14. Jobs



Figure 14 provides a comprehensive picture of all employment from for-profit business to non-profits to government entities including schools. This does not reflect the employment of those who live in the county and work outside of the county.

Esri (www.esri.com) produces regional analysis of ventures and employment by sector. The data provides a useful overview of the relative importance of specific sectors in the county’s economy in 2020 (see Table 3). Economic sectors are organized into two components. A county’s *traded sectors* produce products and services that are sold outside the county, bringing new income into the county. Traded sectors are also referred to as *basic industries*. Strong regional economies have strong and diverse traded sectors.

Table 3 provides an accounting of the county’s ventures including the number of ventures by sector and associated full-time equivalent employment. This data source does not always capture all venture activity. For example, it may not fully reflect the number of farms and ranches in a rural area. For those sectors where we have data gaps, there are supplemental reports in your county’s e-library.

Table 3. Economic Sectors, Valley County, NE, 2021

Sector	Ventures	Employees	% Total Employees
Agriculture, Forestry, Fishing & Hunting	13	37	1.8%
Mining & Utilities	2	19	0.9%
Construction	21	88	4.2%
Manufacturing	6	90	4.3%
Wholesale Trade	15	91	4.3%
Retail Trade*	44	229	10.9%
Transportation & Warehousing	11	60	2.8%
Information	7	26	1.2%
Finance & Insurance*	18	87	4.1%
Real Estate	3	7	0.3%
Professional Services	17	70	3.3%
Management & Administrative	8	36	1.7%
Education	9	305	14.5%
Health Care	21	554	26.3%
Arts, Entertainment & Recreation	8	24	1.1%
Accommodations	4	22	1.0%
Food Service	10	64	3.0%
Hospitality/Tourism Sector**	22	110	5.2%
Other Services	49	169	8.0%
Public Administration	26	130	6.2%
Unclassified Establishments	7	2	0.1%
Total	299	2,110	100%

*Esri provides additional detail for these sectors including sub-sector information.
 **Hospitality/Tourism Sector is created by combining the three preceding sectors.

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. Additionally, services for business, households, non-profits, and governmental agencies are increasingly important. We have additional information on your county’s service sector in your e-library.

Table 4 provides more detail on retail demand and supply, identifying positive trade balances and spending leakages. The electronic library includes a more detailed [Retail MarketPlace Profile](#). Your county might want to consider a two-part retail strategy focusing on (1) assisting business transitions in the **local sector** and (2) finding competitive niches for existing or new retail businesses.



Table 4. Retail MarketPlace Profile, Valley County, NE, 2021

Summary Demographics

2021 Population	4,076
2021 Households	1,857
2021 Median Disposable Income	\$45,792
2021 Per Capita Income	\$34,053

Industry Summary	NAICS	Demand (Potential)	Supply (Sales)	Retail Gap	Leakage/Surplus Factor	Number of Businesses
Total Retail Trade and Food & Drink	44-45,722	\$66,849,265	\$82,132,714	\$15,283,449	10.3	56
Total Retail Trade	44-45	\$61,366,087	\$79,670,797	\$18,304,710	13.0	46
Total Food & Drink	722	\$5,483,178	\$2,461,917	-\$3,021,261	-38.0	10

Industry Group	NAICS	Demand (Potential)	Supply (Sales)	Retail Gap	Leakage/Surplus Factor	Number of Businesses
Motor Vehicle & Parts Dealers	441	\$13,966,259	\$4,820,596	-\$9,145,663	-48.7	7
Automobile Dealers	4411	\$11,763,107	\$2,338,131	-\$9,424,976	-66.8	3
Other Motor Vehicle Dealers	4412	\$1,046,024	\$0	-\$1,046,024	-100.0	0
Auto Parts, Accessories & Tire Stores	4413	\$1,157,128	\$2,482,465	\$1,325,337	36.4	4
Furniture & Home Furnishings Stores	442	\$1,396,245	\$374,905	-\$1,021,340	-57.7	1
Furniture Stores	4421	\$1,037,481	\$0	-\$1,037,481	-100.0	0
Home Furnishings Stores	4422	\$358,764	\$374,905	\$16,141	2.2	1
Electronics & Appliance Stores	443	\$2,061,045	\$876,429	-\$1,184,616	-40.3	1
Bldg Materials, Garden Equip & Supply Stores	444	\$4,623,158	\$4,224,174	-\$398,984	-4.5	6
Bldg Material & Supplies Dealers	4441	\$4,126,791	\$3,802,200	-\$324,591	-4.1	5
Lawn & Garden Equip & Supply Stores	4442	\$496,367	\$421,974	-\$74,393	-8.1	1
Food & Beverage Stores	445	\$11,070,077	\$16,151,218	\$5,081,141	18.7	8
Grocery Stores	4451	\$9,966,903	\$14,660,912	\$4,694,009	19.1	5
Specialty Food Stores	4452	\$552,722	\$1,490,306	\$937,584	45.9	3
Beer, Wine & Liquor Stores	4453	\$550,452	\$0	-\$550,452	-100.0	0
Health & Personal Care Stores	446,4461	\$3,936,251	\$6,403,807	\$2,467,556	23.9	3
Gasoline Stations	447,4471	\$7,010,363	\$25,398,080	\$18,387,717	56.7	5
Clothing & Clothing Accessories Stores	448	\$1,879,760	\$1,805,549	-\$74,211	-2.0	4
Clothing Stores	4481	\$1,257,297	\$433,367	-\$823,930	-48.7	1
Shoe Stores	4482	\$252,452	\$0	-\$252,452	-100.0	0
Jewelry, Luggage & Leather Goods Stores	4483	\$370,011	\$1,372,182	\$1,002,171	57.5	3
Sporting Goods, Hobby, Book & Music Store	451	\$2,122,507	\$1,416,364	-\$706,143	-20.0	3
Sporting Goods/Hobby/Musical Instr Stores	4511	\$1,923,286	\$1,416,364	-\$506,922	-15.2	3
Book, Periodical & Music Stores	4512	\$199,221	\$0	-\$199,221	-100.0	0
General Merchandise Stores	452	\$9,221,312	\$16,091,515	\$6,870,203	27.1	3
Department Stores Excluding Leased Depts	4521	\$7,459,122	\$14,653,064	\$7,193,942	32.5	1
Other General Merchandise Stores	4529	\$1,762,190	\$1,438,451	-\$323,739	-10.1	2
Miscellaneous Store Retailers	453	\$3,316,126	\$2,108,160	-\$1,207,966	-22.3	5
Florists	4531	\$101,393	\$566,090	\$464,697	69.6	1
Office Supplies, Stationery & Gift Stores	4532	\$684,038	\$664,264	-\$19,774	-1.5	1
Used Merchandise Stores	4533	\$273,820	\$148,072	-\$125,748	-29.8	2
Other Miscellaneous Store Retailers	4539	\$2,256,875	\$729,734	-\$1,527,141	-51.1	1
Nonstore Retailers	454	\$762,984	\$0	-\$762,984	-100.0	0
Electronic Shopping & Mail-Order Houses	4541	\$510,535	\$0	-\$510,535	-100.0	0
Vending Machine Operators	4542	\$22,801	\$0	-\$22,801	-100.0	0
Direct Selling Establishments	4543	\$229,648	\$0	-\$229,648	-100.0	0
Food Services & Drinking Places	722	\$5,483,178	\$2,461,917	-\$3,021,261	-38.0	10
Special Food Services	7223	\$162,248	\$0	-\$162,248	-100.0	0
Drinking Places - Alcoholic Beverages	7224	\$483,431	\$272,826	-\$210,605	-27.8	2
Restaurants/Other Eating Places	7225	\$4,837,499	\$2,189,091	-\$2,648,408	-37.7	8



Entrepreneurial Profile

Entrepreneurs play a central role in revitalizing community and regional economies. Where you have more robust entrepreneurial activity, you typically have more competitive, dynamic, and prosperous economies. This is particularly true when there are rooted entrepreneurs who are part of the overall community, contributing to the economy and actively engaging in the civic and social life of the county. Healthy economies support a range of entrepreneurial talent – 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 15 shows self-employment trends for your county from 2004 through 2020 (www.youreconomy.org).

Rising self-employment can be due to two things. First, it can reflect the lack of wage and salary jobs where people in a community are forced into necessity entrepreneurship to get by until better jobs emerge. Second, it can be an indicator of increased new venture startups. Self-employment is a leading indicator of new entrepreneurial activity in a community. Working with the self-employed offers a significant development strategy for the county.

Conversely, declining self-employment can reflect two realities in a community. First, it can indicate an improving wage and salary job market where self-employed persons are taking jobs. For example, this may happen when a business expands and there are significant new job openings. Second, it can indicate deeper community decline where overall economic activity is contracting. Understanding what is behind these trends is paramount.

Regardless of your county's trend direction, it is important to discover who your self-employed entrepreneurs are. We urge the county to focus on the following three questions as it explores this development opportunity:

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

Increasing self-employment or startup activity can be an important business development objective within an overall economic development strategy.

Figure 15. Self-Employed

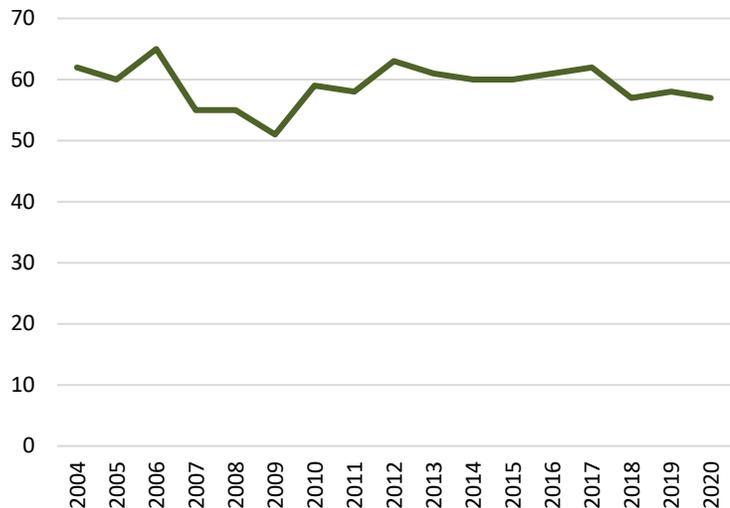
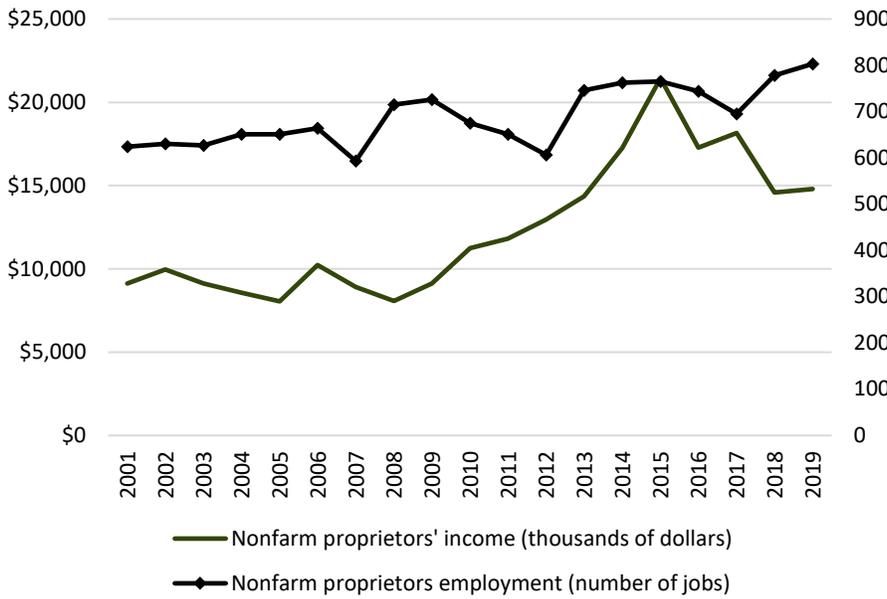


Figure 16. Nonfarm Proprietors' Income & Employment

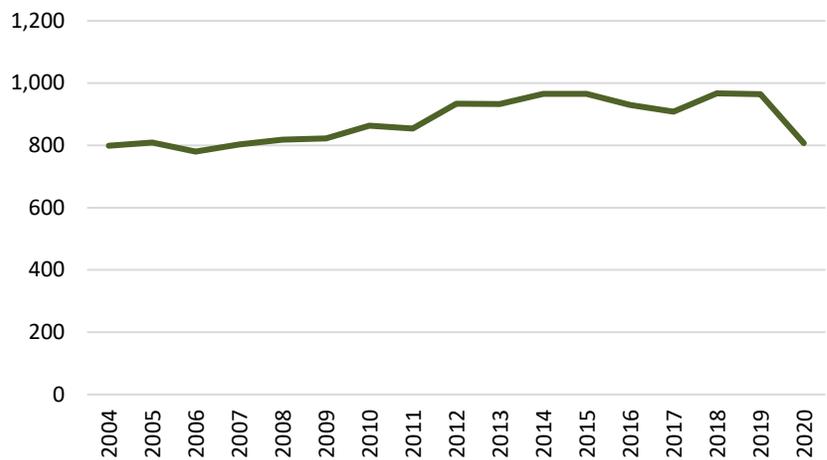


Established, Locally Owned Entrepreneurial Ventures are important components of a community's entrepreneurial pipeline. When family-owned, local businesses prosper, they hire more employees, pay more local taxes and are able to support their communities more actively. We use two sets of data to describe these entrepreneurs. The U.S. Bureau of Economic Analysis (Figure 16) tracks nonfarm proprietors, typically small main street type businesses that are not incorporated. Youreconomy.org

(Figure 17) 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.

Stage 1 ventures with 2-9 employees overlap with Nonfarm and farm proprietorships. Typically, statistics on Stage 1 ventures have higher numbers for both number of ventures and employment. This difference is due to the fact that Stage 1 ventures can include small corporations and LLCs that may not be classified as proprietorships. Comparing the two sets of data can help a community or region gain a better idea of what is happening with this all-important component of your venture

Figure 17. Employment in Stage 1 (2-9 Employees) Ventures



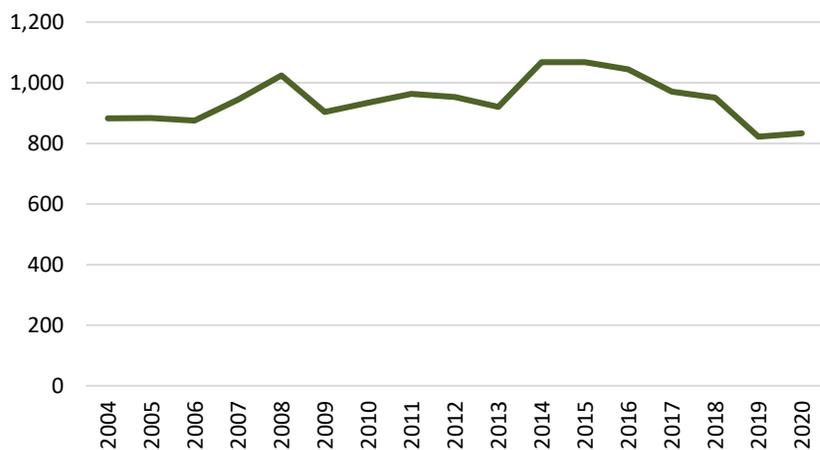
community. For communities or regions that are more rural, Stage 1 ventures and nonfarm proprietorships are the bedrock of "main street" type locally owned ventures. These are our cafes, retail shops, dental offices, medical clinics, small manufacturing operations, local trucking firms and the like. Stage 1 indicators can vary as ventures move between the magic line of 9 to 10 to 10 to 99 employees. Watching how Stage 1 and Stage 2 indicators are changing can reflect movement between these two classes of businesses. Maintaining and sustaining nonfarm proprietorships and Stage 1 ventures are foundational to most regional economies. This is particularly true if ownership is local meaning profits from the ventures are creating local wealth.



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 ([National Center for 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 18 illustrates what we call Stage 2 Ventures or those employing 10 to 99 employees. Stage two ventures are critically important to a community or region. These ventures tend to create more jobs and better jobs. There may be less part-time or flexible time situations. Ventures at this size tend to need a stable and productive workforce creating jobs with better

Figure 18. Employment in Stage 2 (10-99 Employees) Ventures



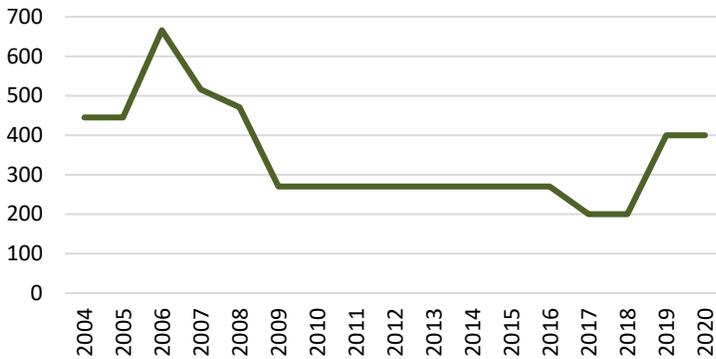
compensation, security, and benefits. Ownership can be independent, franchises with local and outside ownership, or branch facilities of outside LLCs and corporations. Increasing Stage 2 ventures is an important development goal as these ventures tend to provide better jobs. Most likely some Stage 1 businesses became Stage 2 employers through growth.

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 leaders should not limit their focus to new entrepreneurial ventures. It is important to look at existing, established entrepreneurs who may be on the cusp of breakout growth.



As a proxy for breakout entrepreneurs, we use employment associated with Stage 3 ventures (100-499). Many Stage 3 ventures achieve a certain level of growth and plateau. If we see employment growth among Stage 3

Figure 19. Employment in Stage 3 (100-499 Employees) Ventures



ventures, there is a strong probability that there is breakout entrepreneurial activity.

At the local or regional level, it is relatively easy to identify potential breakout entrepreneurs (remember, they can be non-profits and public enterprises). At this stage, businesses are often moving out of existing space and building new office complexes or even campuses. They may be actively expanding their leadership teams or seeking new supplier relationships. Regional and local

leaders should be watching for such evidence and meeting with these entrepreneurial teams to understand their plans and consider what support the community can provide.

Figure 20. Employment in Stage 4 (500+ Employees) Ventures



Large or Stage 4 Ventures. The U.S. Small Business Administration defines the dividing line between small and big businesses as 500 employees. YourEconomy defines Stage 4 ventures as those with 500 or more employees. In rural regions, ventures with this kind of employment are rare and often associated with branch manufacturing plants, regional health care facilities, regional colleges and universities, consolidated K-12 school systems and major energy, power, or mining operations.

Just as a water or natural gas pipeline is critical community infrastructure, the **entrepreneurial pipeline** is the lifeblood of a community or regional economy. A diverse set of entrepreneurial talent, across the entire pipeline, is one key to building a strong, diverse entrepreneurial economy. For the county, Table 5 provides a comprehensive picture of all private, public, and non-profit business establishments across the entrepreneurial pipeline, using data from www.youreconomy.org.

Every community, particularly within a larger regional setting, has elements of the entrepreneurial pipeline in place, with more businesses in the earlier stages of venture development. Regional and local leaders should focus on understanding the entrepreneurial talent that exists across this pipeline and targeting resources toward those with the desire, capacity, and opportunity to grow.



Table 5. Valley County, NE Entrepreneurial Pipeline

	2004	2007	Change	2007	2020	Change
Establishments	346	325	-21	325	326	1
Self-Employed (1)	62	55	-7	55	57	2
Stage 1 (2-9)	232	220	-12	220	219	-1
Stage 2 (10-99)	49	47	-2	47	48	1
Stage 3 (100-499)	3	3	0	3	2	-1
Stage 4 (500+)	0	0	0	0	0	0
Jobs	2,188	2,318	130	2,318	2,097	-221
Self-Employed (1)	62	55	-7	55	57	2
Stage 1 (2-9)	799	803	4	803	807	4
Stage 2 (10-99)	882	944	62	944	833	-111
Stage 3 (100-499)	445	516	71	516	400	-116
Stage 4 (500+)	0	0	0	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 and regional 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, 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 county going forward.

At e2 Entrepreneurial Ecosystems (formerly 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 Valley County. We hope these insights provide the fodder for your initial community conversations.

*The following **Strategic Development Considerations** for Valley County are not necessarily presented in any order of importance or prioritization.*

COVID-19, Shutdowns and Recession

2021 is proving to be a challenging year with the COVID-19 world health pandemic, shutdowns of significant economic sectors and a national and global recession. This health and economic crisis is far from over and will

continue to ripple through our economy and society possibly well into 2022. The uncertainty of this crisis complicates economic development planning. For additional information on how this crisis may create development opportunities for communities like yours check out our paper [The 2020 Pandemic Recession – Future Trends](#).

Over-Arching Observations

Understanding where your community is developmentally is a great starting point for exploring your likely entrepreneurial development opportunities in the next section. Consider the following over-arching development observations based on our analysis:

1. Regional Economy and Society. *Note page 4 and page 13 for more detail.* Ord and Valley County are situated in the heart of farming and ranching country, and as such are heavily dependent upon weather, crop and cattle prices. Scenic river valleys and hills provide a desirable rural landscape. Those seeking respite from nearby Grand Island or Lincoln might find Valley County a desirable location. Natural and historical amenities such as the Fort Hartsuff State Historical Park and the proximity to the Calamus Reservoir are potential opportunities for economic growth.

2. Demographic Health. *Note pages 5 and 6 for detail.* Like most other Great Plains rural communities, Valley County has experienced chronic and severe net outmigration and depopulation. Unlike most similar rural communities in the Central Great Plains, Ord, Valley County and its region are now experiencing population stabilization. Key indicators such as the growth in 30 to 45 year-olds and an increasing youth population, suggest that your community is positioned for growth in the future. Esri is estimating moderate depopulation for 2021-2026. Attracting new residents and retaining current residents must be a priority. Pursuing entrepreneur-led development that creates economic opportunities for both existing and new residents is foundational to demographic renewal.

3. Overall Economy. *Refer to Figures 6 and 7 on page 7 for more detail.* Between 2001 and 2019, employment has tracked up in Valley County. This is a positive trend. Note, however, that your Labor Earnings Ratio has dropped below 60% (54%). Typically communities with a higher Labor Earnings Ratio have a more vibrant economy. Average earnings per job have been steady. The number of businesses in Valley County dropped significantly from 2019 to 2020. Leadership should explore what has happened to those businesses. Retirees, government programs and farm are the top earnings drivers in Valley County. The top employment drivers are government, farm, retail trade and other services.

Ord Story Capture Collection

Ord and its region committed to entrepreneur-led development around 2000 or two decades ago. This commitment, now robust and sophisticated, is growing a much more diverse and successful economy contributing to Ord and its region's success. For the past three years e2 and its partners have been generating deep story capture and analysis of this nationally significant transformation from crisis and decline to increasing prosperity, [Ord Story Collection](#).

4. Commodity Agriculture. Note the contemporary boom and bust cycles with Central Great Plains commodity agriculture:

- Great Recession – 2006 to 2010 – Counter cyclical with high prices and record setting net farm incomes.
- Great Recession Recover Period – 2010 through 2019 – Commodity agriculture, triggered by trade wars and international trade disruptions moved into contraction and then recession.
- Current Period – 2019 to Present – Commodity agriculture is experiencing a mini-boom with corn prices for example now ranging between \$6 and \$7 per bushel compared to \$4 to \$5 per bushels just a few years ago. Time will tell if this trend continues or abates.

Your community, like other farm dependent economies, experiences boom and busts with farm cycles. Since 1969 farm employment has been declining, while farm earnings have experienced swings. Farm income was up in 2019. Likely a combination of farm subsidies and strong prices has contributed to that trend.

5. Retiree-Based Development. Retirees, based on household earning in 2019, is your community's #1 economic driver, generating more than \$80 million in earnings. Between 2001 and 2019 this part of your economy has grown by a modest 14% increase. Retiring Boomers represent both an area and national development opportunity as Boomers are looking for more affordable, less congested and safer communities. The natural amenities and small-town lifestyle may be appealing to some retiring Boomers.

6. New Residents. Since the 1900s the primary migration pattern has been from rural to urban. Today there are counter (e.g., urban to rural) migration trends among 30-year-olds, retiring Boomers and others. These new residents represent a huge opportunity to energize area entrepreneurial talent. New resident attraction, development and retention is one of e2's four essentials foundational to rural community prosperity. The increase in 30- to 34-year-olds in Valley County is a positive.

7. Outbound Commuters. Upward to 50% of rural workers live in one community and work in another community. These outbound commuters have embedded entrepreneurial development opportunities in creating bedroom community related development and entrepreneurial opportunities when they end their commuting. In Valley County commuters are the #4 driver of earnings at \$12.2 million.

8. Government. Government (including municipal, county, public schools and higher education like the Central Community College's Ord Learning Center) is the #1 driver of employment in Valley County and the #2 driver of earnings. This part of your economy adds stability and higher quality jobs and career offerings that offset the boom and bust cycles in agriculture. Hardship related transfer payments are another piece of the local economy, ranking #7 in the top 10 drivers of earnings. Hardship related transfer payments includes Medicaid, public assistance and food assistance programs.

9. Hospitality Sector. Refer to Table 3 on page 15 for details. The hospitality and tourism industry is #10 in terms of employment drivers. Esri estimates 22 ventures in this sector in Valley County with 110 employees. That accounts for more than 5% of the workforce. Fort Hartsuff and the Evelyn Sharp Airport provide opportunities for increased activity in tourism.

10. Spending Capture. Refer to Table 4 on page 16 for more detail. Esri estimates for 2021 your retail demand at \$66.8 million and retail supply at \$82.1 million creating a modest retail spending surplus of more than \$15 million. While positive, there is significant opportunity for increasing spending capture. There is also an

opportunity for capturing production agriculture spending. Production agriculture is a multi-million dollar industry in the Central Plains. The potential for outsourcing purchases has increased as automation and operation size has increased. Local leadership should help local businesses become more competitive in this area in order to capture more of the spending stream.

11. Growth-Oriented Entrepreneurs. Refer to Figure 16 through 20 for more detail. A strong entrepreneurial pipeline, with talent in all stages, is one key to building a strong, diverse entrepreneurial economy. Table 5 shows that the pipeline of entrepreneurial talent in Valley County is holding steady, with minimal change from 2007 to 2020. In the past couple of years, self-employed and employees in Stage 1 are down. Leadership should make an effort to understand these changes to ensure that the pipeline is prepared for future growth. Local leaders should first understand the drop in the number of businesses. Regular outreach to local entrepreneurs and businesses can reveal in more depth what is happening to businesses at all stages of growth, and reveal what types of support will most help them grow and prosper. It's critical to identify the growth-oriented entrepreneurs with the motivation and capacity to reach external markets with their products and services. Electronic commerce empowers this kind of entrepreneurship. Strengthening the entrepreneurial pipeline should be a priority.

Likely Entrepreneurial Development Opportunities

Two decades ago, Ord embarked on a journey to change the face of the community. Rooted in a significant bequest to the county in 1999, local leadership has been systematically moving the community from a sole dependence upon agriculture to a diversified economy with a focus on entrepreneurial development.

A succession of economic development directors have worked tirelessly to rally the citizenry to improve the community. The results have been new housing, a new hospital, a new high school and a new fire station in the past 20 years.

It is recommended that Ord continue on its course of locally-driven economic improvement. This report reveals some additional areas that merit increased focus by the local leadership team:

At e2, rooted in our extensive Development Opportunity analysis in both Kansas and nationally, we have identified 10 primary likely entrepreneurial development opportunities [Likely Dev Opps Paper](#) as follows:

Your community's likely entrepreneurial development opportunities are highlighted.

The following development opportunities are universally available to most rural communities.

#1 - Natural Resource Industries. Much of rural America depends upon single natural resource industry economies (e.g., farming, mining, forestry, energy, etc.). While there are limited entrepreneurial development opportunities related to these international market industries, there are opportunities rooted in diversifying within these sectors and increasing sector related spending capture.

#2 - Area Spending Capture. Competition is intense from box stores, franchise, and electronic commerce, but opportunities exist to increase local venture competitiveness and recapture some of these spending leakages. In doing so, rural communities can empower growth-oriented entrepreneurs.

3 - Retiring Boomers. In Opportunity #5 we address new resident attraction. However, the tidal wave of retiring Boomers represents a significant likely entrepreneurial development opportunity for most rural communities from high amenity places to rural villages adjacent to metro centers. Every day in America 10,000 Boomers are retiring and this trend will run for three decades. Many are moving from higher cost and congested cities to more rural areas and communities. Boomers represent a multi-dimensional development opportunity.

#4 - Outbound Commuters. Upward to 50% of rural workers live in one community and work in another community. These outbound commuters have embedded entrepreneurial development opportunities in creating bedroom community related development and entrepreneurial opportunities when they end their commuting. Commuting comes with a cost in travel expenses, being on the road in bad weather, lost time and time away from family and friends.

#5 - New Residents. Since the 1900s the primary migration pattern has been from rural to urban. Today there are counter (e.g., urban to rural) migration trends among 30-year-olds, retiring Boomers and others. These new residents represent a huge opportunity to energize area entrepreneurial talent. New resident attraction, development and retention is one of e2's four essentials foundational to rural community prosperity.

The following development opportunities may be available to some rural communities.

#6 - Transportation Corridors. Urban America is connected by transportation corridors that run through rural America. Services are required to support those traveling these corridors creating entrepreneurial development opportunities. Closely related to transportation related economic development is tourism-led development employing a much wider definition of what constitutes visitor activities.

#7 - Tourism. While the vast majority of Americans live and work in urban America, rural America provides important places to play. For a wide range of rural communities and regions, tourism represents a way to diversify area economies. With our tourism development strategy paper, we explore a wider range of visitor attraction opportunities and the economic development that can result from them.

The following development opportunities are more limited to fewer rural communities.

#8 - Growth-Oriented Entrepreneurs. Nearly every rural community has growth-oriented entrepreneurs with the motivation and capacity to reach external markets with their products and services. Electronic commerce empowers this kind of entrepreneurship.

#9 - Major Employer Retention and Expansion. Many rural communities are home to large manufacturing plants, fulfillment centers and institutions including hospitals, regional universities, and parks. Ensuring the future of these larger employers is an entrepreneurial opportunity.

#10 - Hub Cities. America's landscape is still defined by a hierarchy of places based on size. In rural America, there are regional and area hub cities and towns that provide critical services like health care, shopping, and entertainment to rural areas. These communities are the downtowns, employment hubs and service centers of vast rural regions to smaller areas.

We are curating more detailed **Development Strategy Guides** for each of these development opportunity areas. As they become available, your NetWork Kansas E-Community coach can make these available to you or sign up for e2's Newsletter (www.energizingentrepreneurs.org) where information on new resource releases are highlighted each month.

Sources

In our Development Opportunity Profiles, we use three public and two private sources of venture and employment research and data. A detailed review of our profiles shows that values change and sometimes change dramatically based on the sources we are using. The following summarizes these sources and their unique attributes:

Public Sources

U.S. Bureau of Economic Analysis. BEA has very reliable data on private sector business establishments and associated employment. We use this source to profile both farm and nonfarm proprietorships. Proprietorships are typically locally owned and “main street” type smaller businesses. However, this kind of business organization can include small manufacturing, industrial, construction and other concerns.

U.S. Bureau of Labor Statistics. BLS captures very accurate information on all establishments that have wage and salary workers based on workman’s compensation filings. However, this source does not necessarily capture smaller self-employment ventures or proprietorships.

U.S. Census Bureau. Census establishment and employment data is based on surveys. It is comprehensive but for smaller geographies, the sampling can result in potentially unreliable estimates. This source does include information on commuters, home-based and self-employed persons by economic sector.

Private Sources

Esri. We purchase data from Esri (www.esri.com), a national market research company. Esri data is very current and can be procured for almost any geographic unit. It estimates ventures and employment at considerable detail including profiles of potential market demand by detailed economic sector. However, the Esri data is not as comprehensive as compared to Your Economy data.

Your Economy. The Your Economy (www.youreconomy.org) data is very comprehensive. The Your Economy data for ventures and jobs can be 20, 30 and even 40 percent higher as compared to the Esri data series. The Your Economy data set was created by the Edward Lowe Foundation and is now managed by the University of Wisconsin at Madison.

We use all these sources as they provide unique insights into the economy of a particular geography. Understanding what each source is measuring and how the source is estimating data are important. Hopefully this information helps users understand differences in data shared in this profile.

Other Sources

All the data contained in this Development Opportunity Profile were obtained from the following:

- Esri ArcGIS Maps (bao.arcgis.com), 2020
- Headwaters Economics (www.headwaterseconomics.org), 2020
- U.S. Department of Agriculture, Census of Agriculture (quickstats.nass.usda.gov), 2017
- Ben Winchester [Brain Gain](#) Databook, University of Minnesota Extension (obtained privately), 2016

About e2



e2 Entrepreneurial Ecosystems helps communities increase prosperity through entrepreneur-focused economic development and ecosystem building. Led by [Don Macke](#), e2 has a national team of practitioners who bring research, coaching, incubation, market intelligence and other expertise to this work.

What We Do

- ✓ **Mentoring.** We mentor and coach practitioners seeking to pursue entrepreneur-led development. We provide advice and support for building eEcosystem strategies that work and invite practitioners to join our [National e2 Practitioners Network](#).
- ✓ **Analytics Support.** e2 helps communities and regions understand their entrepreneurial potential through research and data.
- ✓ **e2 University (e2U)** is our online platform for sharing guides, papers, stories, tools, and resources with communities wanting a deep dive into eEcosystem building. Don Macke leads the [e2 University](#) team with analytics support from **Cathy Kottwitz** and report preparation from **Ann Chaffin**. Special recognition for their e2U legacy contributions goes to **Dana Williams** and **Deb Markley**, LOCUS Impacting Investing.
- ✓ **Fostering the eMovement.** We support the national entrepreneurship movement along with our partners including the **Federal Reserve Bank of Kansas City**, **SourceLink**, **Edward Lowe Foundation**, **Kauffman Foundation**, and **NetWork Kansas**. We are a founding member of **Start Us Up: America's New Business Plan**, a coalition dedicated to strengthening entrepreneurship across America. Together, we continue to advance the foundational ideas of building entrepreneurial ecosystems and entrepreneurship-led economic development.

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[NetWork Kansas](#), a 501c3 nonprofit organization dedicated to developing an entrepreneurial ecosystem in Kansas, is the home for e2 Entrepreneurial Ecosystems. NetWork Kansas connects aspiring entrepreneurs, emerging and established businesses, to a deep network of business building resource organizations across the state.

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