

## 10% Business Income Scenario

### Rawlins County Kansas

#### Background & Introduction

The following analysis was prepared at the request of community coach Leon Atwell on behalf of Rawlins County, Kansas through the Kansas Entrepreneurial Communities Initiative or KECI. We have prepared a scenario that we have used throughout North America. The proposition goes like this:

*What would happen to the community if a 10% increase in profitability could be realized by farms and businesses in Rawlins County as a result of the entrepreneur-focused economic development strategy?*

Communities often set a 10% profitability income goal as part of their entrepreneur-focused economic development efforts. Based on actual field experience, we believe this goal is achievable within three to five years of sustained development efforts employing KECI's business coaching program.

#### Likely Impacts

The following summarizes sources of personal income for 2009 (represented in 2010 dollars) for Rawlins County, Kansas:

- ▶ Income from Private Businesses including Farms = \$70 million or 61%
- ▶ Retiree Related Income = \$44 million or 39%
- ▶ Government Related Income = \$13 million or 11%
- ▶ Commuter Related Income = \$4.3 million or 3.8%

Total personal income in 2009 is estimated at just over \$114 million.

We assuming that a 10% improvement in profitability equates to a 10% increase in overall personal income derived from private businesses: \$70 million x 10% = \$7 million

We assume an economic multiplier of 2.2 which would generate up to \$15.4 million in additional overall personal income-driven economic impact on an annual and on-going basis.

### 10% Business Income Scenario

**10% Business Income Scenario** is part of a series of analysis reports prepared for Rawlins County KS in support of its development. We recommend that you review two reports before reading **10% Business Income Scenario**:

**The Future of Rawlins County**

**Workforce Scenarios**

## Center for Rural Entrepreneurship

In Rawlins County's economy, \$1 million of additional personal income generates up to 21 net new jobs. So the total jobs impact would be 323.

In Rawlins County for every 100 net new jobs, the County realizes up to 60 net new households. So the household impact would be a plus 194 representing a potential increase in population of 491 residents.

A summary of the assumptions and impacts associated with this 10% increase in business profitability is as follows:

1. 10% profitability increase generates \$7 million in increased local personal income.
2. The economic multiplier effect (2.2) increases overall impacts to \$15.4 million.
3. The likely net new job impact would be 323 jobs.
4. The likely net new increase in in-county households would be 194 households.
5. The likely net new increase in in-county population would be 491 residents.

*The cumulate impact on Rawlins County associated with this scenario would be a 19% gain in population. These impacts would not be realized overnight and this scenario is not a prediction of what will actually happen. But this scenario provides a reasonable and conservative illustration of what is possible when local businesses are able to better compete and become moderately more profitable.*

**Timeframe Note.** *This analysis provides an illustration of what is possible. It is a scenario of a potential future for Rawlins County. It is not predictive in the sense that it will happen. Conservatively, the most likely timeframe for achieving this level of impact is a decade assuming a smart, consistent and aggressive development strategy.*

**Scenario Author.** This analysis was completed by Don Macke with assistance of Ahmet Binerer with the Center for Rural Entrepreneurship.

## Questions & More Information

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- **Youth Engagement:** Providing tools and a framework for communities to engage young people now and to bring them home in the future.
- **Measurement Research Policy:** Providing the tools to help communities define development goals, measure success and improve outcomes.
- **Entrepreneurial Communities:** Providing a roadmap for communities to design and deliver entrepreneur-focused economic development strategies that work.

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