

The
State Of
Entrepreneurship

Kentucky

When most people think of Kentucky, they think of bluegrass, tobacco, whiskey and world champion racehorses. Look closer, however, and you'll find horses aren't the only animals to roam Kentucky's dusty-blue fields. Nor is whiskey—though unquestionably a big industry in the Bluegrass State—the only thing brewing up

Derby. The oldest continuously run horse race in the nation, and perhaps the best-known, the Derby attracts thousands of spectators each year. Man-made lakes also draw crowds of tourists, as does the state's rich heritage of historical sites, including Abraham Lincoln's birthplace.

Though Kentucky, which celebrated its bicentennial in 1992, values its past, the state is also looking to the future. For example, to increase opportunities for the state's small businesses, the Kentucky Cabinet for Economic Development, based in Frankfort, has activated

sales for Kentucky business owners. Kentucky's tourism industry climbed to \$5.3 billion in 1991, thanks to attractions like the Kentucky

a computerized investment capital network that matches small businesses with investors. With small businesses comprising 97 percent of the state's enterprises, putting entrepreneurs first is clearly a smart move.

Piece Of The Action

LOUISVILLE—The first Saturday in May, "The whole town of Louisville pops with activity," says Alan Rupp, owner of Kern's Kitchen Inc. A manufacturer of chocolate-nut pies, Rupp, 38, is just one of many local businesses to benefit from the town's annual Kentucky Derby horse races at Churchill Downs.

Is it the legendary horse race or Alan Rupp's Derby-Pie that draws crowds to Churchill Downs every year? You make the call.



Photo © Warren Lynch

BY GUEN SUBLETTE



Kentucky's rich natural resources put the Johnson family's coal mining company in the black. (From left: Greg, Garnie, Georgia, George Jr. and Gwendel)

Photo Courtesy: Johnson Bros. Enterprises Inc.

for distribution outside Louisville," Rupp says.

With bigger accounts on the horizon, Rupp moved Kern's Kitchen into a commercial location with a bigger oven, a pie-filling machine and a delivery van. The new facilities boosted production to about 2,000 pies per week. Retailing for \$7.50 to \$10, the pies are today sold through distributors to restaurants, ice cream stores, grocery stores and bakeries in five states surrounding Kentucky.

In 1986, Rupp expanded into

mail order, which now makes up about 5 percent of the company's business. Derby-Pies sell for \$12 to \$20 apiece in catalogs such as *A Taste of Kentucky* and *HoneyBaked Hams' Christmas* catalog. "Because our business is so small, we'd rather leave the mail order business to established companies, while we concentrate on selling through wholesale distributors," says Rupp. Sticking to his niche has paid off: In 1992, Rupp's slice of the market grew to more than \$500,000 in sales.

Business Down Under

HORSE CAVE—In addition to Kentucky's Mammoth Cave National Park, which includes the world's longest known cave system, about half a dozen private cave tour operators draw droves of tourists to the cavernous state each year. Competing with the National Park system, however, isn't easy for small, independent operators—especially one operating just 15 miles from the famous Mam-

Competing with the National Park system may seem daunting, but Bill and Judy Austin's exotic, Australian-themed zoo and Kentucky cave tour are thriving.



Photo Courtesy: Kentucky Down Under Inc.