

## **Examining the Seedbed Potential Characteristics of Certain Manufacturing Industries: A Case Study of the Houseboat Manufacturing Firms in the Lake Cumberland Region of Kentucky**

In an examination of the houseboat industry around Lake Cumberland, this study by Steven Brent Lackey of the University of Kentucky, identifies the benefits and key ingredients of so-called “seedbeds.” Seedbeds refer to an industry or industry grouping that promotes spin-offs. Typically, this occurs as employees perceive market opportunities and break off to start a new firm within the same industry or in a related sector.

For an industry to have seedbed potential, the firm and the community must contain certain characteristics such as a preponderance of small firms; relatively skilled labor force; large proportion of managers and professionals; flexible specialization in production; low barriers to entry, pool of trained labor; business networks or associations; a supportive environment; entrepreneurial culture; accessibility to markets, suppliers, and transportation; significant proportion of purchased inputs that are intermediate goods; and market growth potential. The benefits to a community stem from the birth and expansion of indigenous firms that are less “footloose”, the jobs they create, and the recirculation of wealth within the region.

The case study finds that the Lake Cumberland region is missing a few key ingredients and therefore falls short of being a true seedbed. Notably, the development of a job-training program run with the cooperation of the local firms might help in moving the industry toward becoming a seedbed.