

A Fortified Economy

Strong in manufacturing, technology and entrepreneurial support, Lexington benefits from a diverse, balanced business base.

by Kathie Stamps

Is a city only as strong as its government? Or does the business climate provide the driving force? Or is it a flagship university that revs the engine? With all three sectors working together, Lexington has hit the trifecta, and it's using this strength to its advantage.

The Bluegrass Business Development Partnership was formed last year as a joint venture between Lexington-Fayette Urban

County Government, the University of Kentucky, Commerce Lexington and the Kentucky Small Business Development Center. Business specialists from the city and the university have offices at Commerce Lexington to provide multiple services under one roof for emerging and growing entrepreneurs.

"We live in a region with positive economic indicators and a world-renowned quality of life," says

Bob Quick, president and CEO of Commerce Lexington. That balance of work and play makes this a promising region for employers.

The region's largest employer is UK, with 17,449 full- and part-time staff and faculty. But small business is big in the Bluegrass: Of the 14,821 businesses in Lexington, 95 percent have fewer than 50 employees. The smallest of all? Independent professionals such as Rachel Savané,



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Portrait LEXINGTON'S BLUEGRASS REGION

“I have found, in almost 30 years here, that (Lexington) has been a really easy sell, both to my customers and indeed to our people.”

— Dr. Pearse Lyons, founder and president of Alltech, known for its expertise in animal nutrition

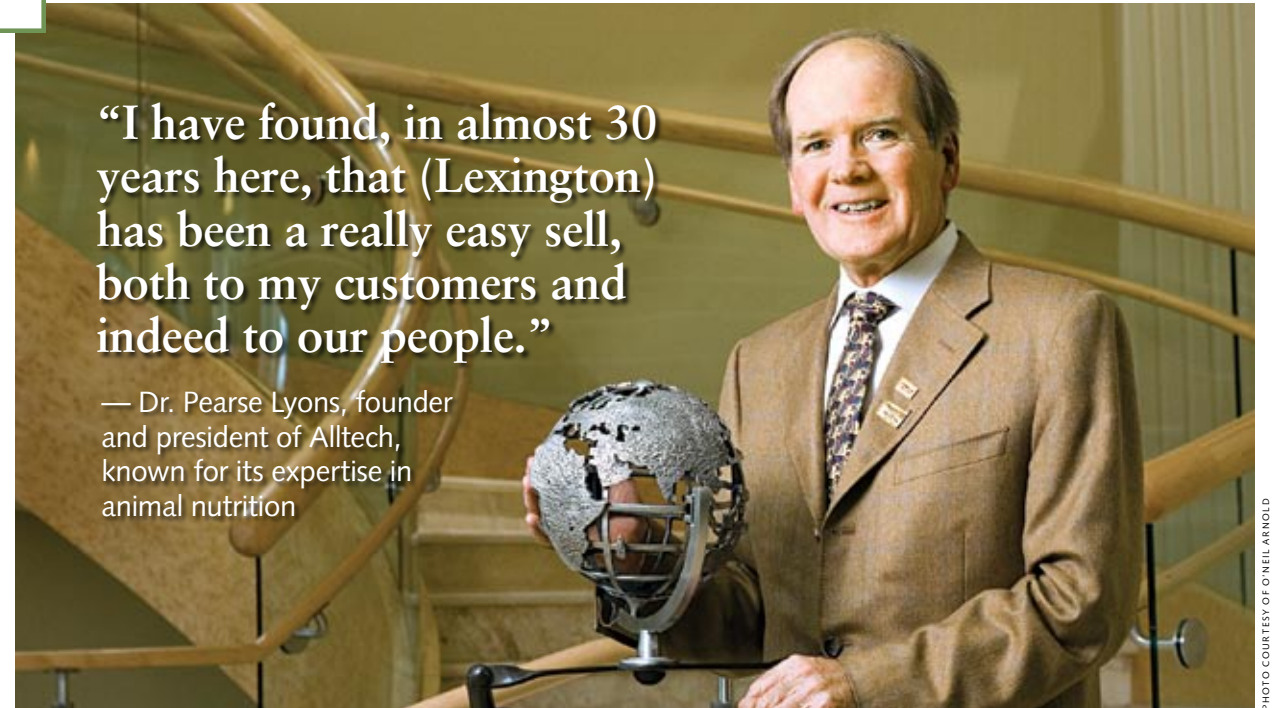


PHOTO COURTESY OF O'NEIL ARNOLD

who uses Kentucky agate to make jewelry in her one-person shop, Savané Silver. A native of Illinois, she and her husband came to Lexington when her sister moved here to follow the racehorse industry. “We felt the warm welcome and hospitality of locals—acquaintances as well as strangers,” Savané says.

Traditional sectors, such as manufacturing, maintain a strong presence. The largest manufacturing employer in central Kentucky is Toyota Motor Manufacturing. It's Toyota's largest facility in North America, both in size and volume, with the capacity to build more than 500,000 vehicles a year. Toyota built its first car at the Georgetown plant in May 1988; since then, it's provided seed money for the University of Kentucky Center for Manufacturing, which teaches students and companies about the Toyota Production System, known as lean manufacturing.

A softer product is also made in Lexington: peanut butter. The J.M. Smucker Co. makes several varieties of Jif peanut butter at a facility east

of downtown. It's the largest peanut butter production facility in the world, producing 270 million pounds of the sticky stuff each year.

Other companies with international presence have made the city their home. Lexmark International employs 3,000 at its global headquarters in the north part of the city. A \$5 billion Fortune 500 technology company, Lexmark provides printing and imaging products and services for businesses and consumers.

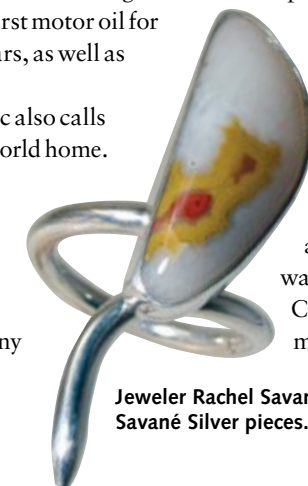
Valvoline, a division of the global chemical company Ashland Inc., moved its world headquarters to Lexington in 1980. At the Lexington campus, Valvoline technologists developed the first motor oil for high-mileage cars, as well as racing oils.

Tempur-Pedic also calls Lexington its world home. The company's mattresses and pillows are sold in more than 70 countries.

With this many

world headquarters here, accessibility is key. Blue Grass Airport plays a major role in getting customers and executives to the city. And it's an easy trip. Michael Gobb, the airport's executive director, says a regional planning group found that 25 percent of the world's population can travel to Lexington with only one connection. “For a small hub airport, we have a remarkable level of service,” Gobb says. That's true on the ground as well as in the air. With an executive lounge and an upscale restaurant, business travelers can stay productive on the road. The airport plans \$50 million in capital construction in the next two years, including improvements to the airport entrance.

A strong technology sector plays a large part in Lexington's economy. Polymer Components in Nicholasville is a supplier to chemical equipment manufacturers. Semicon Associates started in a Lexington garage in 1953 and was acquired by California-based Ceradyne in 1986. The facility manufactures dispenser cathodes



Jeweler Rachel Savané uses Kentucky agate in her Savané Silver pieces.

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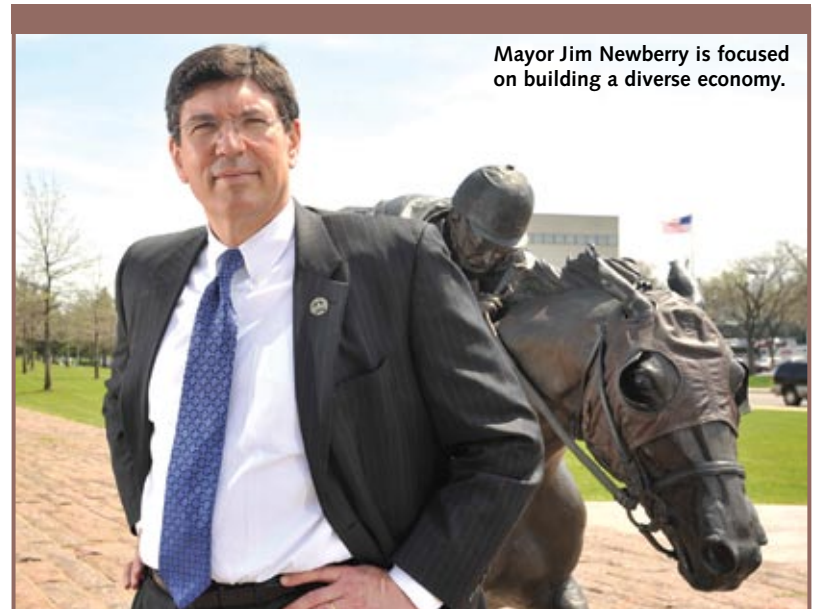
and samarium cobalt magnets, primarily for the microwave tube industry.

A diverse array of companies keeps Lexington's economy strong, but it's the welcoming business climate that spurs growth. Dr. Pearse Lyons, founder and president of the biotechnology company Alltech, says Central Kentucky is similar to his native Ireland, both in looks and in personality. "I have found, in almost 30 years here," he says, "that (Lexington) has been a really easy sell, both to my customers, and indeed to our people."

Alltech's best known for its animal nutrition products, but its goal, Lyons says, is to "help feed the world in a safe and effective manner." Toward

that end, the company emphasizes a sustainable, traceable, natural food supply in its animal products and does research in human nutrition, aquaculture and biorefinery.

Another company leader who's sold on Lexington: Jim Gray, president and CEO of Gray Construction and the city's vice mayor. Gray Construction, a design-build firm founded in 1960 in Glasgow, Kentucky, moved to Lexington in 1988. The company has handled projects for Toyota, J. Crew and Procter & Gamble, among others. "Our model is very much built after the Toyota model," says Gray. "It's a lot of teamwork." He sums up Lexington this way: "There's a highly educated population, which drives a good business climate."



Mayor Jim Newberry is focused on building a diverse economy.

Eyes On the Future

When Lexington Mayor Jim Newberry was elected in November 2006, it was by the largest margin since the city and county governments merged in 1974 as Lexington-Fayette Urban County Government. Voters' enthusiasm for him is matched by his commitment to the city's future.

"Lexington's focus is horses, healthcare and high-tech opportunities," says Newberry, who has undergraduate and law degrees from UK. "We are tied to the horse industry, our signature industry. It sets Lexington apart from any other city in the world."

Economic development in the Bluegrass is a delicate balance, and Newberry looks to the high-tech industry for a source of employment over the next few years. "We're not looking to be the next Atlanta," he says, "but I reject building a wall around the city."

Newberry's vision for the city's future: to have "a diverse population from every perspective: economic, ethnic and social." — **Kathie Stamps**

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