

Building the Broadband Economy

An innovative program in eastern Kentucky teaches businesses to capitalize on broadband access.

By Masha Zager and Hilda Legg / *Broadband Communities*

As many communities have learned, broadband – even great broadband – isn't a panacea for economic woes. Rather, it is a precondition for businesses and communities to compete effectively in the modern economy. Spinning that broadband into gold requires considerable training and effort; even with those inputs, the results may be a long time in coming.

In eastern Kentucky, the collapse of the coal industry, long a major employer, created severe economic hardship. Though a successor to coal hasn't yet emerged, government agencies and economic development organizations at all levels are aware that the region needs to participate more fully in the digital economy. Efforts are underway to retrain miners and other displaced workers as computer programmers and home-based call center agents.

In addition to jump-starting new industries, local leaders aim to grow the region's existing businesses by helping them leverage the internet. The Eastern Kentucky Concentrated Employment Program (EKCEP), which serves 23 Appalachian counties with training, employment and workforce development programs, has

pursued this strategy since receiving a grant from the U.S. Economic Development Administration (EDA) in 2015. (EKCEP's Teleworks USA program, which trains home-based workers, was featured in the January-February 2016 issue of **BROADBAND COMMUNITIES**.)

LEARNING COMPANIES' TRAINING NEEDS

Ian Mooers, the economic and entrepreneur liaison at EKCEP, used the EDA grant to set up an internet and e-commerce training program in six communities in EKCEP's service area. Beginning in spring 2016, he reached out to 54 companies in the retail and manufacturing sectors. With help from Strategic Networks Group (SNG), he surveyed about 15 of them to find out how they currently used the internet and compared that to national benchmarks derived from SNG's earlier studies.

Based on the survey respondents' needs and opportunities, EKCEP devised a program that included workshops, one-on-one technical assistance, website analysis, and training in e-commerce and social media, conducted mostly by the Kentucky Small Business Development Center. Mooers says, "We're finding that all these small businesses really need technical assistance to help them make informed business decisions."

PATHWAYS TO NEW MARKETS

EKCEP also brought in Advantage Kentucky Alliance (AKA), a nonprofit funded through the U.S. Department of Commerce manufacturing extension partnership program, as a consultant.

Small businesses need technical assistance to make informed decisions about using e-commerce, social media and websites to find new customers.



Daffodils Boutique uses social media to broaden its customer base.

AKA helped eight of the manufacturing and engineering companies learn to use the internet to research and approach new markets so they could become less dependent on coal and less centered on eastern Kentucky. For example, an engineering firm that had previously specialized in the coal industry learned to market its services to construction firms and municipalities, and some machine shops broadened their ranges of products and services.

Scott Broughton, the center director for AKA, explains that AKA's growth management program teaches companies to identify potential customers through a systematic approach that involves searching the internet for data about market size, marketplace trends, competitors' reviews and other relevant information. He says, "In the past, these companies didn't have that capability, and there was a lot of guesswork. Now there's a tool to help them identify customer needs."

Poor internet access can be a stumbling block for companies trying to get into new markets, Broughton says. Another difficulty is that small companies generally do not have full-

time staff dedicated to growing the business. The burden of learning and applying internet technology tends to fall on business owners, who already perform several different roles. (As Broughton puts it, "The owner might be on the shop floor, welding.")

Still, if business owners recognize that they need to find new markets and are proactive about the effort, they can usually succeed. "The program isn't just about growth but about changing the culture to a culture of growth," Broughton says. He estimates that eastern Kentucky businesses have hired between 400 and 500 new employees in the last year as a result of the growth management program (not all connected with the EKCEP grant).

CUMBERLAND MINE SERVICE

One participant in the AKA program is Cumberland Mine Service, a family-owned business that builds facilities to process mined materials into usable minerals. Cumberland's experience illustrates both the promise and the challenges of AKA's approach. Coal once accounted for 90 percent of Cumberland's business; today, nearly 90 percent is non-coal minerals such as

phosphate, quartz and silica, and the mines the company services are largely out of state. Because its newer customers are scattered around the United States, Cumberland engineers start each project by exchanging photographs and drawings via the internet.

Cumberland struggled to get adequate internet access – its service used to go down for days at a time and did not improve until the local congressman intervened. But even with the more reliable service it has now, the company is frustrated in its efforts to search for new customers on the internet.

Craig Garland and Chris Garland, Cumberland executives, describe the AKA program as very useful and well thought out but add, "We'd need a pocketful of money to implement it. ... We wish we could do more implementation, but we hardly have people left to train." The company is less than half the size it was in the heyday of coal, and the brothers feel their situation is a classic Catch-22. But they remain hopeful, saying, "You've got to find your way through it on a gradual basis."

EKCEP's training on digital marketing and social networks was similarly challenging – “We haven't been able to get to it yet,” the Garland brothers admit. But the program helped them update their website (though it could still use more “tweaking”), which has led to more inquiries from potential customers, and EKCEP also provided training for one new hire. “It's like turning a big ship in the harbor,” they say.

ONLINE BRANDING FOR RETAILERS

EKCEP has had some success teaching retail businesses about digital marketing, social media and online branding. According to Mooers, participating companies have become acutely aware that they need to be visible online. They learn to use search engine optimization and online ads to drive customers to their websites

or Facebook pages. Mooers says that of 17 business owners at a branding workshop, “every one came up to me and said ‘Wow, we needed this.’”

One clothing retailer, Daffodils Boutique, learned to use Facebook Live and now broadcasts videos twice a week, getting as many as 7,000 views. The videos feature new products, events, celebrity visits to the store and even trade shows. When customers can see and vote on new products at the trade shows, Daffodils has a better idea what to order. Business has boomed as a result.

Kindra Horne-Baker, a principal of the company, attended the EKCEP workshops. “I learned a lot,” she says. “They gave us a push.” Now she is experimenting with other social media in addition to Facebook, including YouTube, Instagram and Pinterest, with varying degrees of success. “That's where all our audience is,” she says.

“Hopefully, in 2018 we can have an e-commerce website.”

Even though individual business owners feel they have much more to learn and implement, the program as a whole has exceeded its goals. EKCEP's grant originally called for creating 15 jobs. Though the program is not yet completed, it has already saved 142 jobs and expects to create 25 new jobs. Most important, it's brought a changed outlook to the program's participants. “They're learning to leverage real-life vibe into an online strategy,” Mooers says. ♦

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