

The Lane Report[®]

KENTUCKY'S BUSINESS NEWS SOURCE FOR 32 YEARS

FEBRUARY 2017

\$4.50

ACCOUNTING EMBRACES CLOUD TECHNOLOGY

Kentucky firms and client
migrating to mobile services
that speed access to financial data
cut costs for on-premises systems

Page 28



lanereport.com

LANE ONE-ON-ONE:
STEPHEN GRAY
President and CEO, Gray Construction



PRST STD
U.S. POSTAGE
PAID
Permit #327
Lebanon Junction
KY 40150

201 E. Main St. Ste. 1402, Lexington KY 40507
ELECTRONIC SERVICE REQUESTED

Our energies go to:

offering more solar options for customers.

Opportunities are growing for customers who are interested in solar energy – from helping businesses install solar at their facilities to offering a subscription-based Solar Share program. Recognized as a top utility leader in the U.S. for economic development, LG&E and KU are committed to providing customers with a variety of energy options. **Our energies go to serving you.**



PPL companies

lge-ku.com/solar



- ☐ Corporate
- ☐ Government Access
- ☒ Healthcare Regulation
- ☐ Real Estate
- ☐ Litigation
- ☐ Estate Planning
- ☐ Intellectual Property

MAKING HEALTHCARE REGULATION SOMEWHAT EASIER TO SWALLOW.



201 East Main Street, Suite 900
Lexington, Kentucky 40507
(859) 231-8780 | www.mmlk.com



28 COVER STORY

ACCOUNTING EMBRACES CLOUD TECHNOLOGY

Kentucky firms and clients migrating to mobile services that speed access to financial data, cut costs for on-premises systems

32 MAKING FIRM ALLIES

Corporate lawyers weigh in on the relationships that keep them coming back for outside counsel

36 THE ART OF TRANSFORMATION

Ambitious new programs at Louisville's 203-year-old Spalding University are growing an oasis of opportunity

42 A VISION FOR HOPE

New Kentucky College of Optometry in Pikeville will help fill healthcare gap in Appalachia



On the Cover

Accounting firms increasingly are shifting to cloud-computing platforms for providing their services and data to clients. Rather than closed, on-premises computer systems with installed software, customers can access continuous real-time reporting via devices with online connectivity.

Departments

4 Perspective

6 Fast Lane

14 Interstate Lane

15 Kentucky Intelligencer

16 Corporate Moves

17 On the Boards

18 Lane One-on-One:
Stephen Gray
President and CEO,
Gray Construction



22 Accounting Outlook

24 Legal Outlook

35 Opinion

44 Emerging Lane

46 Lane List

47 Spotlight on the Arts

48 Exploring Kentucky

50 Passing Lane

52 Kentucky People



lanereport.com

Kentucky Business News Online

Read up-to-the-minute Kentucky business news stories, current and archived copies of *The Lane Report*, *Market Review*, *BG – A way of life*, *Next – Your Future After High School in Kentucky*, *Health Kentucky*, *Research Kentucky* special reports, white papers and community profiles.

Faster Lane

Email news bulletin

Three or more times a week, the editors of *The Lane Report* publish Faster Lane – email bulletins of fast breaking and important Kentucky business and economic news.

Visit lanereport.com to sign-up for this free, must-have, at-your-fingertips news service.

Wealth Management
Financial Planning
Trust Services
Insurance Services
Investment Banking
Lending
Cash Management
Personal Investing



Want to leave more of a legacy? Leave it to us.

Whatever your wealth transfer goals, give yourself the satisfaction of having a team of experienced and knowledgeable professionals working on your behalf. Your Hilliard Lyons estate planner, working with your attorney and accountant, can help you protect your assets from unnecessary taxation and ensure that those assets are distributed according to your exact desires and wishes. **888-278-2061**

**HILLIARD LYONS
TRUST COMPANY_{LLC}**

Hilliard Lyons Trust Company, LLC and J.J.B. Hilliard, W.L. Lyons, LLC (Hilliard Lyons) are subsidiaries of HL Financial Services, LLC. Securities are offered through J.J.B. Hilliard, W.L. Lyons, LLC | Member NYSE, FINRA, & SIPC | Hilliard Lyons and Hilliard Lyons Trust Company do not offer tax or legal advice. Please consult your tax advisor or attorney before making any decision that may affect your tax or legal situation.

EXECUTIVE EDITOR/VICE PRESIDENT

Mark Green

ASSOCIATE EDITOR

Karen Baird

DIGITAL EDITOR

Jonathan Miller

CREATIVE DIRECTOR

Jessica Merriman

CREATIVE SERVICES

Stone Advisory

Paul Blodgett

CORRESPONDENTS

Katherine Tandy Brown; Chris Clair;
Shannon Clinton; Anne Charles Doolin;
Kevin Gibson; Frank Goad; Robert Hadley;
Lorie Hailey; Debra Gibson Isaacs; Kara Keeton;
Meredith Lane; Abby Laub; Tim Mandell;
Esther Marr; Greg Paeth; Robin Roenker;
Josh Shepherd; Sean Slone; Katheran Wasson;
Gary Wollenhaupt; Dawn Yankeelov

PUBLISHER/CEO

Dick Kelly

ASSOCIATE PUBLISHER

Donna Hodsdon

Melissa McGarry

BUSINESS DIRECTOR

Nicole Conyers

MARKETING CONSULTANT

Curtiss Smith

CIRCULATION/IT

Josiah White



FOUNDER

Ed Lane

SYNDICATED COLUMNS

Creators Syndicate

PRINTING & CIRCULATION SERVICES

Publishers Printing Co.

WEB MARKETING & PUBLISHING

Able Engine

IT SERVICES

NetGain Technologies

INTERNET SERVICES

QX.net

Lane Communications Group
is a member of

THE ALLIANCE

OF AREA BUSINESS PUBLICATIONS

The Lane Report is published monthly by:
Lane Communications Group
201 East Main Street 14th Floor
Lexington, KY 40507-2003
editorial@lanereport.com
For more information and
advertising rates contact:
PHONE: 859-244-3500

The annual subscription rate is \$29.
(Kentucky residents add \$1.74 sales tax.)
Newsstand price is \$4.50.

Send check or money order to:
Circulation Manager

THE LANE REPORT

201 East Main Street 14th Floor
Lexington, Kentucky 40507-2003
or go to lanereport.com/subscribe

THE LANE REPORT corrects all significant errors that
are brought to the editors' attention.

© 2017 Lane Communications Group

All editorial material is fully protected and must not be
reproduced in any manner without prior permission.



PERSPECTIVE

CHANGING OF THE GUARD

Give the new sheriff
the benefit of the doubt

BY PAT FREIBERT

FOLLOWING the inauguration of President Donald Trump and the installation of a new Congress, a new set of leaders has embarked on the task of governing America. This changing of the guard completes the traditional American transfer of power dating back to the nation's beginning. While there is emphatically a "new sheriff in town," the republic continues.

The words of the president's inaugural address were about the vigorous defense of American interests and a pledge to "bring back power to the American people." His pledge was "to the people, not to the political establishment in Washington," a theme reminiscent of the approach of former President Ronald Reagan in the 1980s.

The language of President Trump's speech consisted of "straight talk" as opposed to "soaring rhetoric." President Trump often spoke on the campaign trail of Washington's focus on too much talk and rhetoric without action.

The "changing of the guard" has been most obviously demonstrated in the early days by the kind of individuals chosen to serve in the president's Cabinet. Supporters and many opponents seem impressed with the superior qualifications of some of those nominated by the president. They represent a cross section of American society, primarily from private-sector careers, just as the president does. The scarcity of lifelong politicians also tracks the new president's promise of a fresh direction. President Trump's Cabinet selections further suggest that he does not hold a grudge against former opponents, as he named two Republican primary challengers to key positions.

In his speech, President Trump spoke directly to middle-class Americans and those who feel "forgotten" by Washington, like the 93 million Americans without jobs and no job prospects on the horizon. His remarks also focused on the importance of a lawful society, and respect for those responsible for keeping the country safe. He spoke about the necessity of rudimentary change for a faltering economy, as well as the urgency to address the basic problems generated by the Affordable Care Act, which turns out not be very affordable and has caused millions to lose

their primary care physicians and millions more to experience further skyrocketing premiums. More millions have seen their full-time jobs reduced to part-time or temporary jobs or no jobs at all.

The speech touched on bringing America together, loyalty to our country and to each other, and emphasized that "we should not be ashamed to be 'American First.'" The president's speech said, "There is no room for prejudice when we open our hearts."

The new president was an improbable candidate and seriously underestimated at every stage by his opponents, the talking heads in the media, the pollsters and political commentators. Nevertheless, he outperformed all others despite, or perhaps because of, his background in the private sector, rather than the political class. While he did not run an "anti-government campaign," he focused on making the government work for everyone, including those who felt left behind.

The inability of the previous administration to successfully address serious violent crime in our cities, the drug culture, economic efforts to stem joblessness, expansion of federal control through regulatory overreach in virtually all areas of American life, lack of accountability for those same regulators and federal appointees found to have abused their offices and the peoples' money all contributed to President Trump's election.

The election is over and now is the time to govern. There is much to do in the areas of jobs and stimulating a still-sluggish economy, and in foreign relations in a world with more individual threats to the country's interests than perhaps ever before – including radical terrorism, energy production and independence, and addressing regulatory overreach where it has resulted in huge costs for consumers and no demonstrable benefits.

The changing of the guard is now underway, and American tradition and basic fairness dictate that the new sheriff be given the benefit of the doubt and allowed to make changes. The nation has chosen a new leader in a lawful election. Restoring honesty and de-politicizing our federal agencies is likely to be an early initiative of the new administration. And a good place to begin might be with the Veterans Administration, the IRS or the Environmental Protection Agency. ■



Pat Freibert is a former Kentucky state representative from Lexington. She can be reached at editorial@lanereport.com.

Powering Kentucky



We're There 24/7/365

Our power plants generate the electricity used by more than 1 million Kentuckians. Our cooperatives are committed to providing safe, affordable, reliable electric service.

Kentucky's Touchstone Energy® Cooperatives 

Big Sandy RECC Blue Grass Energy Clark Energy Cumberland Valley Electric Farmers RECC
Fleming-Mason Energy Grayson RECC Inter-County Energy Jackson Energy Licking Valley RECC Nolin RECC
Owen Electric Salt River Electric Shelby Energy South Kentucky RECC Taylor County RECC

POWERED BY  EAST KENTUCKY POWER COOPERATIVE

FAST LANE

A compilation of economic news from across Kentucky

STATE: GENERAL ASSEMBLY QUICKLY MAKES KENTUCKY A RIGHT-TO-WORK STATE, ENDS PREVAILING WAGE RULE

THE Kentucky General Assembly started off the new year by quickly passing right-to-work legislation and repealing prevailing wage legislation, making Kentucky the 27th right-to-work state in the country.

Right-to-work prohibits requiring any worker to join a union as a condition of employment. The **Kentucky Chamber of Commerce** has long advocated for the passage of right-to-work legislation and has repeatedly stated that it will help make the commonwealth more attractive to companies seeking to locate their business in the state. Four of the seven states bordering Kentucky already have right-to-work laws in place: Indiana, Tennessee, Virginia and West Virginia.

A bill related to right-to-work, the **Paycheck Protection Act**, was also passed, requiring workers to “opt in” to having union dues withheld from their paychecks rather than the current practice of requiring a worker to opt out of having an employer withhold their dues.

The General Assembly also repealed the prevailing wage on public works projects, eliminating the government-defined hourly wage in construction contracts. With the prevailing wage law in place, construction companies were required to pay the “prevailing” rate for construction labor – typically the set union scale. As a result, companies bidding on a public works project could not place a bid that was below the prevailing wage rate, thus stifling competition.

A 2014 study by the Kentucky Legislative Research Commission – a nonpartisan research organization of the legislature – determined that the prevailing wage law inflated labor costs by 24 percent on average and increased total project costs by an average of 10 to 16 percent.

“Added spending on public works projects by Kentucky taxpayers means fewer public works projects are built or existing projects, such as schools, are scaled back,” Kentucky Chamber President Adkisson said.

Right-to-Work States



Source: National Right To Work Legal Defense Foundation

LOUISVILLE: FEDERAL RULING BLOCKS PROPOSED \$37B HUMANA/AETNA MERGER, CITES REDUCED COMPETITION

A federal judge has ruled against the proposed \$37 billion merger of insurance giants **Aetna** and Louisville-based **Humana**, saying the deal would violate antitrust laws by reducing competition in the healthcare insurance market.

The ruling follows a lawsuit filed last summer by the U.S. Department of Justice to block the merger, which was first announced in July 2015. The DOJ maintained that the deal would create a monopoly in more than 360 health insurance markets across the nation and ultimately create higher prices and lower quality care for seniors. Aetna and Humana currently compete for **Medicare Advantage** business in many markets.

Under the terms of the original merger agreement, Humana would have remained headquartered in Louisville – where it currently employs approximately 12,000 people – and would handle the merged entity’s **Medicare, Medicaid** and **Tricare** businesses.

Following the ruling, Aetna and Humana released the following joint statement: “After putting forward a compelling case that addressed each of the Department of Justice concerns, we are disappointed with the court’s decision and will carefully consider all available options,” Aetna Chairman and CEO Mark T. Bertolini and Humana CEO Bruce Broussard said. “We continue to believe a combined company will create access to higher-quality and more affordable care, and deliver a better overall experience for those we serve.”

The companies have until Feb. 15 to decide whether they will try to move forward with the merger.



HEBRON: AMAZON TO OPEN \$1.5B AIR CARGO HUB AT CVG, CREATING 2,000 JOBS

AMAZON has announced plans to build a centralized air hub at the **Cincinnati/Northern Kentucky Airport** to support its growing fleet of **Prime Air** cargo planes, a project that will create more than 2,000 new jobs.

The company’s planned \$1.5 billion investment will bring it a \$40 million reduction in future tax payments under economic development incentives approved by the state.

Amazon has been an active member of Kentucky’s business community for nearly 20 years. The company currently has more than 10,000 full-time employees at 11 fulfillment center locations across the state and recently announced plans to add another 1,000 full-time positions in Kentucky as part of a companywide expansion that will create 100,000 jobs over the next 18 months.

Amazon photo



A new centralized air hub at the Cincinnati/Northern Kentucky Airport in Hebron will help the company meet demand from Amazon Prime members for fast, reliable delivery.

“As we considered places for the long-term home for our air hub operations, Hebron quickly rose to the top of the list with a large, skilled workforce, centralized location with great connectivity to our nearby fulfillment locations, and an excellent quality of living for employees,” said Dave Clark, Amazon’s senior vice president of worldwide operations.

Last year, Amazon entered into agreements with two carriers to lease 40 dedicated cargo airplanes to support its Amazon Prime members with fast, free shipping. Today, 16 of those planes are in service for Amazon customers with more planes rolling out over time. Amazon’s Prime Air hub at CVG will support its dedicated fleet of Prime Air cargo planes by loading, unloading and sorting packages.



A different breed of IT security.

integrity
www.integrityky.com

3080 Harrodsburg Rd. Suite 104, Lexington, KY 40503
Contact us for a Free consult **859-253-4284**

- Security Risk Analysis
- Managed Security Program
- Intrusion Detection/Prevention
- Employee Competency Programs
- Incident Response Readiness Plans

BUSINESS BRIEFS

BELLEVUE

■ The owners of **Ei8ht Ball Brewing** have announced plans to close by mid-February after three years in business. **New Riff Distilling** President and Owner Ken Lewis said with the craft beer industry tightening, the company has made the decision to narrow its focus on distilling. As a result of the closing, New Riff Distilling will not move forward with proposed plans to build a brewpub in West Newport but will continue with its \$9 million "Whiskey Campus," which is currently under construction. When completed, the **New Riff Whiskey Campus** will offer public tours of the facility, which will hold more than 19,000 barrels of Kentucky bourbon whiskey and will feature event space and a Napa-style tasting room where guests can sample bourbon cocktails. It also will serve as New Riff's bottling/warehousing facility and distribution center.



BOWLING GREEN

■ **Fort Knox Federal Credit Union** is building a new branch in Bowling Green to serve the 1,000-plus members who live in Warren County and the surrounding area. With \$1.3 billion in assets, the credit union serves nearly 94,000 members and operates 16 other branches throughout Central Kentucky. The Bowling Green branch is expected to open this spring.

ELIZABETHTOWN

■ **Stiles, Carter & Associates CPAs** of Elizabethtown has merged with the Bardstown CPA firm of **Blandford & McCubbins PLLC**. The merger is part of SCA's plan to expand its services regionally. The Bardstown office is now operating under the SCA name. As a result of the merger, the firm now has 17 CPAs and 45 employees.



Gerner & Kearns photo

FLORENCE

■ The law firm of **Gerner & Kearns Co.** has purchased and renovated the former **Bank of Kentucky** corporate headquarters facility just off I-75 in Florence. The firm, which now has 65 employees, was founded in 1987 with a concentration in residential and commercial real estate law and has expanded over the years to include a creditor's rights

practice as well as business law, probate and estate planning and civil litigation. In addition to its Florence location, Gerner & Kearns has offices in Newport, Ky.; Cincinnati, Ohio; and Lawrenceburg, Ind. The firm's affiliated title company, **PRISM Title & Closing Services**, has 22 employees and will be located in the new Florence facility.

FRANKLIN

■ A new privately funded speculative building is being constructed on 17 acres in the **Sanders Industrial Park** and is expected to be complete by March. The building will feature 100,000 s.f. of manufacturing space and 5,000 s.f. of office space and will fill the final site in the industrial park. The 400-acre industrial park is home to eight other industries as well as the **Southcentral Kentucky Community and Technical College**.

■ **Stark Truss Co. Inc.** is renovating a former Walmart store in Franklin with plans to relocate its Kentucky roof and floor truss manufacturing operations from nearby Auburn to Franklin. The Ohio-based company is investing nearly \$1.7 million in the project and plans to add 22 full-time jobs to its current staff of 25.



LOUISVILLE: TELECOM COLLECTIONS FIRM HIRING 433 FOR NEW LOUISVILLE SITE

DIVERSIFIED Consultants Inc. (DCI), a collection services company servicing telecom clients, is opening a new operation in Louisville with plans to hire 433 employees.

The company will lease 40,000 s.f. of a 60,000-s.f. building currently occupied by the **Vantiv** call center in the **Commerce Crossings** business park. In addition to customer service agents, the new office will employ human resources, quality administration, compliance and other office-support staff.

Founded in 1992 in Jacksonville, Fla., DCI is a family-owned telecom collection services company. DCI has quadrupled in size since 2009 and currently employs 930 people across three locations in Jacksonville; Portland, Ore.; and the Philippines.

"Ours is an industry that too often gets a negative reputation," said DCI Chief Operating Officer Gordon Beck, who is a native of Louisville. "DCI is changing that in how we treat our customers and through our own company culture. We got to the top of our industry by being nice. We focus on the customer experience and are legal, moral and ethical. The reason we're opening this office in Louisville is our company is looking to expand its customer base and we know we can recruit the kind of employees who want to be a part of our company."

Beck said he expects to open the new office by April 1.

STATE: AG DEPARTMENT APPROVES 12,800 ACRES FOR INDUSTRIAL HEMP RESEARCH

THE Kentucky Department of Agriculture has approved 209 applications from growers who have been approved to cultivate up to 12,800 acres of industrial hemp for research purposes in 2017, nearly triple the number of acres that were approved for the previous year. In addition, more than 525,000 s.f. of greenhouse space has been approved for indoor growers in 2017.

"By nearly tripling hemp acreage in 2017 and attracting more processors to the state, we are significantly growing opportunities for Kentucky farmers," Agriculture Commissioner Ryan Quarles said. "Our strategy is to use KDA's research pilot program to encourage the industrial hemp industry to expand and prosper in Kentucky. Although it is not clear when Congress might act to remove industrial hemp from the list of controlled substances, my strategic objective is to position the commonwealth's growers and processors to ultimately prevail as national leaders in industrial hemp production."

In addition, the KDA has approved 11 new applications from processors (in addition to 29 previously approved multi-year processor applications that were not required to reapply). Five universities will also carry out additional research projects in 2017. KDA officials cited the recent decline in commodity prices as one factor that appears to be generating increased interest among Kentucky's farmers in industrial hemp and other alternative crops.

To strengthen KDA's partnership with state and local law enforcement officers, KDA will provide GPS coordinates of approved industrial hemp planting sites to law enforcement agencies before any hemp is planted. Participants also must pass background checks and consent to allow program staff and law enforcement officers to inspect any premises where hemp or hemp products are being grown, handled, stored or processed.



BOWLING GREEN: BUILDERS FIRSTSOURCE TO OPEN NEW PLANT IN BOWLING GREEN

BUILDERS FirstSource Inc., a manufacturer of trusses, wall panels, doors and other building components, is opening a new facility in Bowling Green that will bring 79 new full-time jobs to the area.



Builders FirstSource's Bowling Green plant will primarily produce roof and floor components for residential construction.

The Bowling Green plant will enable the Texas-based company to better serve its customers in Louisville and Lexington, as well as those in the Indiana and northern Tennessee markets. The plant will primarily

produce roof and floor components for residential and multi-family construction.

Founded in 1998 and headquartered in Dallas, BFS operates more than 400 locations across 40 states, serving professional contractors, subcontractors and remodelers. The company operates three other locations in Kentucky: Hopkinsville, Lexington and Shelbyville.

FULTON: KAYSER AUTOMOTIVE RAMPS UP FOR \$26M EXPANSION, 100 NEW JOBS

A. Kayser Automotive Systems USA is investing \$26 million to expand its facilities in Fulton and add 100 new jobs.

The company plans to expand into a 60,000-s.f. facility located next to its existing Fulton plant that is currently occupied by MVP Group International. MVP is moving its operations and 69-member staff to its plant in nearby Mayfield, where it will consolidate its production of scented candles.

Headquartered in Charleston, S.C., MVP designs and manufactures private-label and branded candles and accessories as well as other home fragrance products and decorative accessory gift products for major retailers worldwide. By moving its Fulton County employees and production resources to Mayfield, MVP expects to increase efficiency while preserving jobs.

Meanwhile, the acquisition of additional space will allow Kayser to increase manufacturing and warehouse space for a variety of mechanical and passenger-cabin automotive parts.

The Fulton plant is the first U.S. facility opened by Kayser, a family-owned German business that has been in operation for more than 50 years. Since announcing plans to build the Fulton facility in 2013, the company has grown to a staff of 60 people. Products produced at the Fulton plant include fuel tank components; engine and under-hood parts, such as activated charcoal canisters, valves, lines, filters and vent ducting; and vehicle interior components. Kayser Fulton specializes in development and production, from 3D simulation to detailed manufacturing to comprehensive testing.

The complex deal of between the two companies took months to assemble and involved modification of various existing financial incentives and jobs-related agreements, equipment purchase plans and relocation logistics. Yet, said Rep. Steven Rudy of Paducah, who represents Fulton, "In this scenario, everyone stands to gain, including the employees, companies and communities."

BUSINESS BRIEFS

GEORGETOWN

■ **Bluegrass Community and Technical College** has opened a \$24 million Advanced Manufacturing Center at its campus in Georgetown. The 78,000-s.f. facility, designed to prepare more students for careers in the state's growing automotive and manufacturing industries, is equipped with modern manufacturing equipment such as computers, robotics and other electronics, and houses programs that include industrial maintenance, electronics, industrial electricity, robotics, mechanical drives, fluid power, machining and welding. Customized workforce training for business development will also be offered, as well as traditional general education courses to support residents from Georgetown/Scott County and the surrounding communities.

HINDMAN

■ **Cox Foods**, a Hindman-based company that operates 10 IGA grocery stores through Eastern Kentucky, is expanding into the Lexington market. According to a report by the *Lexington Herald-Leader*, the company plans to open an upscale grocery in Lexington's Chevy Chase neighborhood, occupying a space that previously housed a **Kroger** supermarket.

LA GRANGE

■ **Baptist Health La Grange** and the **Baptist Health Foundation** have received a \$1 million donation from the **Rawlings Foundation** that will help fund the hospital's recent Women's Center construction project. The \$2.5 million renovation project, scheduled for completion in May, will be renamed the **George and Beverly Rawlings Women's Center**. The donation is the largest in the history of Baptist Health La Grange.

LEXINGTON

■ **Transylvania University** has opened two new residence halls, capping off extensive residential construction and renovation projects. In addition to the four-story Bassett and Pioneer halls, which each house around 140 students, the university recently converted a large area in front of the new facilities into green space and opened a nearby pavilion as well as basketball and sand volleyball courts.



■ **Valvoline Inc.** has signed a definitive agreement to acquire the business assets of 28 **Time-It Lube** quick-lube stores located in Louisiana and eastern Texas. Time-It Lube, a family-run company based in Shreveport, La., was founded in 1987 and currently employs approximately 200 people. The acquisition expands Lexington-based Valvoline's presence in east Texas and represents its initial entry into the Louisiana market. Financial terms of the transaction have not been disclosed.

■ **Fabletics**, an activewear clothing company co-founded in 2013 by actress Kate Hudson, will be opening 12 new retail locations in 2017, including one in Lexington scheduled to open in March. There are currently 18 locations in the U.S.

■ The **21c Museum Hotel** in Lexington has been ranked among the top 10 best new hotels in the nation in the *USA Today* 10 Best Readers Choice Awards. The hotel, which opened in 2016 following an extensive renovation of the 100-year-old **Fayette National Bank Building** in downtown Lexington, was ranked No. 5 on the listing.



■ The Kentucky Horse Park Commission has voted to withdraw from consideration for hosting the ninth **International Federal for Equestrian Sports (FEI) World Equestrian Games** in 2022. Commission members expressed concerns regarding staging of the games and the potential conflict that hosting would create with the long-term goals of the **Kentucky Horse Park**, including limitations on potential Horse Park-generated revenue opportunities. "We are committed to being good stewards of the Kentucky Horse Park," said Tandy Patrick, chair of the Kentucky Horse Park Commission. "We do not think it would be economically feasible for the park to host the 2022 games." When the Horse Park hosted the games in 2010, it was the first time the games had ever been held outside of Europe.

BUSINESS BRIEFS



Greer Cos. photo

LEXINGTON

■ Texas-based **Cheddar's Scratch Kitchen** has acquired 44 restaurant locations from **Greer Cos.**, a Lexington company that is the company's largest franchisee. Greer Cos., a family-owned hospitality and real estate develop-

ment company, has been a franchise owner of **Cheddar's Casual Café** for more than 20 years, with locations across seven states. The company employs more than 6,000 people in eight states and is also a franchisee of hospitality chains that include **Marriott** and **Hilton Hotels**, operates independent restaurant concepts and is a partner in the national escape-room adventure game, **Breakout Games**. All 44 of the former Greer locations will continue to operate under the Cheddar's Casual Café nameplate.

■ **Walmart** has opened its first training academy in Kentucky, a dedicated facility within a Lexington Walmart supercenter that will provide hourly supervisors and department managers with hands-on training in both the classroom and the sales floor. The Lexington training academy is one of only 200 to be built across the nation.

■ The **University of Kentucky's Gatton College of Business and Economics** is launching a new professional Master of Science in Finance (MSF) degree that will welcome its first class this coming fall. The MSF program consists of a 10-month, 10-course curriculum and is not limited to finance or business majors. There are no specific course prerequisites other than college-level math and introductory statistics and work experience is not required for admission. All applicants will automatically be considered for merit-based scholarships.



LOUISVILLE

■ A new research program at the **University of Louisville** will focus on developing better methods for studying lung inflammation and allow for new research into causes and potential therapies for lung diseases such as chronic obstructive pulmonary disease (COPD), cystic fibrosis and asthma. The **GSG III Foundation** has pledged more than \$1 million over five years to support the new Gibbs Lung Research Program at the **Cardiovascular Innovation Institute**. Dr. Laman Gray Jr., executive and medical director of the CII, said that other than lung cancer, most people don't understand the extent of the problem of lung disease and noted that the "scientific world has limited capabilities for studying the diseases." UofL researchers hope the program will lead to valuable treatments that will slow or reverse the course of lung disease.



■ **Allegiant Air** has announced plans to begin flight service out of **Louisville International Airport**, beginning in May. The low-fare carrier will be offering routes from Louisville to five Florida destinations – Fort Lauderdale, Destin/Fort Walton Beach, Orlando, Tampa/St. Petersburg and Fort

Myers/Punta Gorda – and Savannah, Ga. Flights to Destin/Fort Walton and Savannah will be seasonal, with the remainder being offered year round.

■ **Payment Alliance International**, a Louisville company that specializes in electronic payment processing solutions, has acquired Louisville-based ATM operator **Avery Scott LLC** for an undisclosed amount. The acquisition adds more than 400 ATM locations to PAI's existing nationwide network of 74,000 ATMs and enables Avery Scott to offer new technologies such as cardless mobile-phone ATM transactions and point-of-sale and mobile payment solutions. A statement announcing the acquisition said employees and affiliates of Avery Scott will be retained.

ERLANGER: STUDY FINDS CVG HAS \$4.4B ANNUAL IMPACT ON LOCAL ECONOMY

THE Cincinnati/Northern Kentucky International Airport (CVG) has a \$4.4 billion annual economic impact, according to the latest statistics from a report released by the economic centers at **Northern Kentucky University** and the **University of Cincinnati**.



That figure represents a 22 percent increase compared to the \$3.6 billion economic impact recorded by the previous study in 2012.

Other highlights from the study include:

- CVG supports more than 13,500 direct jobs and more than 31,100 total jobs.
- CVG supports more than \$625 million in direct labor income and more than \$1.3 billion in total labor income.
- CVG supports more than \$21 million in income-tax revenues for Kentucky and more than \$4 million for Ohio.

"A vibrant airport that moves people and goods efficiently is an important component of the economic vitality of the region," said CVG Chief Executive Officer Candace McGraw. "This report showcases our successful efforts over the last several years to grow cargo operations, develop land around the airport, and increase air-service options. We're pleased to see the direct positive impact on the community."

Airline growth has been driving down fares, and therefore contributing to increased passenger volume at the airport. Last year, the airport achieved its best ranking in the 21-year history of the **U.S. Department of Transportation** airfare report, reported its best passenger traffic volume since 2005 and achieved a 70-year record for cargo volume.

PADUCAH: CREDIT BUREAU SYSTEMS INC. ADDS MORE JOBS TO SUPPORT GROWTH

A Paducah-based company that specializes in accounts receivable management, specialty billing and business-process outsourcing is expanding both its facilities and its staff at its hometown office.

Credit Bureau Systems Inc. is investing \$1.7 million to construct a 10,000-s.f. building adjacent to its existing Paducah headquarters to accommodate future expansion. The company plans to relocate 10 employees from out of state in addition to hiring 40 more full-time employees.

"Growth in our ambulance, physician and hospital billing operations has pushed our facilities in Kentucky and Tennessee to maximum capacity," said Mark Edwards, president of Credit Bureau Systems. "It was essential to our three-year growth plan that we expand our Paducah campus immediately to meet the demand."

The company began as a local credit-reporting agency and has grown into a full-service healthcare revenue cycle company employing 385 full-time employees. Its services include hospital patient billing, healthcare insurance claims processing and cleanup as well as physician, ambulance and EMS billing. The company operates six divisions that provide services to hospitals, physicians and other medical providers in 24 states. CBS has call centers in Paducah, Owensboro, Lexington and Hazard, as well as Clarksville, Tenn.

The new Paducah office is expected to be open by September.



Understanding the law means nothing
if you don't understand your clients.

Before we build cases, we build relationships. From day one, we work to become your partner. To deeply understand your situation. And to develop customized strategies for solving – and often preventing – legal issues.



Learn more at stites.com.

KENTUCKY • INDIANA • GEORGIA • TENNESSEE • VIRGINIA

BUSINESS BRIEFS

LOUISVILLE

■ **Marriott International Inc.** has opened a new \$27 million, 126-room **Aloft Hotel** in east Louisville. The hotel features more than 3,500 s.f. of flexible meeting space and is close to numerous corporate offices as well as **Baptist East Hospital** and the **Ford Motor Co.** and **General Electric** plants.



MOREHEAD

■ The **Exomedicine Institute**, a Lexington-based nonprofit that fosters medical research and development in the microgravity environment of space, has awarded a \$300,000 grant to **Morehead State University** for the creation of the Exomedicine Center for Applied Technology. The first of its kind Exomedicine Center for Applied Technology will bring together scientists, researchers, entrepreneurs and students to design, develop and execute experiments, which will then have the opportunity to be carried out aboard the International Space Station. Findings from the experiments will be used to improve medical treatments for patients on Earth. "Morehead is proud to be at the forefront of space-based medical research," said Morehead State University President Wayne Andrews. "The Exomedicine Center for Applied Technology will allow our students and professors to be a part of cutting-edge experimentation that has the potential to change lives and the future of life science research as we know it."

NEWPORT

■ The **Newport Aquarium** has announced plans to open a new sting-ray exhibit in May that will be the only experience of its kind in North America. The 6,000-s.f. attraction represents an investment of more than \$1 million and will be the biggest development to open at the aquarium since 2015.

NORTHERN KENTUCKY

■ The **Northern Kentucky Tri-County Economic Development Corp.** (Tri-ED), the primary economic development entity for Boone, Campbell and Kenton counties, has released its annual report highlighting the direct, indirect and induced impacts of jobs and investment from primary industry companies and entrepreneurship activity. The region saw nearly 1,700 new jobs announced in 2016 from 25 new and expanding companies. Those projects amounted to \$327 million in capital investment with an estimated \$98 million in annual labor income.

OWENSBORO

■ **Kentucky Wesleyan College** alumnus Dr. Angelos Stergiou has committed \$110,000 to the college, \$60,000 of which will be used to establish a biotechnology scholarship that will enable selected students to participate in a summer internship program at the world-renowned **Memorial Sloan Kettering Cancer Center** in New York City. Students will work in a cancer research lab at MSK under the direction of Dr. David Scheinberg, who specializes in the care of patients with leukemia. Stergiou, who graduated from Kentucky Wesleyan in 1997, is the founder, CEO and vice chairman of **SELLAS Life Sciences Group** and has held international positions with pharma, biotechnology and clinical research organizations over the past 14 years.



PADUCAH

■ **Bojangles Inc.**, a North Carolina-based fried chicken restaurant chain, has identified the mid-South region as an area of opportunity and is actively seeking experienced multi-unit restaurant owners to grow the brand in the Paducah area. The chain opened a new restaurant in Lexington last year and also has locations in Bowling Green, Corbin, Frankfort, Franklin, Georgetown, London, Mount Sterling, Versailles and Winchester.

STATE: KY CHAMBER CREATES CENTER TO ADDRESS WORKFORCE CHALLENGES

A new initiative has been launched by the **Kentucky Chamber of Commerce** to expand employer-led efforts to improve the quality of **state workforce programs**.

The **Kentucky Chamber Workforce Center** is the result of extensive planning and research that confirmed the need for greater private-sector involvement in the development of workforce policies and programs, said Kentucky Chamber President and CEO Dave Adkisson.

The Workforce Center is supported by a grant from USA Funds, a national nonprofit organization, and will target the following areas:

- **Business Leadership** to represent the interests of the employer community in partnership efforts with the governor and administration officials. The focus will be on aligning education, workforce and economic development at the policy and service-delivery levels.

- **Network Development and Support** to assist employers who serve on state and local workforce boards or participate in other workforce efforts. Information sharing, peer-to-peer communications and other supportive efforts will focus on ensuring consistency and collaboration across the state.

- **Industry Collaboratives** to build on the **Kentucky Federation for Advanced Manufacturing Education** (KY FAME) model to bring together employers and workforce educators to define skill needs and create collaborative programs that provide sector-specific training opportunities for students and workers. The KY FAME collaborative has gained national recognition for its focus on advanced manufacturing careers.

- **Effectively Using Data** to determine the actual impact and outcomes of workforce training and development programs.

- **Essential Skill Initiatives** to address what employers identify as a critical problem with many workers: the lack of basic personal management skills such as showing up for work, communicating and getting along with colleagues and taking responsibility.



Beth Davisson will serve as executive director of the Kentucky Chamber Workforce Center.

PRESTONSBURG: \$3.5M GRANT WILL FUND EMPLOYER-DRIVEN TRAINING PROGRAMS

BIG Sandy Community and Technical College (BSCTC) has been awarded a \$3.5 million grant from the Appalachian Regional Commission (ARC) to help launch an **employer-driven workforce development program** in communities across Eastern Kentucky that have been impacted by the loss of coal industry jobs.

The program will focus on building the digital economy and strengthening digital innovation and entrepreneurship across a 16-county region. **Hazard Community and Technical College** and **Southeast Kentucky Community and Technical College** will join BSCTC to create digital innovation hubs to fast-track training for jobs.

The program will establish educational programs that develop workforce skills in emerging regional career clusters such as cybersecurity, medical coding and advanced manufacturing. The program will specifically engage dislocated workers from the coal industry through targeted advertisements, and will provide adult basic education as needed to ensure that the individuals can participate in the training courses.

The project will serve 300 trainees and work to improve the operations of 30 existing businesses in the first two years of the award.

LOUISVILLE: FALLS CITY BREWING CO. TO RETURN ITS OPERATIONS TO LOUISVILLE



FALLS City Brewing Co. has announced plans to bring all of its brewing operations back to Louisville.

The company's parent company, **Neace Ventures**, has signed a letter of intent to acquire ownership of a building in Louisville's Portland neighborhood that houses the **Heine Brothers' Coffee** headquarters. With the joint venture, both

Falls City and Heine Brothers' offices will be housed in the 80,000-s.f. building, which was constructed in 1927.

The Portland area lies northwest of downtown Louisville and is beginning to experience a rebirth, with young families being drawn to the neighborhood's combination of distinctive architecture and lower prices. As a result, new restaurants and shops are beginning to pop up alongside longtime businesses.

Falls City's new space will allow the company to produce all of its beers for draft and wholesale in Louisville. The company currently has a contract with a facility in Nashville to produce and package its beers.

Falls City originated in Louisville in 1905 and flourished until the middle of the century, when Americans' tastes shifted toward light lagers, and ultimately closed in 1978. The company was revived in 2010.

BUSINESS BRIEFS

POWELL COUNTY

■ The Outdoor Group (TOG), the parent company of **Scott Archery**, **Custom Bow Equipment**, **Winner's Choice Bow Strings**, **Slick Trick** and **Solid Broadhead** companies, has announced an expansion and consolidation project in Powell County that will enable the company to bring its operations into one facility and provide the opportunity for future planned expansions. The five companies are currently manufacturing out of two separate facilities in Powell County. The new site is will be located in the former **Stantek** building in Stanton and is expected to be ready by spring.

VERSAILLES

■ Glass manufacturer **Pilkington North America Inc.** is investing \$7.5 million in technology and manufacturing upgrades at its Versailles facility to meet customer demand. Using the Advanced Press Bend process for laminated windshields, the company's newly developed proprietary technology will support production of its formed glass pieces, as well as the inner layer used to assemble windshields with Head-Up Display (HUD). Pilkington established its Versailles operation in 1987 and currently employs approximately 300 people there.

WILLIAMSBURG

■ The Kentucky Development Finance Authority has given preliminary approval to **Senture, LLC** for a proposed \$9.9 million investment in a new location in Williamsburg that would create 500 jobs. Senture, a domestic contact center that serves clients in the private industry and state and federal government sectors, would pay an average hourly wage of \$12.

STATE

■ Six **Kmart** stores and one **Sears** location in Kentucky are among 30 stores slated to close by April, according to an announcement released by Sears, which also owns Kmart. The locations scheduled to close include Kmart in Bowling Green, Corbin, Hopkinsville, Georgetown, London and Owensboro, and the Sears store at the Kentucky Oaks Mall in Paducah.

**BINGHAM
GREENEBAUM
DOLL** BGD
LLP

Practical Legal Solutions for your Business



"We use BGD for all of our legal needs, including mergers and acquisitions, trust planning and health-care reform. They truly are our partners."

-Doug Bawel
CEO
Jasper Engines & Transmissions

Bingham Greenebaum Doll LLP Indianapolis Louisville Lexington Cincinnati Jasper Evansville

www.bgdlegal.com

INTERSTATE LANE

Business news from Indiana, Ohio, Tennessee and West Virginia

BUSINESS BRIEFS

INDIANA

■ **Clear Software**, a provider of simplified business software, plans to add up to 190 new jobs as part of an expansion of its operations in Zionsville, Ind. The company provides businesses with a cloud-based platform-as-a-service designed to make business software easier to use and serves Fortune 500 clients throughout the U.S. Clear Software will be hiring sales, marketing, client services and software developers for positions that the company says will be double the area's average wage rate.



■ **Forest River**, one of the largest recreational vehicle producers in the country, plans to add up to 425 new jobs in LaGrange, Ind., by 2019 to support its expanded operations there. The Elkhart, Ind.-based company, which also operates

five other Indiana facilities, has invested \$6.7 million to purchase four existing LaGrange facilities that cover 450,000 s.f. The project will enable the company to increase production of its Cherokee line of fifth wheel and travel trailers, which is currently backlogged.

OHIO

■ Cincinnati-based **Fifth Third Bancorp** has partnered with education technology company **EverFi** to offer financial education and entrepreneurship classes to high school students residing in the 10 states where Fifth Third operates retail branches. The new program will offer a combination of foundational financial education and business finance courses that will be embedded into the high school curricula. The highly digitized program is designed to be interactive to allow students to learn in a familiar environment and will be offered beginning in the 2017-2018 school year.

■ **The Kroger Co.** has announced that its family of stores is in the process of hiring to fill approximately 10,000 permanent positions in its supermarket divisions. The Cincinnati-based company added 12,000 store associates in 2016 and has created more than 86,000 permanent jobs over the last eight years. The company currently has some 443,000 employees in nearly 2,800 stores in 35 states and the District of Columbia.



TENNESSEE

■ **Call 2 Answer** is investing \$800,000 to establish a new medical and urgent contact center in Spring Hill, Tenn., that will create 250 new jobs. The center will be located in the former Saturn headquarters facility and will provide services for physicians, hospitals and other health-care entities as well as support for other commercial industries throughout the U.S.

■ **LKQ Corp.**, an automotive equipment and accessories distributor and marketer, is expanding its regional headquarters in Nashville to help meet growing demand for its products. The company is building a 100,000-s.f. facility that will house its existing 400-member staff while providing room to add another 150 new positions planned over the next five years.



■ **Sparks Custom Fabrication** is expanding its operations in Adamsville, Tenn., where it produces millwork, stainless steel and refrigeration products used by the food industry. SCF is adding 10,000 s.f. of warehouse space to its existing 100,000-s.f. facility, which opened three years ago, and plans to add 140 jobs to its current 120-member staff to support the company's growth.

INDIANA: TOYOTA GEARS UP FOR \$600M EXPANSION, ADDITION OF 400 NEW JOBS



The third-generation Highlander made its debut at the Indiana plant in 2013 and recently received the 2017 Top Safety Pick+ award from the Insurance Institute for Highway Safety.

TOYOTA Indiana is investing \$600 million to modernize its Princeton, Ind., plant and plans to add 400 new jobs to help meet growing demand for the **Highlander** midsize SUV produced there.

The Indiana plant produced more than 400,000 vehicles last year, the highest in its 20-year history. The expansion project is scheduled to begin in fall 2019 and will add production of another 40,000 Highlanders per year.

The Princeton plant also produces Toyota's **Sienna** minivan and **Sequoia** SUV.

The Princeton expansion project is part of Toyota's strategy to build vehicles where they are sold. During the 2017 North American International Auto Show, **Toyota Motor North America** CEO Jim Lentz announced that the company would invest an additional \$10 billion in the U.S. over the next five years to make its existing plants even more competitive.

In addition to the Indiana plant, Toyota has manufacturing facilities in Kentucky, which produces the **Camry**, **Avalon** and **Lexus ES 350**; Mississippi (**Corolla**); and Texas (**Tacoma** and **Tundra**).

OHIO: BOB EVANS SELLS RESTAURANT CHAIN TO FOCUS ON FOODS BUSINESS

Bob Evans Farms Inc. (BEF) has announced that it is selling its chain of **Bob Evans Restaurants** to a private equity company and is acquiring **Pineland Farms Potato Co. (PFPC)** as part of a strategy to grow its BEF Foods business.

BEF Foods is a national leader in refrigerated dinner side dishes and is also the market share leader in sausage products in its core Midwest markets.

The New Albany, Ohio-based company has agreed to sell the restaurant chain to an affiliate of **Golden Gate Capital** for \$565 million. The chain currently consists of 522 restaurants in 18 states, primarily in the Midwest, mid-Atlantic and Southeast regions of the U.S.

BEF will purchase Pineland Farms for \$115 million. BEF CEO Saed Mohseni said the acquisition increases BEF's side-dish production capacity and also diversifies its production capability by adding a second potato processing facility.

In a statement announcing the transactions, the company said, "The new Bob Evans, further strengthened by the manufacturing and intellectual capital of PFPC, is positioned to be a higher profit and higher growth company that is expected to provide better returns to shareholders and an enhanced product line for customers."



Following its sale to Golden Gate Capital, Bob Evans Restaurants will continue to operate as a private business.

IS YOUR BUSINESS READY FOR FLU SEASON?

It's February. And it's cold. What's more, it's cold and flu season – which is a big deal if you're trying to maintain a healthy and productive workforce. Many employees think coming in to work when they're sick makes them look more committed to the job. However, in the long run business managers and owners are better off encouraging ailing employees to stay home and get well rather than infecting their co-workers.

8 flu facts every business owner should know.

More employees than ever are coming to work sick. Protect your bottom line and your workforce by encouraging sick time.

79%

admit they went to work sick last year.



73%

of employees catch a cold or flu at work.

52%

believe going to work sick makes them "hardworking and committed."

What can you do to help keep your workforce well?

Only 48%

of employees say their office offers disinfecting wipes to keep their desks clean.



Employees are motivated to stay well.

55%

of workers would give up social media for a guarantee of no stress for a year.

53%

said they'd give up coffee for a year to be stress-free.

42%

would give up a vacation day to a sick worker to ensure they don't bring stress to the workplace.

74% think employers should encourage workers to rest and get better.

Reassure employees it's okay to take sick days or telecommute. It'll help your office stay healthy and productive.



Source: Staples Business Advantage/2016 Cold and Flu Survey

SMALL-BUSINESS OWNERS ARE OPTIMISTIC ABOUT THE FUTURE

Small-business owners' optimism has improved to its highest level in eight years, according to the latest Wells Fargo/Gallup Small Business Index. Of those surveyed, 45 percent expected the operating environment for their business to be better in the coming year, compared to 17 percent five years ago. The index consists of owners' ratings of their business' current situation and their expectations for the next 12 months, measured in their overall financial situation, revenue, cash flow, capital spending, number of jobs and ease of getting credit.

SMALL BUSINESS INDEX

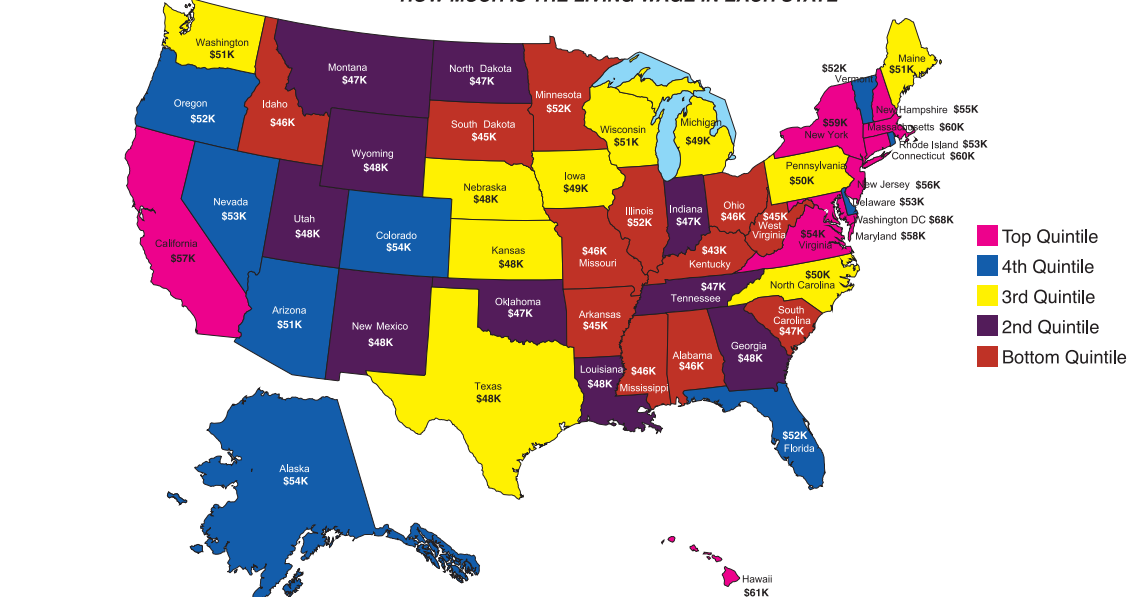


Source: Wells Fargo/Gallup Small Business Index

HOW MUCH IS A 'LIVING WAGE'?

There's been a great deal of discussion in recent months about minimum wage rates and living wages – but exactly what is a living wage? A recent study looked at economic factors in each state across the country to determine the average annual income needed to support two adults and one child. The study calculated costs for food, housing, childcare, healthcare insurance premiums, transportation, taxes and other necessities such as clothing, personal care items and housekeeping supplies. It turns out that Kentucky offers the most affordable cost of living in the nation. So here's to life in the Bluegrass State!

HOW MUCH IS THE LIVING WAGE IN EACH STATE



Source: Zipdia

CORPORATE MOVES

New leadership for Kentucky businesses

BANKING/FINANCE

■ **Nikki Jackson** has been promoted to senior vice president of the St. Louis Federal Reserve Bank's Louisville branch.

■ **Alex Keltner** has been named senior vice president, chief banking officer for Stanford-based First Southern National Bank. **John Brett Reynolds** has been named First Southern's community president in Logan County.



Alex Keltner



John Brett Reynolds

■ **Joan Beck** has been named the faculty/staff ombud at Eastern Kentucky University.



Joan Beck

CONSTRUCTION

■ **Bill Quenemoen** has been named executive vice president of Denham-Blythe Co., a Lexington construction and design company.

ECONOMIC DEVELOPMENT

■ **Beth Davisson** has been named executive director of the Kentucky Chamber of Commerce's new workforce center.

■ **Paul Holba** has joined One Southern Indiana, the chamber of commerce and economic development organization for Clark and Floyd counties, as director of talent development and Skills Up partnerships.



Paul Holba

EDUCATION

■ **Shane Garrison** has been named vice president of enrollment services at Campbellsville University.



Shane Garrison

■ **Jerry Abramson** has joined Bellarmine University as executive in residence. Abramson most recently served as President Obama's director of intergovernmental affairs and was previously lieutenant governor of Kentucky and mayor of Louisville.



Jerry Abramson

■ **David Balthrop** has been named dean of Murray State University's College of Humanities and Fine Arts.



David Balthrop

■ **Miko McFarland** has been named executive director for the University of Kentucky's education abroad and exchanges.



Miko McFarland

■ **Timothy C. Caboni** has been named president of Western Kentucky University, effective July 1. Caboni, who earned his master's degree in corporate and organizational

communications from WKU, succeeds **Gary Randsell**, who is retiring.

FOOD/SPIRITS/HOSPITALITY

■ **Peter Taormina** has been named senior vice president of quality and food safety for Covington-based Club Chef.

GOVERNMENT

■ **Dennis R. Hatfield** has appointed director of the Kentucky Division of Oil and Gas.

■ **Carmine G. Iaccarino** has been appointed executive director of the office of legal services for the Kentucky Retirement Systems.

LEGAL

■ **Jason Morgan** has been named a partner in the law firm of McBrayer, McGinnis, Leslie & Kirkland, working out of the Lexington office. Attorneys **Jason Hollon**, **Lindsey Anderson** and **Bethany Atkins Rice** have joined the firm's Lexington team.



Jason Morgan

■ **Katrina Miller**, **Adam Smith**, **Sarah Cronan Spurlock** and **Rebecca Weis** have been promoted to partner within the law firm of Stites & Harbison. Miller, Spurlock and Weis work out of the firm's Louisville office. Smith is located in the Lexington office.



Katrina Miller



Adam Smith



Sarah Cronan Spurlock



Rebecca Weis

■ **J. Tanner Watkins**, **Anthony M. Zelli**, **Drew B. Millar** and **John M. Spires** have been named partners with the Dinsmore & Shohl law firm. Watkins and Zelli practice in the firm's Louisville office. Millar and Spires work out of the Lexington location.



J. Tanner Watkins



Anthony M. Zelli



Drew B. Millar



John M. Spires

■ **W. Craig Robertson III** has been named partner in charge of Wyatt's Lexington office.

NONPROFIT

■ **Alan Bush** has been named executive director of Habitat for Humanity of Simpson County.

DEPARTURES

■ Northern Kentucky University President **Geoffrey Mearns** will be leaving NKU to become the president of Ball State University in Indiana. Mearns, who joined NKU in 2012, will begin working in his new role effective Aug. 1.



Geoffrey Mearns

Cassandra Tembo

has been promoted to chief administrative officer for Cedar Lake, a Louisville-based nonprofit care provider for adults with intellectual and developmental disabilities. **Toni Crouch** has been promoted to associate administrator for Cedar Lake Lodge.



Cassandra Tembo



Toni Crouch

TRANSPORTATION

■ Nicholasville-based R. J. Corman Railroad Group has announced the following appointments: **Nathan Henderson** – president of R.J. Corman Railroad Services; **Noel Rush** – senior vice president of commercial development for R.J. Corman Railroad Services; **Ray Sipes** – president of R. J. Corman Signaling.

UTILITIES

■ LG&E and KU Energy has announced the following promotions: **Lonnie Bellar** – senior vice president–operations; **John P. Malloy** – vice president–gas distribution; and **Beth McFarland** – vice president–customer services.



Lonnie Bellar

■ **Jovette S. Pino** has been named vice president and general manager of Columbia Gas of Kentucky operations.



Jovette S. Pino

OTHER

■ **Juan Picon** has been named senior vice president of Highland Heights-based General Cable and president of the company's North American business.

■ Smith Management Group, an environmental consulting firm with offices in Lexington and Louisville, has announced the following appointments: **Sara Smith** – chief executive officer; **Clayton Whitney** – president; **Kyle Hagen** – manager of engineering services; **Karen Thompson** – manager of environmental services; and **Scott Smith** – senior consultant.

■ Oliver Group, a Louisville-based leadership consulting group, has named **Jon Head** as area director for the company's Kentucky and Southern Indiana markets.

■ **Rachel Kennedy** has been named president and chief executive officer of the Olmsted Park Conservancy in Louisville. Kennedy succeeds **Mimi Zinniel**, who is retiring.

ON THE BOARDS

Kentuckians named to organizational leadership roles

BLUEGRASS TOURISM MARKETING ASSOCIATION

■ The Bluegrass Tourism Marketing Association has announced its new board of directors for 2017: President – **Amy Meyer**, Red River Gorge Zipline and Cliffview Resort; Vice President of Membership – **Monica Plut**, Hyatt Regency Lexington; Vice President of Programming – **Becca Rogers**, VisitLex; Secretary – **Amy Stamper**, Embassy Suites by Hilton; Treasurer – **Lara Mire Justice**, TownePlace Suites by Marriott; and Immediate Past President – **Eli Mertens**, Travel-Host Magazine. At-large board members include: **Amy Jackson**, The Thoroughbred Center; **Sid Yarbrough**, Avis/Budget Rent A Car; **Courtney Jones**, Keeneland/Airport Residence Inn, Courtyard, and Fairfield Inn and Suites by Marriott; **Tiffany Hart**, Blue Grass Airport; and **Rachel Bailey**, Hyatt Place.



Amy Meyer

COMMISSION ON CANCER

■ Dr. **Tim Mullett** has been appointed to the Commission on Cancer, a consortium of professional organizations dedicated to improving survival and quality of life for cancer patients. Mullett is medical director of both the University of Kentucky Markey Cancer Center Affiliate and Research Networks.



Tim Mullett

COMMUNITY TRUST BANK

■ Community Trust Bank has announced new advisory board members for the Lexington and Versailles markets. Joining the advisory board for the Lexington market are: **James E. Keeton III**, Kentucky American Water; **William Todd Sallee**, Kentucky Employers Mutual Insurance Co.; and **Daryl W. Smith**, LGE&E/KU Energy. **Jack Givens**, of the Bowlin Group in Walton, Ky., has joined the advisory board for the Versailles market.

CONSTRUCTION LAWYERS SOCIETY OF AMERICA

■ Stites & Harbison attorney **Bill Geisen** has been appointed as the inaugural president of the Construction Lawyers Society of America. Geisen is a member (partner) of Stites & Harbison's Covington office and chair of the firm's construction service group.



Bill Geisen

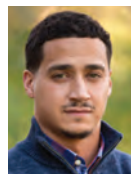
DRESS FOR SUCCESS LEXINGTON

■ **Nanci House**, **Lindsay Hughes Thurston** and **Kathryn McGuire** have been named to the board of directors of Dress for Success Lexington, an organization that works to help women achieve economic independence by providing a network of support, professional attire and development tools. House is a partner at White, McCann & Stewart PLLC in Winchester. Thurston is assistant secretary of state. McGuire is owner and founder of Best Dressed Lex LLC. Officers for the organization include: Chair – **Diane Verhalen**, Alliance

Financial Planning; Vice Chair – **Candace French**, Software Information Systems; Treasurer – **Tiffane Thompson**, Tempur Sealy International Inc.; and Secretary – **Elizabeth Paul**, Kentucky Employers' Mutual Insurance.

JUVENILE JUSTICE ADVISORY BOARD

■ **Justin "Jay" Miller** has been elected to chair Kentucky's Juvenile Justice Advisory Board, a federally mandated group charged with reviewing Kentucky's juvenile justice system, laws, and monitoring Kentucky's juvenile correctional institutions. Miller is an assistant professor in the University of Kentucky College of Social Work.



Jay Miller

KENTUCKY ASSOCIATION OF CONVENTION AND VISITORS BUREAU

■ The Kentucky Association of Convention and Visitors Bureau has announced its officers for 2017: President – **Katie Fussenegger**, ShelbyKY Tourism Commission and Visitors Bureau; Vice President – **Troy Beam**, Shepherdsville/Bullitt County Tourist & Convention Commission; Treasurer – **Eric Summe**, MeetNKY; Secretary – **Nancy Turner**, Winchester-Clark County Tourism Commission; and Past President – **Tricia Noel**, Hopkins County Tourist & Convention Commission.

KENTUCKY DISTILLERS' ASSOCIATION

■ The Kentucky Distillers' Association has announced its board of directors for 2017: Chair – **Ryan Ashley**, Four Roses Distillery; Vice Chair – **Rob Samuels**, Beam Suntory/Maker's Mark; Secretary-Treasurer – **Rick Robinson**, Wild Turkey Distillery; **Larry Kass**, Heaven Hill Brands; **Pauline Rooney**, Diageo North America; **Joseph J. Magliocco**, Michter's; and **Campbell Brown**, Brown-Forman.



Ryan Ashley

KENTUCKY FILM COMMISSION

■ **Branscombe Richmond**, **Kent Masterson Brown**, **Roger Rehm Cowden**, **Karen K. Lawrence** and **Merry-Kay Poe** have been appointed to the Kentucky Film Commission.

KENTUCKY HUMANITIES COUNCIL

■ **David Anthony Shuffett** has been appointed to the Kentucky Humanities Council. Shuffett, of Nicholasville, is an independent television producer and columnist for *Kentucky Living* magazine.

KENTUCKY LOTTERY CORP.

■ **William M. Schult** has been appointed to the Kentucky Lottery Corp. board of directors. Schult, of Edgewood, is vice president and CFO of Pro Mach Inc.

KENTUCKY STATE BOARD OF ACCOUNTANCY

■ **Theodore Joseph Funk**, **Albert Franklin Harris** and **Toni Carver-Smith** have been appointed to the Kentucky State Board of

Accountancy, the state agency responsible for licensing and regulating certified public accountants and CPA firms in Kentucky.

LEXARTS

■ LexArts has elected seven new members to its board of directors: **Brent Bruner**, EOP Architects; **Robert N. Elliston**, Keeneland Association; **Enrique Gonzalez**, Fusion Art Gallery; **Catherine Ladd Kenneally**, Cross Gate Gallery; **Marc A. Mathews**, Transylvania University; **Tiffany Dupont Novak**, Lexington Children's Theatre; and **Ellen Tunnell**, community volunteer.

LEXINGTON-FAYETTE URBAN COUNTY AIRPORT BOARD

■ **Garyen Denning** has been appointed to the board of directors of the Lexington-Fayette Urban County Airport Board. Denning is currently a managing partner of Lexington-based CRM Companies Restaurant Group.

MARTIN LUTHER KING JR. STATE COMMISSION

■ **Jim Douglas Karibo**, **Natasha Murray**, **Tiffany Yeast** and **Yvette Monique Smith** have been appointed to the Martin Luther King Jr. State Commission. The mission of the commission is to promote the principles of racial equality and nonviolent social change espoused by the late civil rights leader.

NATIONAL ASSOCIATION OF SECRETARIES OF STATE

■ Kentucky Secretary of State **Alison Lundergan Grimes** has been appointed to the executive board of the National Association of Secretaries of State. She will serve as the Southern Region vice president.

REPUBLICAN NATIONAL LAWYERS ASSOCIATION

■ **Eric Lycan** has been elected vice president for judicial affairs and chair of the judicial affairs committee for the Republican National Lawyers Association. Lycan is a partner with Dinsmore & Shohl's Lexington office.

STATE JUSTICE INSTITUTE

■ Chief Justice of Kentucky **John D. Minton Jr.** has been appointed to the State Justice Institute's board of directors. SJI is a federal nonprofit corporation that awards grants to improve the quality of justice in state courts and foster innovative, efficient solutions to common issues faced by all courts.

STATEWIDE ADVISORY COUNCIL FOR VOCATIONAL REHABILITATION

■ **Kelly Anne Knoop**, **Carol H. Estes**, **Duke Pettit**, **Veronica Hazard**, **Sharon S. Fields**, **David Wayne Dennis**, **Dorothy James Jenkins**, **Joe L. Cowan** and **Yayo Sadda Radder** have been appointed to the Statewide Advisory Council for Vocational Rehabilitation.

THE OLIVER GROUP

■ **Jude Thompson** and **Purna Veer** have been named to the advisory council for The Oliver Group, a Louisville leadership consulting firm. Thompson is president and partner of AgentLink, a health insurance brokerage firm. Veer is founder and president of V-Soft Consulting.

LANE ONE-ON-ONE

Kentucky's leaders express their opinions



Stephen Gray

Stephen Gray is president and CEO of Gray Construction. He grew up working in the family business. After graduating from the University of the South, he worked two years as staff assistant on the U.S. Senate Committee on Rules and Administration. He joined Gray full-time in 1990. His positions have ranged from field engineer to project superintendent to project manager, a role that assists clients in the planning and design of building projects, qualifies potential subcontractors, awards contracts, and maintains the project schedule. He was sales manager for distribution, and then in operations was vice president and business unit manager. In October 2004, Gray became chief operating officer, and in 2010, he was appointed CEO.

GRAY CONSTRUCTION BUILDS TRUST, THEN MANUFACTURING FACILITIES

Customer-relationship foundation and a focus on team culture brings big projects to design-builder, says CEO Stephen Gray

BY MARK GREEN

Mark Green: Please provide us with a brief history of Gray Construction from its founding in 1960 by your parents, James Norris Gray and Lois Howard Gray, to today.

Stephen Gray: Mom and Dad had five children. Dad was kind of a farmer, kind of a deal maker, a little of this, little of that. He grew up in Cumberland County, Ky., where his parents were owners of a little general store. Specialty of labor had not arisen to where it has now, so you did a little bit of everything. Dad farmed for a while, and next thing you know they had five kids, and Dad was like: This is not getting it. And my mother was probably highly in agreement.

So her father got him a job building – his first job was a tobacco barn on his farm. But Daddy and Mother were always about friendships, and that transferred into doing business with friends. In a small Southern town (Glasgow, Ky.), that translated pretty well. Their first projects were small commercial stuff: schools, banks, hospitals, a little addition here, a little addition there. Manufacturing was starting to roll into the South, and Kentucky was starting to benefit. You can kind of trace the history of our business a little with the history of manufacturing, when it became enchanted with the South, for a lot of reasons: good workforce, good work

ethic, and education was sufficient. They did some small manufacturing projects, and that really laid the foundation to where we are today; 80 percent of what we do is manufacturing.

MG: When did the company move to Lexington?

SG: My brothers Jimmy and Howard made that decision. We had an office here in '85; we moved our headquarters here in '88, and that had to do with chasing a market.

MG: Toyota?

SG: Yes. And manufacturing, the Japanese market, foreign manufacturing. You look at what we do today, and it's still very consistent. We knew we needed to be here at that time. Toyota (Motor Manufacturing Kentucky in Georgetown) got all the sexy headlines, but to keep Toyota supplied, you had to have 100 (other) plants.

MG: How did Gray go from building small projects in Warren County to getting that Toyota contract?

SG: Our No. 2 (company core) value is being customer-relationship driven. We understood – my brothers Jimmy, Howard and Franklin and all the people who worked with them – we would get a part of that deal if they could build a strong relationship. They still had to complete,

clearly, to win it, but the part of that project they bit off in '86 was the result of building strong relationships and building a level of trust so that (Toyota) wanted to work with this company.

MG: How much of that Toyota contract did Gray get?

SG: It was probably 20-25 percent of the original construction investment. It was the plastic shop. It was probably \$20 million, \$25 million, which was a large contract at that time.

MG: How many full-time employees does Gray have today?

SG: Across the full company, it's about 700. It's around 200 here in Lexington. We have field staff of 175 people. Nearly 400 team members are in Kentucky.

What's difficult in the construction industry is getting those people. The No. 1 person on the site is a site manager. The difficulty these days is finding the talent that can live 70 percent of their life in a hotel and be away from family.

MG: How many construction management hours do you provide or oversee annually?

SG: If you add up all the labor through the subcontractors on our project sites and throughout the whole company, it's over 7 million per year. We're responsible for managing the subcontracts.

MG: Does Gray own or maintain equipment or is this obtained on an outsource basis as needed?

SG: Only our Versailles office has equipment; it's a minor amount. So Gray is not putting a lot of money into what people refer to as "yellow iron." For us, we need capital to back the business. A lot of the construction industry is a little different than other industries because the (surety) bonding company wants you to keep a substantial amount of capital in the business. Through the years, that's been our discipline: to maintain a high amount of liquidity in the business. If we were tied up in equipment, it would be highly illiquid. In the recession, companies were having hard times, and they were dumping D-9 Caterpillars for half the value. We don't want to get in a position like that.

MG: So your assets are mostly your people?

SG: Yes. Absolutely.

MG: Your website presents projects ranging from individual retail stores to massive manufacturing plants. What is the range of projects that Gray builds? What is the most common size and type?

SG: Manufacturing is our typical project. It's going to be design-build, going to have

some engineering component that is a little bit tricky, and there's a high chance it's going to be a foreign company. The average is \$30 million, but some projects are over \$200 million. Geographically, we're going to be 70 percent in the Southeast, and that's because that's where the manufacturing has been in the last several years. We work all across the U.S.

MG: When you say engineering challenges, what would be an example for that?

SG: It could be like the project in Franklin, Ky., the Fritz Winter (North America LP) forge. They have very heavy foundations, so that's a structural foundation, but they're also a very large electrical user. The electrical engineering and the syncing up between the supply side on the electrical and the equipment has to be pretty snug.

MG: Gray ranks highly nationally in multiple construction sectors: third in manufacturing and in food and beverage plants; fifth in automotive; seventh in distribution plants. Is this by intention or a natural evolution from opportunities?

SG: Until 2008, it would have been non-intentional. After 2008, it's very intentional. Pre-recession if somebody said, "Hey, there's a great job over there at (the University of Kentucky)," we would have said, "We're on it." We would have focused on the dollar volume and said that sure will be good. Then we went into the recession and thought we could try to switch to hospitals, switch to public institutional work like university projects, do this other stuff. But we don't have any resume for that kind of stuff. Plus, there are already great companies here that do it. What are you going to do, beat them out of it? That's unlikely. So essentially we understood after the recession what we do really well and what we can be best at in the world. We decided we'd be best in the world at design-build of manufacturing facilities in the United States.

MG: Which sectors of construction are generating the most business and money now? Is that always changing?

SG: The recession cut the total dollars spent in construction from \$1.2 trillion to \$800 billion; you lost a third of your work. We're just about back to that \$1.2 trillion annual spending in all of it – housing, commercial, warehousing, manufacturing, utilities, roads, bridges, the whole thing. What markets are strong? It seems like they're all responding well now.

MG: How has the rise of "advanced manufacturing" affected your business, and what do today's customers need that's different than it used to be?

SG: Advanced manufacturing is more

automated, has more robotics, things like that. Utility systems have to be designed around and integrated into that. The integration of those advanced manufacturing components into the facilities, and planning for them, has to be considered by the construction industry. Advanced manufacturing is more of an issue after construction because the owners' riddle is, how do we find a workforce that can run this facility? We currently are doing a lot of work you could

consider advanced now. The Champion Petfoods job, clearly advanced manufacturing. They're just going to be pushing buttons. A pork production facility (we are building) has a lot of hand-worked steel, but there's a growing, higher level of automation, especially with the conveying systems, the cooling systems. For us, where we have to ramp up to meet the needs of advanced manufacturing is on the engineering side. Our engineers have got to be pretty plugged into it.



TEG ARCHITECTS

Architecture | Planning | Interior Design



+ PRODUCTIVE CARE
EFFICIENT DESIGN®

Creating Innovative Facility Solutions

Health Care | Commercial | Educational

www.teg123.com | 502.561.8440

MG: Are most of your customers businesses that have been around for years and know what they want?

SG: For the most part. However, for example, Clemens (Food Group for whom Gray is building a 550,000-s.f. pork processing facility) in Michigan, the facility they're in now has been there many years, and they've added pieces and parts to it. Building a new greenfield facility was totally foreign to them, so even though they know their process, they relied on our team heavily to help them make the flow through the large facility we were designing the best and most efficient it could be. We knew the "snap chill" design to take the temperature down from, like, 80 degrees to 30, super rapid. They sell meat by the pound, and the longer it stays at a higher temperature, the more moisture is evaporating out because a cold, dry environment is going to suck it right out. If we can get it frozen faster, that impacts however many pounds of meat you get out of 10,000 hogs a day. If we can bring something to the table like that for the customer to save them money in the long run, they are all over that.

MG: How did Gray manage to achieve and maintain its position at the upper end of the construction industry?

SG: Look at our No. 2 company value: being customer-relationship driven. With a focus on customers, and customers in the right markets – in the manufacturing markets for us – there's a high chance of repeat work. We see that customers in this market are more friendly to building relationships. Another area is focusing on our people, helping them grow, letting them make what I call strategic mistakes, letting them learn from them, giving them a sense of accomplishment and letting them know that, hey, they were part of this growth.

The two projects, the pork production facility and the pet food facility, those were teams of probably 25-30 people on each one of them. Everybody on those teams realizes they were a big part of the success of those projects. One thing we get away from is individual success stories. The team is the thing that succeeded. There's a big focus on that. We're trying to build a culture where success belongs to the team.

Also, say these two jobs that are unusual, highly complex and complicated are what we want to do in the future. We know we have a short shelf life after these jobs are over to follow up and sell other similar jobs. These stories are only good for so long. You've got to tell that story while it's fresh.

MG: A focus on safety is Gray's No. 1 core value. How did that develop?

SG: To go back to the beginning, my mom's dad was a country doctor; and anytime we would do something at home, Mom would tell a story that her dad had worked on somebody who got injured doing that. So the family's kind of paranoid about all this stuff anyway. My brother Howard in the mid-'80s started focusing on it. We were one of the first general contractors that required our steel subcontractors to be tied off (with a safety harness) when they were erecting steel.

The big transition you've got to make is that it's more than just the occasional glance at it from my level. It has to be an absolute focus of my job, and that means getting into the details on it. If we have an incident on a job, depending on the severity of it, we'll have a conference call that afternoon with the site team, our project management team and the subcontractor involved. I sit in on about half of those. I want to understand it. Most of the time it boils down to somebody not making a good decision. What we're trying to do is interrupt that decision process and get people to think. Over a period of five years, we got to this deal called the "Gray Safety Six." Everybody who's an employee at Gray goes through an orientation. It's a full day with the business. They get an hour with me and the vice president of safety, and we spend time on the Gray Safety Six. There's a story behind every single one of those: Planning; Go Fever; Blink Of An Eye; Communication; Stop; and Accountability. If we can get people to think about those things, then fatalities are not going to happen on our jobs.

Nationally, the numbers are somewhere between 600 to 800 per year, depending on how much work was going on. Every single one of these is preventable. There are 3,000, 4,000 people out there every day for us on 100 job sites.

MG: You said U.S. construction activity is finally back up at the pre-recession level; what does that suggest, if anything, for the broader economy?

SG: That's a good sign. The indications we're seeing in our market are strong for the next three years, we believe. Construction also can be an early indicator of negative trends, because construction projects in their early stages are easy to cancel. If customers haven't committed the money, they're very early in the contract, it's easy to say they're going to delay this thing for six months. And we saw that a lot in 2008, 2009.

How Where Does Gray Construction Rank?

Gray is a leader among U.S. design and construction firms, consistently ranked at the top by Engineering News-Record. Here is where the company ranks today:

The Top Contractors in Manufacturing Plant Construction	5
The Top Contractors in Automotive Plant Construction	3
The Top Contractors in Distribution Plant Construction	7
The Top Contractors in Food and Beverage Plant Construction	3
The Top Contractors in Industrial Process	21
The Top Contractors in Retail	17
The Top 100 Design-Build Firms	31
The Top 400 Contractors	66

MG: Gray clearly understands the key to winning a large-facility construction contract? What is it?

SG: It's different for various markets. Our market starts with a heavy focus on the relationship and building trust. In the publicly-bid market, which is different, you assemble your number, you send it in, and the number's opened up at a public bid. Ours is different because we're having a lot of interaction with the customer before we submit a proposal; that's where we're building trust and building relationships. We want the customer to choose us to do the work long before we ever submit what the work will cost. We want them months ahead of time to say, "I know Gray. I trust Gray. They spent the time with me. They've clearly communicated their competencies. They've built my trust over time." So that by the time the customer submits the RFP to a short list of those who will propose, he already is thinking that, "I want this thing to turn out for Gray." And that is only because of the trust we've built up, long before the proposal comes out. Ideally they don't even issue an RFP – we're rewarded it and it's negotiated. That doesn't happen a whole lot.

MG: How do you establish new relationships with potential clients to start that trust building?

SG: It starts in (Vice President of Communication and Marketing) Jill (Wilson)'s world. She's introducing the market to our business. If you think of it like a funnel, it narrows down to our business development teams. Through their networks, they will learn of companies that are planning for expansion.

Then we make contact with them. Sometimes it can be years before the project ever comes out.

MG: What resources does Gray devote to pursuing future work, and how many projects do you pursue versus ones you win?

SG: We have about a 40 percent win ratio. If Gray Construction will win 30 projects a year, that means we're going to propose on 80 or something like that. Jill's team, the (seven-member) marketing team, the (12-member) business development team, that's all front end, setting the stage. On the average-sized job of \$30 million, you'll have 10 to 15 people touch a job in the proposal phase.

Jill has processes. But after that, then you have the operations side of the business that takes the proposal and generates ideas, drawings, estimates, schedules. But business development still stays heavily involved in that proposal, because they've helped build that relationship with the customer on the front end. They'll stay in and help manage the process.

MG: How many projects are active at any one time typically?

SG: Under contract is 100, and so to get to 100 you probably have 100 active in pro-

posal stage, too, in all different stages. A job may stay at the proposal stage for eight months. It just depends on how fast the customer is moving.

MG: Can you share recent revenue and profitability figures?

SG: The top line number for the last three years has been around \$1 billion, \$1.2 billion. And we're maintaining profitability, so we're satisfied with where we are now. We're expecting to continue to grow that top line number, but not a crazy growth, probably about 5 percent a year. It's also dependent on what the market's going to give us. If the market's giving us two or three really big, meaty jobs, we might grow that a little bit more.

MG: Do you use much modular, prefab construction?

SG: Sometimes. You see that more in, like, the healthcare sector. In manufacturing, you're not seeing it much. The biggest ways you see that is in the precast concrete. You see it some in mechanical and electrical where they're able to assemble systems offsite. If they can assemble large, electrical banks and bring them in that's a good

thing, rather than doing it all down in a ditch.

MG: Gray Construction describes itself as an "engineering, architecture and construction firm." This joining of functionality is a broad trend across the industry. Why have construction companies moved from being the builder to the designers and engineers as well?

SG: We're a bit unusual. There are a lot of firms that do design-build, but there are not a lot of firms that do design-build and carry the overhead (integrated design-build). On the first floor and part of the second floor, all those people are designers, architects and engineers. In the United States, there are only about four or five companies that will make that commitment to keep these people on staff. Most of the time in design-build, a general contractor will team up with a design firm or will hire the design-builder as a subcontractor. ■



Mark Green is executive editor of The Lane Report. He can be reached at markgreen@lanereport.com.

A great leader deserves a great education.

Today's business environment is competitive. That's why it's important to seek out an advanced degree. **Sullivan University's MBA** prepares students by teaching them practical leadership, communication, problem-solving and managerial skills.

Prepare yourself by studying with the best, because at Sullivan University, **we believe in you.** Visit **sullivan.edu** to register today.



LOUISVILLE	LEXINGTON	ONLINE	FORT KNOX	LOUISA	NORTHERN KY
3101 Bardstown Rd. Louisville, KY 40205 (502) 456-6505 (800) 844-1354	2355 Harrodsburg Rd. Lexington, KY 40504 (859) 276-4357 (800) 467-6281	2100 Gardiner Lane Louisville, KY 40205 (502) 413-8830 (866) 755-7887	63 Quartermaster St. Fort Knox, KY 40121 (502) 942-8500 (800) 562-6713	122 S. Main Cross St. Louis, KY 41230 (606) 826-2971 (800) 844-1354	207 Grandview Dr. Ft. Mitchell, KY 41017 (859) 331-1548



Tax Reform, Less Regulation, More CPA Service

Kentucky firms expect political climate in Frankfort and Washington to accelerate client demand

NOVEMBER 2016 elections that put all the levers of power in the hands of Republicans in Frankfort and Washington, D.C., should lead to policy changes that create opportunities for business and thus demand for accounting expertise and advice, in the view of Kentucky CPA firms. A relatively healthy economy and a demographic changing of the guard

from baby boomer retirements already has been generating demand for CPA services. But the regulatory reform and especially tax reform are expected to drive increased need for the expert guidance that the firms also specialize in providing. The bullish business climate is increasing demand for new accounting talent, which could well include some mergers and acquisitions in the sector.

"I anticipate continued organic growth and expansion of services to existing clients in 2017. Clients are responding in a positive manner and reaping the rewards of an economic environment that continues to show increased optimism from consumers of goods and services. Regardless of your politics, 2017 promises to bring change at both the federal and Kentucky level due to the full Republican control elected in both places. The potential changes promise to bring more planning opportunities for our clients, and I expect to continue to see them participate in larger transactions. Overall, I am excited to see what this year brings from a legislation standpoint, and I am bullish on our own prospects for a successful 2017."



Christopher A. Ward
*President,
Deming
Malone
Livesay
& Ostroff*

"There is much optimism among CPAs, who are seeing corporate revenues at the highest levels since the recession. The environment is perfect for organic growth, but also growth through a myriad of mergers and acquisitions. With new administrations in both Washington and Frankfort, Kentucky CPAs are in for a busy year. They will be on the front lines as their clients and firms navigate pending changes in taxation, the Affordable Care Act, and a host of regulatory and reporting standard changes."



Penny Gold
*CEO, Kentucky
Society of CPAs*

"Although the recovery has been slow and uneven, the national and Kentucky economies appear reasonably healthy. We are optimistic about 2017, with new leadership in Washington and Frankfort, and a Republican-controlled Congress and legislature. Expect easing of regulations, changes in tax laws, healthcare reform and increased funding for infrastructure projects. Though the exact nature and magnitude of these changes remain uncertain, many are pro-business and can boost the national and Kentucky economies and our clients. In addition to regulatory change, companies need



David Bundy
*President/
CEO, Dean
Dorton Allen
Ford PLLC*

to continue to adapt to improving technologies that create opportunities to enhance their bottom line; clients have outsourced functions such as accounting, efficiently and effectively. As a large regional firm offering traditional CPA services with industry-specific expertise and niche consulting, we are excited about helping clients navigate these challenges and changes.”

“In 2017, we expect the accounting industry to remain focused on talent acquisition and the retention of team members. A shortage of those seeking CPA and similar career designations has been facing the sector for several years, and the competition for talent is fierce. With that in mind, retaining that talent becomes a regular, beneficial exercise in ensuring our firm is a place where people want to work and develop their careers. For our clients, we continue to see an urgent need for succession planning for leadership, as the majority of the boomer generation eyes retirement across



Diane Medley
Managing Partner, MCM CPAs & Advisors

industries. These changes and transitions will likely have an economic impact over the next several years, and our firm is working to provide our clients with the counsel and services they need to manage the transition successfully.”

“The Kentucky economy will continue to reflect what happens nationally. With a new U.S. president, and the recent election results in Kentucky, we know there will be changes in how business is conducted. The expectation is that regulations will be fewer and that significant tax reform could take place. The new administration’s wave of populism could be a net benefit for Kentucky as a state that stands to increase manufacturing. We anticipate continued overall growth in our accounting, tax, consulting and technology practices. We use our deep industry expertise to help our clients, people and the profession make smart decisions today to build lasting value tomorrow.”



Steve Jennings
Local Office Managing Partner, Lexington, Crowe Horwath LLP

“2017 is shaping up to be a good year for public accounting firms. In my travels across the state and country, there is a very upbeat attitude about the economy. Firms I’ve spoken with are experiencing more demand for services, which is indicative of the economy improving. The connectivity of the world is driving business to seek opportunities not only locally but in the global market. CPA firms are well positioned to help businesses to expand with these services. The largest obstacle facing the firms is the labor market and finding talent. Succession planning is driving a considerable amount of merger and acquisition activity in CPA firms as the “boomer” generation is retiring. Demographics are changing within firms as more of leadership is retiring. New younger leaders are moving into the C suites of firms, which is driving innovation and growth.” ■



Alan Long
Managing Member, Baldwin CPAs

PASSPORT



Thanks Doc!

You made Passport the top-rated Medicaid health plan in Kentucky. Again.

passporthealthplan.com/together

Based on NCQA's Medicaid Health Insurance Plan Ratings 2016-2017

MARK62835



2017 Is a Year of Dramatic Opportunity

Political and policy change further increases demand for legal service in an already improving business climate

AN increasingly optimistic Kentucky legal community is seeing growth for 2017 and has put out the “Hiring” sign. The recent elections have brought into office administrations considered more business friendly, which should increase activity; public officials are also making policy changes that are changing the tax, regulatory and operational environment, which will generate more demand for legal services.

“With a Republican administration and control of both houses of Congress, there is an opportunity for effective legislating. We are witnessing a reshaping of major manufacturing attitudes; GM disclosed its intention to add 5,000 workers, and Ford changed focus from Mexico to the U.S. Expect incentives for repatriating offshore cash, which must



Robert L. McClelland
Attorney,
ElderLaw
Lexington

then be invested, likely into R&D/employment. Healthcare funding is a primary concern as gerrymandering the ACA will frustrate us all, from individual insurance to Medicare. If we are not a healthy workforce, the number of jobs will be irrelevant. The “internet of things” is changing the tech sector forever. The prediction is within three years we will see effective interconnection of most aspects of our lives, from self-driven electric cars to interfacing home and work. We in eldercare will witness new strategies within IoT that open new methods for care, such as robotics and communication from patients.”

“The legal sector once again is in a period of great growth as we enter 2017, and McBrayer is expanding to capitalize on those sectors that are in flux. New administrations and majorities in Frankfort and Washington will bring a host of new ideas such as right-to-work legislation and an overhaul of the healthcare system, and we have been enhancing our team to meet the ever-changing needs of our clients. For instance, we have bolstered our practices in the areas of tax law, corporate law and employment law as preferential market and legislative conditions portend a resurgence of entrepreneurial activity. Our firm expects new faces, new ideas and new challenges as we face the new year, ready to work.”



James H. Frazier III
Managing
Member,
McBrayer
McGinnis
Leslie &
Kirkland PLLC

“In 2017, it is expected that the legal industry will experience measured growth as the economy as a whole is expected to improve and continue the move towards recovery from the recession. Many predict the United States’ GDP will expand by roughly 2.1 percent this year. This continues a trend of slow, sustained growth over the past several years. Firms, after a long period of either contraction or stagnation in employment levels, are beginning to moderately increase hiring due to higher demand for legal work. This response by law firms to the need for additional legal services signals the job market and the entire industry are returning to a healthier, more stable position that should be maintained through the end of 2017 and beyond.”



Richard W. Edwards
Managing
Partner, Boehl
Stopher &
Graves LLP

"The second half of 2016 was an extremely busy period for our clients, who are largely concentrated in commercial real estate, lending, finance, healthcare, and small/medium-size business. We continue to see consistent and meaningful increases in areas like: commercial real estate acquisition, development, and financing; federal and state-sponsored tax-credit projects (such as urban historic redevelopments and low-income housing); and internal and external business expansion and reorganization. It appears that 2017 will extend that productive business climate, particularly for businesses with strong balance sheets and talented management, thanks in part to increased confidence resulting from continued low interest rates and optimism about reduced regulation."



Scott Townsend
Member,
Vice Cox &
Townsend
PLLC

"Over the past several years, the Bluegrass region has seen an entrepreneurial explosion. New businesses are opening their doors throughout Lexington and surrounding counties, providing a wealth of new products and services. This growth has another, less obvious benefit: It challenges existing companies to take a fresh look at their business models and to provide their clients with innovative solutions and unparalleled value. Today's legal consumer expects high-quality work and rapid response for a realistic cost. In response, Fowler Bell is tapping both electronic and digital media to better serve, and better reach, our clients. The result is a more streamlined, receptive model that is poised to provide strong legal support to new and established businesses."



Taft A. McKinstry
Managing
Member,
Fowler Bell
PLLC

"As the Bevin administration enters year two and Trump's begins, Kentucky businesses anticipate government initiatives that create a more business-friendly environment. The passage of right-to-work, repeal of the prevailing wage, and proposed liability reform will alter the legal services landscape. Positive changes for energy companies could increase their



Bonita Black
Office
Managing
Member,
Steptoe &
Johnson



legal needs. The upswing in manufacturing, construction and healthcare, regardless of the viability of the Affordable Care Act, will drive legal work in Kentucky. Technology developments in cybersecurity, social media, drones and self-driving vehicles present opportunities and challenges for law firms. It is imperative that businesses stay abreast of these dramatic developments throughout 2017. Partnering with lawyers who monitor such issues assures timely updates, informed counsel and successful outcomes."

"The transition to a new administration in Washington is resulting in changes that will impact the economy, businesses and individuals. It still is difficult to accurately predict just what those impacts will be, but it is clear there will be dramatic change to regulatory programs that could affect a range of industries from financial institutions, to manufacturers, to natural resource and energy companies. Significant overhaul of tax law is also possible, which could present challenges as well as opportunities for businesses and individuals. It will be even more important than usual to remain informed and flexible. We work hard to keep abreast of developments as they occur, and help our clients position themselves to find solutions to challenges and take advantage of opportunities."



Chauncey S.R. Curtz
Natural
Resources
Group Chair
& Lexington
Office
Managing
Partner,
Dinsmore &
Shohl LLP

"Heading into 2017, buoyed by the construction activity in Louisville and the completion of the (new Ohio River) bridges, we remain cautiously optimistic about Kentucky's economy. At Wyatt, we see strength in healthcare, financial institutions and real estate, sectors where many of our lawyers focus their work. Our family business and entrepreneurial clients remain dedicated to our communities and continue to make significant investments in the future. We are excited by the extraordinary talent and energy we see in young professionals across our commonwealth, including the young lawyers in our firm. Long term, education remains the only viable solution for increasing opportunity in Kentucky. We must make improving our schools and universities our top priority."



Franklin K. Jelsma
Managing
Partner, Wyatt,
Tarrant &
Combs LLP

"Stites & Harbison anticipates a strong 2017 for the legal industry as we are seeing an uptick in class-action litigation, data security and privacy compliance and litigation, and employment matters. With the change in administrations, we anticipate businesses needing assistance relative to the repeal of the Affordable Care Act, and there will be a greater need from clients to help understand and comply with the regulatory changes impacting their business – even if it means less regulation than the prior administra-



Robert M. Connolly
Chair, Stites
& Harbison
PLLC

LEGAL OUTLOOK

tion. We also are seeing a continuing trend of law firm mergers taking place across the country and around the world. We anticipate the growth of law firms through merger or acquisition to continue as well."

"We continue to see growth across all sectors of our business, driven primarily by our willingness to enter into alternative fee arrangements that align our interests with those of our clients, instead of simply rewarding us for billable hours with no value. Our clients like the fact we share their risk, whether in a transactional matter or litigation, and as a result, they see our law firm as a center of efficiency, operating like an Olympic swimmer – there are no wasted strokes."

"It is difficult to overstate the transformative nature of the state and national elections results last November. The likelihood of fundamental change in the relationship between government and business presents huge opportunities for Stoll Keenon Ogden's clients in every economic sector, including aluminum production, automotive, banking, distilled spirits, equine, healthcare, information technology, public utilities and, especially, energy. The sudden, dramatic political changes may result in some period of political instability but will also lead to sudden, dramatic opportunities. SKO is extremely well-positioned to help shape a new legal era and to anticipate and help our clients capitalize on the fast-developing opportunities. Everything is changing and the pace of change is much faster. As trusted advisers, SKO anticipates being vital to our clients' continued spectacular growth and profitability throughout 2017."

"For 2017, we expect to see growing need for our elder law/long-term care planning practice, in line with Kentucky's aging population. Many decision-makers for this type of family-planning are female, so we are uniquely positioned as a certified women-owned business to assist. Many of our clients are closely-held, Kentucky-based businesses. Their concerns include access to capital, operational uncertainties based on the new state and federal administrations, and the increasing costs to



Mason L. Miller
Managing Partner, Miller Wells PLLC



P. Douglas Barr
Managing Director, Stoll Keenon Ogden



Laura Day DelCotto
Managing Member, DelCotto Law Group PLLC

engage in litigation within the legal system. While our bankruptcy filings have slowed, we are seeing several financially troubled business sectors, including retail, commercial mortgage-backed security loan maturities, municipal/local government, and healthcare. Kentucky is going to see more Chapter 9 bankruptcies and other litigation over the pension funding crisis and Kentucky's bonding levels and credit downgrades."

"Last year, Bingham Greenebaum Doll achieved some remarkable litigation successes and closed large transactions on behalf of our clients. A \$580 million judgement – one of the largest in Kentucky history – was found in favor of our clients (Osborn/Holt v. Griffin, Case Nos. 2:11-CV-89 and 2:13-CV-32 U.S. District Court, Eastern District of Kentucky). In 2017, there could be momentous changes in nearly every area of the law – immigration, international trade, healthcare and construction, if spending increases to rebuild infrastructure. Heavily regulated healthcare is a \$3 trillion industry that may be facing big changes in the Affordable Care Act. We expect continued growth in transactions and litigation as well as economic development due to changes in Kentucky P3 regulations. Our data privacy and cybersecurity services have been in high demand as all industries face challenges managing and protecting digital assets."

"2017 presents quite a different political landscape than that which existed just three short months ago. Frankfort has been historically divided, and the new majority has already begun to put forth a more pro-business agenda, including right-to-work and repeal of prevailing wage. With prospects for charter schools, tort reform and comprehensive overhaul of our antiquated tax and pension systems, Kentucky is positioned for growth and economic development, perhaps like never before. Let's be sure that our lawmakers continue keeping their eyes on that ball, rather than distractions that threaten to derail the early progress. At this exciting time for our business community, the lawyers and government service professionals at FBT look forward to helping our clients manage and thrive through these significant changes and opportunities."



Mark Oppenheimer
Office Managing Partner, Bingham Greenebaum Doll



John R. Crockett III
Chairman, Frost Brown Todd LLC

"From a transactional perspective, financial institutions will affirmatively respond to the change in administration in Washington. I anticipate banks will react favorably to a friendlier business environment, capital will be available to finance transactions, and the deal flow will be more robust than it has been the past several years. On the litigation side, the possibility of tort reform in Kentucky is a material issue. I believe tort reform will be taken up on the legislative agenda in the near future and that it will pass into law in some form. Regardless of what side of the political spectrum you may fall on this issue, managing partners must start to plan for tort reform."

"Our firm is finding strength in adding to our portfolio of services. In 2016, we leased additional office space in a neighboring building and hired additional attorneys. This year, we'd like another experienced estate and probate attorney to join us. We see Bowling Green and South-Central Kentucky as particularly good places to start and nurture businesses, including our own. Housing prices are reasonable and the quality of life is strong here. We believe entrepreneurs will continue to be attracted to starting a business here because of favorable economic conditions but also because of what a great place it is to live. We anticipate our business will continue to grow this year, along with the local economy."

"The historic political changes in Frankfort and Washington, D.C., should create a business-friendly environment that will enhance economic growth. Dickinson Wright is uniquely positioned, with offices in Kentucky, Washington, across the United States and Canada, to assist clients with local needs as well as those engaged in interstate or global businesses. Although we expect the economic environment to be favorable for business, activity at the state and federal levels will heighten the need for businesses to carefully evaluate the changing legal environment in areas such as healthcare, taxation, immigration, labor and global trade relations." ■



Henry Alford
Managing Partner, Middleton Reutlinger



Bob Young
Managing Partner, English Lucas Priest & Owsley LLP



Henry C. T. (Tip) Richmond III
Member, Dickinson Wright PLLC



Admission to optometry or medical school is competitive.

The Undergraduate Medical Scholars Programs at the University of Pikeville can provide a path that is both seamless – and attainable.

Open to qualified high school seniors, the Medical Scholars Program and Optometry Scholars Program lead to both bachelor's and professional degrees at UPIKE's new college of optometry or the nationally ranked college of osteopathic medicine.

Visit **UPIKE.edu** to learn more.



Pikeville, Kentucky

KENTUCKY COLLEGE OF OSTEOPATHIC MEDICINE

4th

in percentage of graduates who
enter primary care residencies*

3rd

most affordable private
medical school*

KENTUCKY COLLEGE OF OPTOMETRY

Kentucky's
ONLY
college of optometry

*Based on 2017 U.S. News & World Report rankings



Accounting Embraces Cloud Technology

Kentucky firms and clients migrating to mobile services that speed access to financial data, cut costs for on-premises systems

BY ROBIN ROENKER

A study conducted by Intuit found roughly 37 percent of U.S. small businesses utilized cloud computing in 2015. By 2020, the number of cloud-operational small U.S. businesses will surge to 78 percent, the report estimates.

The accounting industry, in particular, has been quick to see the potential benefit of shifting to a cloud-based service platform. Intuit, the California tech

company best known for its accounting and tax software like QuickBooks and TurboTax, is – along with other long-time leaders in traditional accounting software such as Thomson Reuters and SAGE – helping push the industry along in its crossover from PC-based software to online, cloud-based options.

Because online models are viewed as a more profitable and efficient means of distribution, tech companies are diverting the majority of their R&D away from

on-premise, PC-based software to cloud-based “software-as-a-service” platforms, *Forbes’* Gene Marks reported in 2014.

The writing seems to be on the wall: The future of accounting and financial management services will be cloud-based. Already, an array of cloud-based options are available, including QuickBooks Online, NetSuite, FreshBooks, SAGE Online, Xero, and Intacct, just to name a few.

At small businesses and accounting firms across Kentucky, and nationally, the move away from traditional, PC-based accounting systems to cloud-based solutions is happening. A complete, industry-wide shift will take time, however.

Already, nearly 40 Kentucky municipalities, including Lexington, Berea, Elizabethtown, Florence and others,

have adopted Springbook – a leading provider of cloud-based financial solutions for local governments – for online processing of their accounting, payroll, utility billings and other financial services, according to a March 2015 news release by Springbook Software.

And in 2013, 173 Kentucky school districts – the entire state except Jefferson County Public Schools, which planned to migrate later – shifted from their on-premise enterprise resource planning (ERP) systems to a cloud-based system from Tyler Technologies, making Kentucky the largest school system in the United States utilizing a cloud-based financial management system, according to a news release announcing the move.

Despite these significant movements to the cloud, many small businesses remain reliant on traditional, PC-based accounting systems. A national survey of small businesses conducted by Software.com found that 43 percent of small business owners were still using on-premise accounting software in 2015. But, interestingly, the same survey found that the number of small businesses using a cloud-based accounting platform had nearly doubled – from 16 percent to 30 percent – in just one year, from 2014 to 2015. Further, 70 percent of respondents in 2015 felt they were “moderately to extremely likely to invest in cloud-based accounting solutions in the future.”

“People are moving in that direction. I think still the overwhelming majority are not there yet, but it’s picking up speed,” said Bob Patterson, a past president of the Kentucky Society of CPAs and founder and managing member of Patterson & Company CPAs in Louisville, which has utilized a fully cloud-

based model for its services since the company’s launch five years ago.

Dubbed CloudBOSS, Patterson & Company’s cloud-based platform allows clients to view their financial analytics in real-time.

“From the client standpoint, it’s actually a lot easier, because they don’t have to go through a whole bunch of hurdles to get their information,” Patterson said.

Kris Kemp, tax partner at Myriad CPA Group in Owensboro – which was



Bob Patterson,
Founder/
Managing
Member,
Patterson
& Company
CPAs

highlighted in a 2015 *Accounting Today* story for its successful implementation of QuickBooks online – said that about half of their clients are cloud-based.

“I think it will be awhile before we get to 100 percent, just due to the demographics of where we reside. But the trend is going that way, and it’s not going back,” Kemp said.



Kris Kemp,
Tax Partner,
Myriad CPA
Group

Cloud platforms have no borders

For firms like Lexington-based Wheeler Financial Solutions, now in its 12th year,



85TH RANKED FIRM IN THE U.S.	1 AND ONLY TOP 100 FIRM IN THE REGION WITH A FEMALE MANAGING PARTNER	5 MCM OFFICES IN 3 STATES
	50⁺ DIFFERENT CERTIFICATIONS	
400 EMPLOYEES	BEST PLACE TO WORK IN KENTUCKY & INDIANA	MCM CPAs & ADVISORS



the move toward cloud-based platforms has yielded tangible cost-savings and helped add clients.

“For small firms, like us – we have just six staff members – you kind of have to do that (move toward online, cloud-based services) just to compete these days,” said founder Lafe “Pete” Wheeler.

Moving to a 90 percent paperless, cloud-based accounting system (his company retains paper copies only of essential contracts and key documents) has shrunk Wheeler’s physical office space but expanded his office’s reach.

“When I first got into public accounting, we had a 20-by-20(-foot) room full of file cabinets where we retained hard copies of all the client information. But we just don’t have to do that anymore. We can work now in a much smaller footprint. About six years ago, we moved into our current office space and were able to reduce our office size by 40 percent.”

In addition to the cost savings on rent, Wheeler’s shift toward cloud-based accounting has opened his firm to clients around the country. “It allows us, as a small practice, not to be limited to clients only within our local area. We have clients from San Diego to Savannah, Ga.,” he said.

The hope of expanding their client bases is one key factor motivating Kentucky accounting firms to make the

move to cloud-based technologies, agreed Penny Gold, CEO of the Kentucky Society of CPAs.

“I think there’s a real benefit in being able to have a CPA firm without borders,” Gold said. “And some firms are expanding their services into not only multistate but also into nontraditional areas like payroll and business accounting.”



*Penny Gold,
CEO, Kentucky
Society of CPAs*

Enabling increased partnership

At Lexington-based Dean Dorton, one of Kentucky’s largest CPA firms, the decision to launch its cloud-based AFO (accounting and financial outsourcing) service line last August came from a desire to streamline efficiency and improve effectiveness for its clients, said Jason Milller, Dean Dorton’s director of business consulting services.

The firm’s client accounting group was using “a mishmash of tools and different ways to deliver services. We were on 10 different versions of QuickBooks,” Miller said. “We’d have some clients where we’d do QuickBooks at their office, and we’d have some where we’d do it at our office, and we had some where it was a combination of both, where we were passing files back and forth. We had people on Peachtree



*Jason Miller,
Director
of Business
Consulting
Services,
Dean Dorton*

or Great Plains or MAS 90 (other mainstream financial management software).

“I looked at that and thought, ‘We’ve got to change this to figure out how to, first, leverage technology to provide a better product to our client and, second, drive efficiency so we can control the cost, for our clients and ourselves,’” Miller said.

The resulting AFO service, powered by Intacct, a cloud-based accounting platform, allows Dean Dorton to provide clients with customizable online “dashboards” that enable them to view real-time financial details from their smart phone, tablet or laptop – wherever they are, any time of day. Patterson’s Cloud-BOSS system, Wheeler Financial Solution’s SAGE Online-based system and, of course, Myriad’s QuickBooks Online system also offer real-time, ease-of-access to financial data via mobile devices or PCs.

Traditional PC-based accounting software is installed only on a company bookkeeper’s computer, limiting access to who could view it and how it could be viewed. New cloud-based dashboards allow multiple users at a given client’s firm – from the CEO to the controller to the sales manager – simultaneous online access to real-time data about the company’s financial status.

“Historically, we would produce a packet of monthly financials for a client. A lot of times, even with a well-run company, it might be 10-15 days after the end of the month that you would receive those financials. And a lot of clients would just put them in a drawer and do nothing with them,” Miller said.

“We believe the power of these dashboards is to design them in such a way that it’s information clients are interested in, and that they can understand easily. By doing it in a visual format, we think that tears down a few of the (communication) walls, and they are more inclined to look at it.”

Since key financials vary, dashboard components do, too.

“We can customize the key pieces of information our clients want to see – whether that’s sales, revenues, cash accounts, bank account balances, or other things,” he said. “We propose to them what we think their key performance indicators are and put those in the dashboard. Those appear (to the clients) graphically, with the ability to drill down to real-time data.”

A popular feature of the cloud-based system is the ability for clients’ employees to snap simple smartphone photos of business travel expense receipts – which then upload via app into the company accounting system – saving the headache of keeping paper receipts and filling out hard-copy travel justifications at the end of each month, Miller said.

Kentucky accounting firms that have made the leap to cloud-based offerings say the move has increased communication flow with their clients, enabling them to build better relationships and partner more in the financial success of their customers.

"In our opinion it actually increases our communication with our clients, because we typically have more conversations with our clients," said Myriad Group's Kemp. "It's just that they now don't last as long: They're quick, just 'Hey we need this info, can you provide it in this manner' type calls. It's actually increased the efficiency on both ends."

And, the real-time nature of the cloud-based platform allows accountants to take a more active role in their clients' business.

"Clients pay us to do a service. It's not just to provide them with a tax return or a financial statement; it's to try to maximize their profitability. So with this type of technology, it provides a better opportunity to do that rather than an after-the-fact 'Here's how you did.' We can catch trends developing before they get too far along and try to make corrections, or find errors before they get too far down the road," Wheeler said.

Achieving comfort with security

But is it safe? Given near-daily reports of hacking and security breaches at major American corporations, that's one of the first questions potential clients ask when their CPA suggests the leap to cloud-based accounting services.

It was for Patterson as he considered launching his cloud-based firm.

"Initially in my mind, security was an issue," he said. "However, there have been all types of studies done that say actually cloud-based is more secure (than on-site software systems) because if I had a server on premises, someone could come in and steal the whole box, or the building could burn down, and I've lost everything. That really convinced me (of the merits of going cloud-based)."

Wheeler noted that at a local level, financial management firms must implement online safety protocols, including double-firewalls and encryption, which are then compounded by the even-more-enhanced protocols put in place by national host platforms like SAGE, Intacct or QuickBooks.

Miller agreed.

"While somebody may think that their stuff may be safer on a server in their closet, in most cases it's not,

because they're not putting forth the right level of (update) patching and security defenses that a company like Intacct has to put into their annual security assessment," he said. "They have third-party firms come in and access their security, so they comply with SSAE16 standards, and they do a statement of assessment of their (safety) Doug-Barr controls and provide an independent report. And we can get those reports for our clients, to give them the peace of mind that Intacct is doing what they say they're doing to safeguard their information."

Once clients are convinced of the safety of the switch, they're typically pleased and surprised by the increased accessibility and data analytics the cloud-based platform provides, Miller said.

Ultimately, the shift to cloud systems will enable accountants to enhance the services they provide their clients, Miller said. "Anyone can process transactions. The power is in doing it efficiently and providing the information back in such a way that it makes a positive impact on our clients' business." ■

Robin Roenker is a correspondent for The Lane Report. She can be reached at editorial@lanereport.com.



Making Firm Allies



Corporate lawyers weigh in on the relationships that keep them coming back for outside counsel

BY SUSAN GOSSELIN

THE competitive landscape for legal firms has always been challenging. But with legal research software replacing the work of associates and “alternative fee arrangements” lowering revenue, it can seem ever more difficult for law firms to get hired by clients in corporate legal departments.

But according to recent surveys, and *The Lane Report’s* recent discussion with local corporate attorneys, the outlook for companies hiring outside counsel is still showing growth.

According to a November 2016 survey of corporate legal counsel by HBR Con-

sulting, in-house budgets are up 1 percent for 2017, and their average budgeted tech spend is up 2 percent in the areas of document management, legal spend analytics and contract management.

While in-house departments have better technology to track and analyze their legal documents and expenses, that doesn’t necessarily mean they need less from outside law firms. According to a global 2015 survey of 900 corporate lawyers published by *Legal Week*, 96 percent said the quality and expertise of their outside counsel was “very important,” with cost/billing practices coming in much further down the list of priori-

ties. Of those surveyed, 26 percent said they were increasing their legal budget, 19 percent showed a decrease, while the rest planned to stay the same.

Meanwhile, companies are hiring people with law degrees for many positions, making legal expertise something valued even when a position isn’t required to actively practice. According to Dr. Jeffrey Standen, dean and professor of law at Northern Kentucky University, an influx of legally educated business leadership has helped stoke demand for legal services.

“It’s still a very competitive market for people with law degrees, but we have found that more and more students don’t want to actually practice law. They are using their JD to become corporate leaders. In many ways it’s supplanted the MBA,” Standen said. “And when you have



Dr. Jeffrey Standen, Dean and Professor of Law, Northern Kentucky University

people with legal backgrounds at the helms of companies, they are more likely to see the upcoming legal concerns, and to hire practicing lawyers to address them. It's strengthening the profession, overall."

Members of the legal profession in Cincinnati seemed to echo these sentiments when *The Lane Report* posed these questions:

How is the market changing for corporate counsel looking to hire outside help?

Mark Stall, vice president, Corporex, Covington:



Mark Stall,
Vice President,
Corporex

"In my opinion, demand for lawyers has risen along with law firm rates, which are up significantly over the last 10 to 15 years. It's to be expected, really. Good lawyers want to be well compensated. But in Louisville and Northern Kentucky, corporate lawyers can expect to pay \$300 to \$500 an hour for a great lawyer, especially lawyers at the largest firms. That means we have to be more efficient with how we spend those dollars. Today, document reviews and due diligence searches are becoming more automated, so we really are now looking for lawyers with more industry-specific and specialized knowledge. We're transitioning the way we look at the legal department in general from a cost center to a knowledge base. We're value added for the business, and proactive. We need counsel who can help us achieve that."

Laura Hinegardner, vice president/senior counsel at Great American Insurance, Cincinnati:



Laura Hinegardner,
Vice President/
Senior Counsel,
Great American Insurance

"I think we all have seen those companies out there that are pressing their firms to lower rates. Many of them are using outside counsel interchangeably. But I can honestly say, at Great American we do just the opposite. We have cases taking place across the country for insurance disputes, or to represent our insured. So we are always looking for the best lawyers to represent us in that particular area, who have knowledge of the local system. We are also looking for lawyers with experience in the many divisions selling particular specialty policies, such as ocean marine insurance or equine insurance. Even as we end up hiring more people with law degrees in claims and other business areas, we find our needs for corporate legal help still continue to rise."

Bill Hawkins, counsel at BakerHostetler, Cincinnati (former general counsel at Convergys):



Bill Hawkins,
Counsel,
BakerHostetler

"The old model is, 'I know what's best.' Outside counsel would come in, take over, and the bill would be what the bill would be. That's changed. Corporate counselors are under more scrutiny than ever, and they are expected to show clear results and analytics for what they are doing. The client has to be treated as

an equal and a partner, and the momentum of the relationship has to spring from that. Those firms that are getting good at providing that kind of service are the ones getting the business."

How should a law firm configure its services to appeal to in-house counsel?

Hawkins: "At BakerHostetler, we have been very successful by providing our clients with the value-added education they need to do their jobs better. We have a great number of seminars and



When life comes at you sideways - you want us on your side.



- ▀ Alternative Dispute Resolution
- ▀ Bankruptcy & Financial Restructuring
- ▀ Collections
- ▀ Commercial & Business Law
- ▀ Education Law

- ▀ Family Law
- ▀ Government & Municipal Law
- ▀ Litigation
- ▀ Real Estate Law
- ▀ Workers' Compensation

FowlerLaw.com

Attorneys at Law | 859.252.6700 | Fax 859.255.3735
300 West Vine Street, Suite 600 • Lexington, KY 40507-1751

boot camps addressing issues in depth that are likely to affect our clients. And we have access to Practice of Law Institute programs that we often share with our clients as well. Corporate clients at our firm have also come to expect our regular client alerts, which updates them on news and precedent that might affect their industries.”

Stall: “A lot of firms try to bend themselves to every passing project. But rather than trying to chase every possible new business prospect, you’re really better off ‘going deep’ on the clients you have. Find ways to provide more value, and more industry knowledge. I also am a strong believer in having a project manager at your firm who can help shepherd projects through and coordinate billing. And if you want to know what your clients want and need from your firm, ask them. Doing a review every year is great for getting feedback on your business, and sparking a conversation that will lead to new projects in the coming year.

“There’s been a lot of industry chatter about ‘fixed fee’ arrangements. I think what corporate counsel wants here is not necessarily the lowest possible fees but a sense that they have their arms around their costs. So, if you’re working with a client, I would recommend proposing a fixed fee for a project. If you go over, discount down the overages. Link your success and your client’s success.”

Hinegardner: “What a corporate counsel really wants is no surprises. Personally, I don’t feel alternative fee arrangements are a quick fix. But ‘block billing’ for a certain fixed service, for instance, is a great way to keep those surprises at bay. Involve us in what you are doing, so we know as early as possible if a change of course is needed that will require more budget allocated.”

What are the areas where you feel you still struggle to get your outside legal needs met?

Hawkins: “Years ago, companies didn’t understand the impact of environmental regulations and had to scramble to get representation for that. Today, they are rushing to understand data privacy and cybersecurity because it’s just so new and quickly changing. Everyone is looking for legal help to keep them out of trouble on this front, and minimize their risk when it does happen.”

Stall: “Speaking generally, I think most businesses out there are looking to employ the services of good employment and benefits lawyers and privacy experts.



This is especially true for intellectual-property lawyers, who can help companies handle rights for their trademarks, their growing online content, websites, website contests and the like. And corporate legal departments will always hire the lawyers they feel will foster a good, long-term business relationship.”

Hinegardner: “When we go into a market looking for help, we ask, ‘Who is the best in the area?’ And generally, we aren’t asking for general litigators; we are looking for lawyers who are the best in a certain specialty. We want the lawyers who have made their name in a particular field. That’s always challenging.”

What would your “dream relationship” with an outside law firm be like?

Hawkins: “Speaking as someone who used to be a corporate attorney, I can tell you, corporate counsel needs outside legal help that understands the limitations clients have – budget, time, availability, relationship with their business unit, for instance. They need counselors who are prepared and understand the complexities of their industry. They

need lawyers who truly care about their business, who can meet their budget, meet their goals, and make their clients look good while they are doing it.”

Hinegardner: “We need counsel who truly understands our business, and the trends in our business. We want partners who can look at cases that are applicable to our business and educate us on recent clarification from the courts. Especially in the insurance industry, we are constantly trying to stay abreast of the latest cases, and we consistently read this kind of educational material.”

Stall: “Every counsel’s dream is to have the kind of relationship where your outside counsel can provide long-term analysis and off-the-cuff advice. We have situations that need attention coming our way all day, and we need outside counsel that can help us triage those needs. We’re looking for counsel who will help us put our resources and attention where it will count. We need partners who understand that.” ■

Susan Gosselin is a correspondent for The Lane Report. She can be reached at editorial@lanereport.com.



POTENTIAL FOR GREATNESS

Trump's can-do optimism can make him a transformational president

BY LAWRENCE KUDLOW

IN all the media back and forth over President Donald Trump's inaugural speech, most have missed a central point: His address was infused with a wonderful sense of optimism.

As an old Ronald Reagan guy, I have learned through the years that optimism equals true leadership. And yes, true leadership cannot be achieved without optimism.

Toward the end of his speech, Trump said, "We must think big and dream even bigger." To understand Trump and his message on inauguration day is to appreciate the importance of that sentence.

He then added: "The time for empty talk is over. Now arrives the hour of action. Do not let anyone tell you it cannot be done. No challenge can match the heart and fight and spirit of America. We will not fail. Our country will thrive and prosper again."

All the media's talk about the so-called dark nature of the speech completely obscured these crucial lines.

I don't know about you, folks, but I am tired of all this talk of permanent American decline, secular stagnation, a new normal that dooms us to slow growth, falling living standards, weak middle-class wages and all the rest.

You hear it enough that you could almost come to believe it.

Yes, in recent years, the country has fallen into a pessimistic funk. But this is not the America I know. And far more

important, it's not the America President Trump wants.

Trump was a change candidate who blasted away at the establishment's failures at the expense of ordinary Main Street folk. And he successfully ran with the simple idea that things can be fixed. And he brought that optimism to his inaugural address.

As he said: "Now arrives the hour of action. Do not let anyone tell you it cannot be done."

Decades ago, when Reagan was elected president, the intellectual consensus was that high inflation, high unemployment and American decline could not be changed. The idea was that the country was ungovernable.

But Reagan put an end to that. He did it with a clear set of easy-to-understand policies to fix the economy and restore American leadership abroad. And he guided that plan into place with his quintessential optimism.

Trump and Reagan are very different people. And Trump's governing style will be nothing like Reagan's. But the underlying principle of optimism is the same.

"Finally, we must think big and dream even bigger," he said. How quintessentially American is that? Can we return to being the proverbial City Upon a Hill? Yes, we can.

For these reasons I believe President Trump has the potential to be a transformational figure. And he is moving fast. His

actions and energy in just the first couple of days have been remarkable.

Everywhere he repeats the theme of economic growth with lower taxes and fewer burdensome regulations. The war on business is over. We will reward success, not punish it.

He talks bilateral trade deals that can be enforced. He is freezing federal hiring, proposing to cut government spending \$10.5 trillion over 10 years, doing away with Obamacare mandates, getting the Keystone XL and Dakota Access pipelines in place, welcoming a constant flow of visitors from businesses and unions and taking calls from foreign heads of state.

He set up a meeting with British Prime Minister Theresa May, moving a U.S.-Britain free-trade agreement from the back of the queue to the front.

He is making it clear that he will seek border security, replace catch-and-release with catch-and-deport, institute skills-based legal immigration (rather than family-based), deport criminal illegals and end sanctuary cities.

Following up on his inaugural pledge to eradicate the Islamic State group – to "unite the civilized world against radical Islamic terrorism, which we will eradicate completely from the face of the Earth," as he said – he is calling for a military strategy memo from the joint chiefs and backing an allied coalition of ground forces to take the IS stronghold in Raqqa, Syria.

There will be no more containment of IS, but rather the eradication of IS. We have wanted to hear this for years. Trump said it, and he means it.

Finally, conservative journalists are recognized at the beginning of press conferences; Cabinet nominees are getting through confirmation; and Republicans on the Hill are finding they can work with the new president.

In all this – from strength at home to strength abroad – Trump is moving at warp speed. And he is keeping to his inaugural pledge that "Every decision on trade, on taxes, on immigration, on foreign affairs will be made to benefit American workers and American families."

This is what he ran on. Thankfully, he is not about to change. And that's why he has the potential for greatness.

Right now, I truly wish folks would help him, not seek to harm him. Give him a chance.

We must think big and dream even bigger. ■



Lawrence Kudlow is CEO of Kudlow & Co., an economic and investment research firm in New York City.

The Art of Transformation



Ambitious new programs at Louisville's 203-year-old Spalding University are growing an oasis of opportunity

BY RUSS BROWN

Mother Catherine Spalding Square at Spalding University is a now green space just a few blocks south of Louisville's central business district. The school has been adding programs and renovating, redeveloping and revitalizing multiple square blocks of the "SoBro" area during the past decade.

LOUISVILLE native Churchill Davenport believes attending art school was a life-altering event for him. And now a joint effort by him and rapidly-growing Spalding University is helping change other students' lives through the Kentucky College of Art + Design (KyCAD).

"I didn't do very well in school," Davenport said. "I was a different kind of learner."

Davenport's classroom success skyrocketed when he enrolled in the Maryland Institute College of Art. "Finally, I could succeed at something," he said.

After receiving a fine arts degree

from MICA and a master's from Yale, Davenport had a successful art career while teaching at MICA and the Pratt Institute in New York for 40 years. Then in his early 60s, he returned to Louisville in 2007 with the goal of developing an art school in his hometown, to fill a void not only locally but regionally.

"Along the way, I (had) met many students who were like me, having had a hard time with traditional schoolwork but with a gift for



Churchill Davenport, Founder and Chancellor, Kentucky College of Art + Design

visual art," he said. "I met a lot of kids from Kentucky, kids who had gone off to art school far from home, never to return. And I thought, wouldn't it be nice to be able to retain some of that talent in Kentucky?"

Davenport felt an art school would be a natural fit for Louisville. While new technologies were creating jobs in the arts and design sector, he'd seen what such schools in other cities had achieved in terms of urban development. He enlisted the help of Louisville native artist and educator Skylar Smith – who was teaching art at the University of Louisville and Jefferson Community and Technical College – and they spent two years gaining financial support from

Tori Murden McClure, a noted adventurer and author as well as an academic, became Spalding University president in 2010. She has successfully pushed to improve the school's financial stability as well as its academics, expand its athletics programs and took on the fledgling Kentucky College of Art + Design that now has 130 students.

civic leaders and calling upon his network of artists and educators to help design a unique curriculum.

Eventually, Davenport met incoming Spalding President Tori Murden McClure, and when she agreed in 2010 to take the art school under Spalding's wing and help it grow, that's when his dream truly started to become reality. It opened as the Kentucky School of Art in the basement of the 21C Museum Hotel, thanks to owners and art school benefactors Steve Wilson and Laura Lee Brown. In 2015, it took its current name.

Aside from McClure, who has been instrumental in the development of KyCAD, a critical early supporter was Davenport's childhood friend, the late business leader Owsley Brown II, a successful CEO of Brown-Forman who helped with financing, a feasibility study and other areas before he passed away

in 2011. Owsley's son, filmmaker and entrepreneur Owsley Brown III, remains active on the school's board and last fall contributed \$1 million in honor of his father.

Although KyCAD operates more or less independently on artistic issues, it is under the auspices of Spalding, which controls its academic quality and sees to its accreditation with the Southern Association of Colleges and

Schools and the Council on Postsecondary Education.

Davenport, now 72, and Smith both continue to teach at KyCAD, where he is chancellor and she is an assistant professor.

Art and design "code for jobs"

"Churchill is a bit of a character and he's a dreamer, and I have a soft spot for dreamers," McClure said. "I am more wired for math and science, but I



The Lane Report's *Faster Lane*



**THE LATEST
BUSINESS NEWS
IN THE PALM
OF YOUR HAND!**



The Lane Report

Lane Communications Group • 201 East Main Street, 14th Floor • Lexington, KY 40507 • (859) 244-3500 • lanereport.com



An exhibition of works by KyCAD faculty members was held in December at the school's new gallery on South Third Street. The 849 Gallery program encourages students and the public to "think critically and act creatively." KyCAD's commitment to the multidisciplinary study of art allows students to experience nationally recognized artists first-hand. An exhibition of paintings by Bill Scott is scheduled for March 2-31.

Roberts struggled in high school but has found his niche at Spalding. He is pursuing a degree in general fine arts and plans to add a double major, possibly in digital media.

"I was very unengaged with school," said Roberts. "My grades weren't too stellar in high school and (KyCAD) was able to overlook that and accept me for my art. Churchill, especially, made me feel really at home. And once I came here I've had a 3.7 (grade point average) the entire time."

Roberts likes the small class sizes, the opportunity to hear advice from visiting artists, an affordable tuition rate, 24-hour access to studios, the close relationship between students and teachers that allow one-on-one interaction, and the eagerness of the students to learn.

"It's nice to see a lot of teenagers with their phones in their pockets," Roberts said. "That's a lot different from high school; it would have been unheard of to see so many people paying attention in class. Also, I think it's interesting that you're treated like adults. There are certain expectations, and I would say 95 percent (of students) live up to them."

Revitalizing 'SoBro'

KyCAD's steady progress has been a source of pride for Davenport, whose vision is to eventually compete with leading arts schools across the country, most of which are on the East and West Coasts but include other top-tier institutions in Chicago, Michigan and Savannah, Ga.

"KyCAD has come a long way already," Davenport said. "We are immersing our students in the visual language – scale, color, perspective and so forth – giving them a solid foundation so they can go in whatever direction they choose. ... We are building a culture. We believe in an open-door policy and welcome students wherever they are in their artistic development."

The early success of KyCAD is just one of the many areas where Spalding is growing physically at a rapid pace and revitalizing Louisville's downtown core in its role as an anchor in "SoBro," or South of Broadway. But first a brief history lesson.

Spalding is over 200 years old, tracing its roots back to 1814, when Mother

do recognize the need for an artistic point of view. They bring a nice flavor to the university."

The school started with just nine students but has grown to 130, and the size of its faculty increased from seven to 13. Terry Tyler, a banker and business consultant in Louisville, came out of retirement in 2014 to lead KyCAD as its president and calls it an "exciting time," both for him and the institution.

"This whole issue of 'design and technology' is blowing up the world markets," Tyler said. "To me, it's code



Terry Tyler, President, Kentucky College of Art + Design

for 'jobs.' Our major mission is to create employment opportunities for our students, so we're working on that really hard. We're just at the tip of it now. It's been real fun for me – the most exciting thing I've ever been involved in.

"We need to try and combine what's going on in the business school with what's going on in the art world and create a culture around creative marketing so students won't be starving artists. That perception isn't what students or parents want to hear anymore."

One of those students is Maxwell Roberts, a 19-year-old sophomore from Jeffersonton who fits the profile of the type of student who spurred Davenport to start the art school. Like Davenport,

Catherine Spalding, foundress of the Sisters of Charity of Nazareth, began her mission of service and education in Kentucky.

It began as a girls' school of education near Bardstown, then opened a downtown Louisville campus in the 1920s and established the first baccalaureate program in nursing in the state in 1933 during a cholera epidemic. It remains a leader in nursing education, but also offers a blend of business courses, education, fine arts, creative writing, nursing, occupational therapy, athletic training, psychology and social work. With an enrollment of 2,200 students, Spalding promotes itself as having a "Small Campus, Big Impact."

McClure adds her own one-word description.

"I get really tired of hearing that Spalding is 'a hidden gem,' " she says. "I don't want to be hidden any more. Can we nix the hidden part and just be a gem?"

Toward that end, McClure, 53, has spearheaded Spalding's advances in both academics and physical appearance since being elevated in 2010 from vice president to president. As might be expected from an energetic, goal-

oriented whirlwind who was the first woman to row solo across the Atlantic Ocean, the first to ski 750 miles to the South Pole and somehow found time to also earn four college degrees, McClure hit the ground running.

Frugality and fundraising for McClure

Her first order of business was to pull the school out of a suffocating \$14 million of debt, putting the brakes on borrowing and getting serious about financial equilibrium, which she has accomplished with frugality and increased fundraising while still managing to maintain quality and complete numerous projects. Under her careful watch, Spalding's debt ratio has plunged from 193 percent to a more manageable 46 percent, even though there are seven new buildings on campus.

"When you look across the table at a student and recognize the money you're spending comes from that student, it really is sobering because it's a challenge for them and you don't want to make that burden any more difficult," McClure said. "It's a struggle when you're not federally or state subsidized, but we're just inspired not to waste anything."

Undoubtedly the most visible part of Spalding's renaissance under McClure has been an emphasis on athletics, which actually started while she was still vice president of student affairs and athletics. At the time she became president, Spalding competed in the National Association of Intercollegiate Athletics (NAIA) and awarded partial athletic scholarships. There was talk of completely doing away with the athletics program.

As McClure observed, "We were running a college program on a high school budget – and not a Trinity High School budget – and we were a joke. Let's take what we're spending on scholarships and spend it on a legitimate coaching staff."

She convinced school officials to move to NCAA Division III, which consists of non-scholarship programs, and hired former University of Louisville basketball player Roger Burkman as athletics director in 2005 to oversee the transformation and the upgrading of facilities through fundraising.

But McClure wasn't eager to let Burkman know the size of the task that awaited him if he took the job.

"I'm not proud. I hired him without letting him see any of our facilities," she said. "We always met off campus."

KPR



KENTUCKY PUBLIC RADIO

ASSOCIATION OF KY PUBLIC RADIO STATIONS

Kentucky Public Radio's network of stations reaches ALL 120 Kentucky counties, with a weekly audience of almost 500,000 people.

KPR Sponsorship

Reginald Glass

rglass@KentuckyPublicRadio.org

502.814.6544

KentuckyPublicRadio.org

PROVEN ENGAGEMENT, POWERFUL MARKETING RESULTS FOR QUALITY BRANDS

The "Halo Effect" of KPR

78%

Prefer to buy products or
services from KPR sponsors

Sources: NPR Digital Attitude Survey, NPR Listeners Panel, July 2012; Lightspeed Research, NPR Sponsorship Survey, November 2014 Percentages based on respondents who agreed with each statement, where "agree" = 7-10 on a 0-10 point scale.

WKYU-FM
Bowling Green

WEKF-FM
Corbin

WKUE-FM
Elizabethtown

WEKH-FM
Hazard

WKPB-FM
Henderson/
Owensboro

WKYU-FM
Lexington

WFPK-FM
Louisville

WFPL-FM
Louisville

WUOL-FM
Louisville

WMKY-FM
Morehead

WKMS-FM
Murray

WNKU-FM
Northern KY

WEKP-FM
Pineville

WEKU-FM
Richmond

WDCL-FM
Somerset



A large tulip poplar on the Spalding campus is referred to by past student as “the tree” because for decades it was the only tree on campus as well as for blocks around.

When Burkman took over, Spalding competed in seven sports, but as he says, “three had one foot in the grave.” And there were no full-time coaches. After a five-year process, Spalding became a full-fledged member of Division III in 2012 and the Golden Eagles now offer 14 men’s and women’s sports and are a member of the St. Louis Intercollegiate Athletic Conference, consisting of schools from Illinois, Missouri and Iowa. While Burkman says that association has been valuable, he doesn’t rule out a move to another conference closer to home at some point.



Roger Burkman, Athletics Director, Spalding University

“We’re traveling I-64 a lot,” he says. “They are really cool, good-quality universities, but it’s a four- to six-hour drive (to other conference schools) and we want our kids to be in the classroom. At the end of the day, it’s all about getting a degree.”

Building athletics, building facilities

Burkman also helped raise \$1 million to renovate the building that houses the athletic offices and add a state-of-the-art weight room. Spalding now has 10 full-time athletic positions – six coaches, a trainer and three office personnel. About 24 percent of Spalding’s students are involved in athletics. And Burkman is glad he took former UofL coach Denny Crum’s advice and left his job in development at Trinity High for Spalding.

“Coach Crum told me it was a chance to build something and stamp

my name on it,” said Burkman, who played on UofL’s 1980 national championship team. “I could leave here tomorrow and feel good about what we’ve been able to accomplish. I love being a D-III school. We’ve really found a niche. Half of our student-athletes are first-generation college students, and a lot come from disadvantaged situations. To me, it’s a real mission. We’re helping these kids get a degree, and we care about every one of them.”

There is more significant progress on the horizon. Spalding’s most prominent current initiative involves plans to develop major sports facilities on 7.4 acres it owns in the 900 block of South Eighth Street, bounded by Eighth, Ninth, Kentucky and Breckenridge streets.

The school will develop two multipurpose soccer fields, one women’s softball field, batting cages, a 5,000-s.f. fieldhouse with lockers, classrooms and storage areas, and parking for several hundred vehicles. Spalding is raising money for the projects, which is expected to cost about \$6 million.

The vacant site is an eyesore, with numerous exposed foundations from previous buildings that have been partially demolished, a few remaining parking lots and a vacant building located along Ninth. So the development should be a welcome improvement for the neighborhood.

‘A real gift to the neighborhood’

“Right now it’s a sea of asphalt and if we can create green space there, what a change that would be for Ninth Street,” McClure said.

“We’re really looking forward to the day we can break ground on that thing,”

said Burkman, adding that spring 2017 is the target for that ceremony.

It won’t be the first time that Spalding has concentrated on developing green space and making the campus more attractive from an aesthetic standpoint. The campus greening initiative began in 2012 with Mother Catherine Spalding Square and will encompass 7.5 acres of park-like area. It features an environmentally friendly design to address the neighborhood’s rainwater overflow and to counter the heat-island effect in SoBro.

McClure jokes that when alums come back to Spalding they ask about THE tree, because there was only one – a big poplar tree in the courtyard.

“I tell them, well, we have more than one tree now,” she says, laughing. “Mother Catherine Spalding Square has been a real gift to the neighborhood, and we’re getting ready to do another two acres at Second and Broadway. That will be a big game-changer for the perception of Spalding. Adding a little more grass and trees in an inner (city) neighborhood is wonderful.”

Spalding prides itself on being a leader and a good neighbor in the SoBro community and downtown. As part of that mission, McClure recently announced the creation of the Muhammad Ali Scholars program at the school. It will provide up to \$5,000 in scholarship aid per year for traditional, first-degree students. The grant is renewable for a total of \$20,000 over the course of a four-year degree.

When he was young and known as Cassius Clay, Ali trained at what was then the Columbia Gym that is now part of the Spalding campus. Furthermore, McClure was one of the first staff members at the Muhammad Ali Center when it opened in 1999, and developed a friendship with both Ali and his wife, Lonnie.

“Muhammad was one of the most compassionate human beings I’ve ever met,” McClure said. “He knew each person has their own hurts and pains. As an institution, Spalding tries to address hurts and needs both at the community and individual level. The scholarship will address unseen needs and bridge the financial gap between federal and state student aid and the cost of a college education.”

A Spalding University student enjoys one of the spaces created by a campus greening initiative begun in 2012. Athletic field and major sports facilities construction is scheduled to begin this year on an adjoining 7.4-acre parcel.

Ali Scholarship and urban learning

Spalding offers a private college education at the cost of a public education, she said, and the Ali Scholarship program is part of the effort to make private education more accessible. One-third of Spalding's students are from under-represented minorities and the school is more diverse on a percentage basis than UofL, and is close to Jefferson Community College levels.

"Diversity carries through not just in undergrad, but in our graduate programs, too," McClure said. "We're still a predominantly white institution, but there's a sense of real-world experience and all types should feel comfortable."

She believes Spalding's downtown location resonates with students and that the school has changed the perception of its area.

"There was a time when it was perceived as a bad location because folks didn't want to be downtown," she said. "Downtown was dangerous. But that has changed and that's one of the things that will keep Spalding going for another 100 years. What's going to make Spalding viable in the internet age – when you can sit at home in your pajamas and earn a college degree – is the experiential connection with downtown."

"You're studying to be a nurse, you're working in a hospital downtown; studying to be a teacher, you work in the schools. And our teachers come out



learning how to interact with an urban population.

"I think downtown is now seen as more vibrant. It's seen as a place of opportunity, a place where you want to go get your feet wet and a good place for a young person to learn how to interact with the world. The alternative is some green, grassy campus in the country where you might study philosophy and have a lovely time, but are you really going to learn what it takes to get out and keep a job? And what are the soft skills that are required to interact with people, and not perfect people, but people?"

Spalding's progress in the last 10 years has been dramatically more than McClure she expected, and it doesn't appear to be slowing down. If anything, it's speeding up.

"The core of the turnaround has been about a collaborative leadership model," she said. "It's not all about me or my ideas. Our leadership team is really strong. To have a default answer in academia is unusual. When someone asks Spalding, 'Can you do X, Y or Z?' we try to get to yes. We're working on starting new programs that meet the needs of the times, like supporting KyCAD. An institution that can get to yes can do all kinds of great things."

Times and needs change in education. As McClure notes, it's like a finish line you never cross or an ocean you never finish rowing. But Spalding intends to keep pace, stay on the cutting edge of private schools and be described as one of Louisville's downtown gems. ■

Russ Brown is a correspondent for The Lane Report. He can be reached at editorial@lanereport.com.



**Do you find your
intelligence shrinking?
Get your daily boost at
WUKY, 91.3 FM.**

***Listen to WUKY and be enlightened,
inspired and entertained!***

WUKY
NPR ROCKS @91.3

91.3 FM | wuky.org



A Vision for Hope

New Kentucky College of Optometry in Pikeville will help fill healthcare gap in Appalachia

BY GARY WOLLENHAUPT

THERE'S a vision for better healthcare and education taking root at the new Kentucky College of Optometry at the University of Pikeville, the first and only optometry school in the commonwealth.

With an inaugural class of 65 students for the 2016-2017 academic year, the newest college at UPike is one of 22 optometry schools in the nation, and the only one in several surrounding states.

The college was launched to improve healthcare in Eastern Kentucky and expand the professional healthcare educational opportunities at UPike. It will primarily serve Eastern Kentucky, southern West Virginia and southwestern Virginia.

The optometry school was funded through a \$40 million federal loan for

the building and a \$7.4 million federal grant to the university to purchase equipment, instructional supplies and other materials.

Within the first three years of the award, the college is expected to graduate 60 optometrists, provide care to 12,000 patients and bring \$26 million in direct economic impact to the regional economy.

The desire to improve healthcare access in the region was one of the big drivers behind establishing the new college, according to UPike President Burton Webb.

"This part of the world in Eastern Kentucky, West Virginia and Virginia has the



Burton Webb,
President,
University
of Pikeville

An inaugural class of 65 students began classes in fall 2016 at the Kentucky College of Optometry at the University of Pikeville. It is the only optometry school in Kentucky and one of 22 in the United States.

highest rate of preventable blindness in the nation, and Owlsey County, which is just a couple of counties over, has the highest rate of preventable blindness in the country," Webb said. "So we felt like it was a wonderful opportunity to expand on our already well-established tradition of providing rural healthcare and expand that into optometry."

UPike launched an osteopathic medical school in 1997 to help address a regional doctor shortage.

Optometrists are primary care providers who examine, diagnose, treat and manage diseases and disorders of the visual system, the eye and related structures as well as diagnose related healthcare conditions.

Nationwide, the need for optometrists is expected to grow faster than the average career field, by 33 percent through 2020, adding more than 11,000 new positions, according to the U.S. Bureau of Labor Statistics.

Currently, there are 820 licensed optometrists in Kentucky, according to Connie Calvert, executive director of the Kentucky Board of Optometric Examiners, the state professional licensing body. The number of incoming optometrists closely matches the number of retiring and relocating doctors as well, although the total number of licensed optometrists has climbed from 627 about 20 years ago, Calvert said.

The Kentucky Optometric Association reports only 106 of the state's 120 counties have a practicing optometrist, and some counties that do have an optometrist can't satisfy the demand for care. About two-thirds of the state's counties do not have an ophthalmologist, which is a medical or osteopathic doctor who specializes in eye care and can perform eye surgeries, so some patients have had to travel long distances for eye-health care.

Looking beyond vision care

In addition to providing eye and vision care, optometrists play a major role in patients' overall health and well-being by detecting systemic diseases such as diabetes and hypertension, which affect a much higher number of Kentuckians than the national average.

"In fact, many cases of undiagnosed diabetes are detected by optometrists," said Max Downey, O.D. and president of the KOA. "This early detection is so important because it can help prevent all the other complications that can come from the dia-

betes, such as kidney and heart disease, amputation and blindness.”

One of the new school’s goals is to help the region shed its underserved status for eye care, as it did with healthcare after the Kentucky College of Osteopathic Medicine opened two decades ago, said founding dean Andrew Buzzelli, O.D., M.S., FAAO, a retired Air Force colonel and former assistant to the Air Force Surgeon General. He was dean at the Rosenberg School of Optometry at the University of the Incarnate Word in San Antonio, Texas, before coming to UPike.

Without a Kentucky school, optometry students have attended Indiana University, University of Alabama at Birmingham, Southern College of Optometry in Memphis, Ohio State University, Illinois College of Optometry and other optometry schools across the country.

During a previous post at the IU School of Medicine, Webb saw the power of local students coming through the program and practicing in their home regions.

“We found that 75 percent of local physicians came through our program, and we want to translate that to Eastern Kentucky with physicians and optometrists for underserved counties,” Webb said.

In 2011, when the legislature expanded the profession’s scope of practice, Kentucky became one of three states – along with Louisiana and Oklahoma – that allows optometrists to perform glaucoma- and cataract-related surgeries and certain other eye-related surgeries in their offices. That means patients can get diagnosis, treatment and follow-up specialty care they need from one provider rather than being forced to travel to a larger city.



Andrew Buzzelli, O.D., Dean, Kentucky College of Osteopathic Medicine



Kentucky residents benefit from primary care being available closer to where they live.

“They get the needed care sooner, and they save time and money by not having to travel to another office and paying for another doctor’s visit,” Downey said. “In addition, an earlier diagnosis can lead to better results for the patient.”

Of the three states that have an expanded scope of practice, only two – Kentucky and Oklahoma – have an optometry school. KYCO students will undergo an additional 88 hours of study to become authorized to perform those surgical procedures.

“Students here will be able to train in techniques available at only one other optometry school,” Buzzelli said. “It’s still a four-year degree, but the surgical training adds to the intensity of the program.”

The inaugural class of 2020 drew students from throughout Kentucky and as far away as California, some drawn by the expanded scope of practice. The first class had five more students than initially



Max Downey, O.D., President, Kentucky Optometric Association

The \$55 million Health Professions Education Building at UPike houses the Kentucky College of Optometry and the university’s Elizabeth Akers Elliott School of Nursing and other health professions programs. It was completed in 2016.

planned, and there were 10 applicants for every open seat, Buzzelli noted. So far, all the students completed the first semester, and 10 made the dean’s list.

The students have an undergraduate science background and must score well on the Optometry Aptitude Test to gain admission.

For their first year, the students started in former facilities of the College of Osteopathic Medicine and then switched to the new College of Optometry facilities, which opened in February. The college is housed in the \$55 million Health Professions Education Building, a 103,000-s.f. facility that houses not only the optometry school but will provide technology and clinical training facilities for the school of nursing and other health professions programs.

As the students progress, the goal is to expand hands-on training to an optometry clinic on the UPike campus as well as eight other healthcare clinics in partnership with local healthcare providers to deliver optometry services in the region.

Community outreach was one of the main reasons Buzzelli took the open position at KYCO nearly three years ago.

“It’s an Advantage school, which means that we just don’t train optometrists, we provide care in these areas so that people are advantaged by that,” he said. “We’ll also work with local schools to attract students from the area who might not have thought they could become a doctor.” ■

Gary Wollenhaupt is a correspondent for The Lane Report. He can be reached at editorial@lanereport.com.



State of the art active learning classrooms and optometry labs at UPike were designed to compete with the best programs in the nation.

EMERGING LANE

Kentucky's young professionals and creatives



In the Business of People

Award-winning coffee shop opens new chocolate shop with emphasis on creating community

A Cup of Common Wealth's Operations Manager Alexandra Canada appears to know every single person by name who walks through the doors of the humble little downtown Lexington coffee shop with the teal door – whether they are homeless or dressed in an expensive business suit.

Each person is treated as an individual, as a human. In part, it's this mentality that has helped foster a sense of community at A Cup of Common Wealth, which opened at 105 Eastern Ave. in 2013.

And it's helped the coffee shop grow. Within the last 12 months, ACOCW bought out a local coffee roasting company and opened two new correlating businesses – Common Wealth Mercantile and Chocolate Holler.

Canada has stayed in nearly constant motion at Cup of Common Wealth for nearly three years, starting as a barista, and said the work and customer service environment at "Cup" is unlike anything else she's experienced.

"Community is the most important thing," said 25-year-old Canada. "It's a lot more about the customers than just bringing in the sales. This is actually important to them."

And the shop has been noticed for it. ACOCW was named the 2016 Small Business of the Year at Commerce Lex-

ington's Salute to Small Business Awards Luncheon in August 2016.

"We were extremely honored and humbled by it," said ACOCW owner Salvador Sanchez, who is better known around Lexington as "Sal."

ACOCW has stayed true to its original mission to "Embrace Community. Serve Others. Create Culture." The staff has quadrupled in size under the ownership of Sanchez, who originally founded the business with friend Chris Ortiz.

The shop's "Pay It Forward Board" provides customers the opportunity to buy a future drink for anyone to redeem at any time, and is constantly involved in community outreach and engaging in relationship-building marketing tactics.

"I wanted to open up a coffee house since I was a teenager," Sanchez explained. "So, there has been plenty of time to come up with different ideas, both good and bad."

Sanchez, 33, said community, service and culture have been a "driving force in my life and also what I believe good-hearted people practice every day and what good businesses strive for every day as well."

Originally from Michigan, Sanchez said he is pleasantly surprised by the community ACOCW has been able to create.

"More times than I can count, the people of Lexington have been there to support the shop (and me) through challenging times and through incredible times," he said.

When the still-fledgling shop was broken into in December 2013, the outpouring of customer support afterward to make repairs was overwhelming.

"Someone biked down here with a piggy bank to help fix the window," Canada said. "Customers would come in and pay \$20 for a cup of coffee and not want anything back."

And the favors are returned, she said. ACOCW regularly helps new businesses start up, donates coffee and gives out free coffee to customers when Sanchez has a whim.

"I'll be stressed about money and Sal will be like, 'Let's give free drinks away all day,'" she said. "It truly comes from his genuine love for people."

Payback's a bench ... of volunteers

That love came back around in January when the shop was preparing to open the all-new Chocolate Holler. Floods of volunteers came ready to be put to work.

Sanchez said Chocolate Holler will stick with the same mantra, but through a different medium – in this case chocolate in addition to coffee. The chocolate and coffee bar, located at 400 Old Vine St. – next door to popular Wines on Vine – will specialize in hot chocolate drinks, sipping chocolate, chocolate flights, chocolate mousse and brownies, and bar chocolate.

It also will serve the same original coffee drinks as ACOCW. The staff has been at work developing recipes, and eventually will expand the menu to add homemade food and pastries.

Coffee and chocolate pair well together, Canada said, and their production is very similar from the beginning. Some coffees and chocolates come from the same regions of the world.

Chocolate Holler, which celebrates its grand opening in February, will carry bar chocolates ranging from \$4 to \$12, and Canada described the hot chocolate drinks as "very decadent" with unexpected ingredients like cayenne pepper and cinnamon.

Sanchez hopes ACOCW's original business model will help propel Chocolate Holler.

We want everyone to have an amazing experience every time they come into the shop, for them to feel like they've with family, in a living room," he said. No matter the industry, Sanchez feels those principles can still apply. —Abby Laub

Somerset Brewery Aims to Capitalize on Summer Crowds



Daniel Stroud, left and Delaney Stephens founded Jarfly Brewing in downtown Somerset.

IN July 2016 Delaney Stephens and Daniel Stroud became co-owners of Jarfly Brewing Co. in downtown Somerset. Six months later they were named the 2016 New Business of the Year by the Somerset-Pulaski County Chamber of Commerce.

"We saw a huge need in this region, in terms of both cultural and community development," Stroud said of opening a brewery. The friends first thought about opening a distillery, but decided on beer.

"Tourism is huge around here," Stephens added. "We're excited about this summer being able to capitalize on that."

The Jarfly co-founders brew their own recipes, including Kentucky Common Ale, one of their flagship beers.

"This was a very popular style of beer from about the 1850s until Prohibition," Stephens

noted. "It's starting to make a comeback though, and our version is an amber-colored, easy-sipping ale that appeals to a wide variety of beer drinkers, craft and noncraft."

Brewers get their product to market much faster than distillers.

"The turnaround on beer is typically a month, sometimes less, from grain to glass," Stroud said.

Jarfly also partners with other Kentucky brewers. One in Harrodsburg, in particular, produces a gluten-free beer that Jarfly keeps on tap. Its downtown taproom is in a former furniture showroom built well over a century ago, with a tin ceiling, hardwood floors and an ambience of "Prohibition meets modern industrial," according to Stephens. There's live music from local musicians and touring bands, and a rotating food menu featuring local farm-fresh items, as well as food trucks.

The first Wednesday of the month is a charity night called Jarfly Loves, with tips being donated to a particular nonprofit. Feb. 1 was Jarfly Loves the Pulaski County Humane Society. March 1 benefits the Shine House, a relatively new nonprofit community arts center downtown.

Somerset born and raised, Stephens went to University of Kentucky and earned a bachelor of science degree in community communications and leadership development in 2010. After working a year in the tourism industry, he landed a job at the Center for Rural Development, where he is still the community liaison and youth programs coordinator. Stroud has lived in Somerset since he was a kid. When he pursued a career in graphic arts three years ago, he met Stephens through a local nonprofit organization.

As for the name Jarfly?

"We really wanted to give this region some claim of ownership of the brewery," Stroud said. "Months of research brought us to the Appalachian word for the cicada."

While Pulaski County's jurisdiction is dry, the city of Somerset is wet as of 2012.

"It's an economic engine, another revenue generator," Stephens said of alcohol sales. "We've seen nothing but positive growth here, and new businesses pop up."

—Kathie Stamps



Former Educator Turns to Bourbon Barrel Art

JOHN King worked in higher education as an advisor and educator at University of Louisville – until he realized it wasn't for him. And so he turned a sideline into a full-time job called DrunkWood.

King repurposes old bourbon barrels, using staves to create wall hangings, furniture and other décor, working from his home in Louisville's Germantown neighborhood. Using word-of-mouth – he is active in the brewing community and once served as the volunteer director for the Kentucky Guild of Brewers – and minimal Facebook advertising, by early 2017 King found he nearly had more orders than he could handle. He hasn't even bothered launching a DrunkWood website.

"That would just be one more thing I'd have to manage," he said.

His best sellers are the wooden fleur-de-lis and an outline of the state of Kentucky, but he has done several other states as well, including Kansas, Illinois and Michigan. Most of the larger pieces he installs personally in his customers' homes.

King said he would consider taking "the right job" outside his home, but for now he's more than happy to trade in a desk and computer for power tools and bourbon-soaked planks. It's like going back to the egg for a guy who was no stranger to hands-on labor prior to his foray into academia.

"I've always worked with my hands," King said. Looks like he will continue to.

Find DrunkWood on Facebook at facebook.com/drunkwoodinky and Twitter @kingofkentucky.

City of Newport Unveils smartLINK Node for Public Use

The City of Newport recently launched MyLo, a high-tech smartLINK mobile device support station located on Third Street in front of Newport on the Levee's Gallery building entrance. Developed by Newport-based Nexigen and Beast Carbon of Evendale, Ohio, MyLo is designed to resemble a large iPhone and features USB fast-charging outlets, an interactive tablet for internet access, emergency calling capabilities, atmospheric sensors, data analytic devices and two 55-inch outdoor displays for wayfinding and advertising purposes. The smartLINK node is connected with high-speed fiber optics that emit super-fast wireless internet. Other nodes are planned in the city.

Arts Day in Kentucky Set for Feb. 24 in Frankfort

The Kentucky Arts Council and arts organizations from across the state will celebrate Arts Day in Kentucky from 11 a.m. to 2 p.m. Feb. 24 in the Capitol Rotunda, 700 Capital Ave. in Frankfort.

The Arts Council hosts Arts Day each year during the legislative session to bring awareness to the many roles the arts play in the commonwealth. Arts leaders, artists, the general public and other supporters of the arts gather to celebrate the arts and the creative industry, and recognize the Kentucky General Assembly for its continued support of the arts.

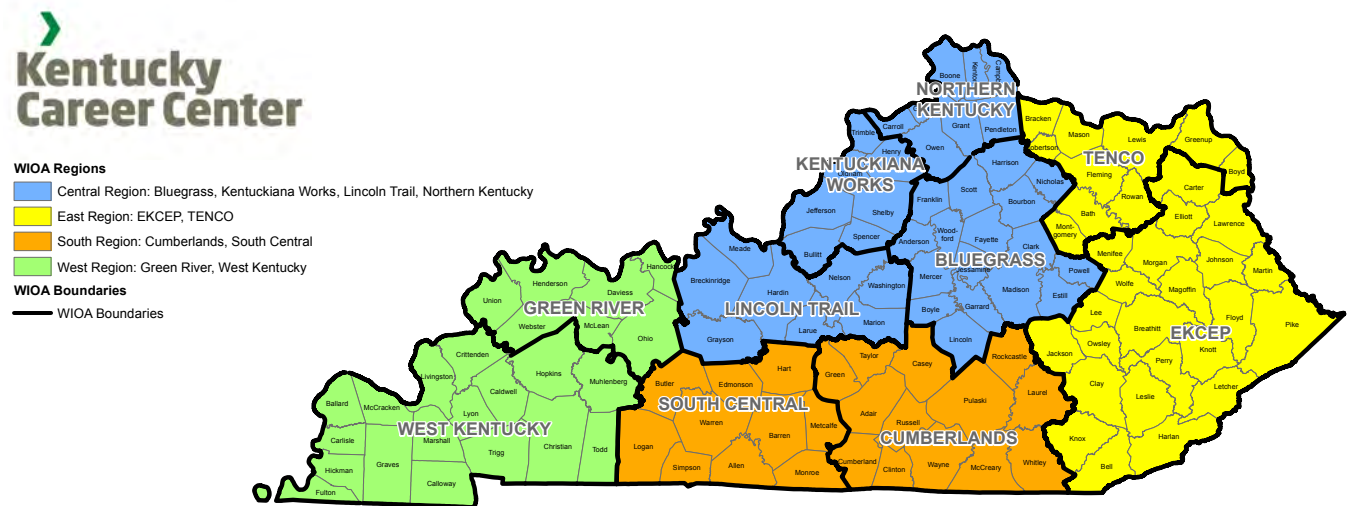
For the 2017 fiscal year, the arts council awarded \$1.3 million in Kentucky Arts Partnership grants to 93 arts organizations throughout the state. Arts Day will also feature demonstrations and performances from several artists.

THE LANE LIST

PROJECTED KENTUCKY JOB DEMAND AND WAGES

The 2016 Kentucky Future Skills Report at kcewsreports.ky.gov forecasts job demand and average wages for the next five years by region in the commonwealth by factoring in historic workforce supply, current employment outcomes and future workforce demand.

REGION	LOCAL WORKFORCE GROWTH RATE	TOTAL JOB DEMAND	AVERAGE WAGE
Bluegrass	Slow	68,293	\$41,269
Cumberlands	None	18,185	\$37,129
EKCEP	Declining	15,137	\$36,947
Green River	None	14,286	\$38,974
Kentuckiana Works	Slow	91,826	\$43,259
Lincoln Trail	Slow	16,933	\$39,145
Northern Kentucky	Slow	33,495	\$42,190
South Central	Slow	21,461	\$38,735
Tenco	None	11,224	\$37,699
West Kentucky	None	24,994	\$39,731



TOP 10 EMPLOYMENT SECTORS IN FY 2015

These categories in 2015 hired the highest numbers of Kentuckians who had earned high school diplomas or equivalent, certificates, diplomas, associate degrees, bachelor degrees and graduate degrees from 2010-2014.

SECTOR	NUMBER OF KENTUCKY HIRES
Healthcare & social assistance	20,606
Other industries	19,133
Retail trade	14,955
Educational services	13,743
Administrative and Support and Waste Management and Remediation Services	13,634
Accommodation and Food Services	12,953
Manufacturing	12,349
Professional, Scientific & Technical Services	4,770
Transportation and Warehousing	4,388
Finance and Insurance	3,918
Total	120,449

Source: Kentucky Center for Education & Workforce Statistics

SPOTLIGHT ON THE ARTS



Call on the Arts!

How the arts community can team with business to drive innovation

IN December 2016, *The Wall Street Journal* writer Greg Ip drove a compelling argument that innovation's impact on communities is slow as we craft ideas, noting that the economy was beginning to suffer. His article, "The Economy's Hidden Problem: We're Out of Ideas," challenges us to come up with creative means to help ourselves. He notes that it took 40 years for Edison's light bulb to really make a difference. Furthermore, despite Bloomberg News' forecast for a greater annualized growth in 2016, the year ended with the lowest economic growth of the national economy since 2011, with expansion only at 1.9 percent.

Kentucky is changing this trend, however. By looking around the state, we know that innovation is of key importance to Kentucky as investments grow in a variety of industries. In 2016, Kentucky graduated more college students than ever before, with an increase of 32.5 percent over 10 years. With private/public partnerships, Kentuckians are actively creating relationships that are already changing this trend and guess who is helping lead this cause – THE ARTS!

According to the most recent figures from the National Endowment for the Arts and the Bureau of Economic Analysis, arts and cultural production contributed \$704.2 billion to the U.S. economy in 2013, a 32.5 percent increase since 1998. Kentucky's creative industry, which encompasses those who make all or part of their income through their creative work, can be used to elevate innovative thought-leadership in communities. It's a matter of

thinking differently. Artists do this best; it's in their DNA. Call on the arts!

The term "innovation" replaces the word "change" with the concept of moving forward in more efficient and effective ways that sustain or increase mission. Where does a company or organization start?

Let's look at education. Artists and arts organizations can help in the reshaping of learning itself. Call on the arts! By injecting innovative thinking into our academic curriculum both in schools and in professional development, we transform STEM (science, technology, engineering and math) to STEAM – science, technology, engineering, *arts* and math. STEAM educators and human resource trainers can alter focus to include the study of science, technology, engineering, arts and math for application to problem solving. In hoisting the importance of creativity in problem solving for innovation, *The Huffington Post* touted, "Creativity will always be America's secret sauce."

Let's look at business strategy. Firms self-report that they often feel they do not have the appropriate mix of staff, resources and know-how to operate in this space. Call on the arts!

As companies are encouraged to address the diverse interests of society, they understand the impact of innovation but struggle to find the most effective approach. Below are some how-to steps for using the arts in innovation:

- **Enact a social vision.** Determine how innovation and community impact could include creative thought.

Artists, academics and community leaders collaborated to trade ideas at the Kentucky Arts Council's 2016 Kentucky Creative Industry Summit in Lexington. Cross-sectional collaboration is key to establishing relationships between the arts and other sectors of the community and economy.

- **Reach out to creatives.** Meet arts and creative leaders in your state and invite them to brainstorm and help.

- **Train your leaders to embrace creativity.** Arts groups and the Kentucky Arts Council have programs for peer learning.

- **Recruit talent.** Employees want to live and work in a vibrant community.

- **Put your organization in the spotlight.** Arts help you enhance brand and reach customers.

- **Advance corporate objectives.** The arts help get your message across in engaging ways.

- **Foster critical thinking.** One of the most applied skills sought by employers is creativity.

- **Engage employees.** Arts bring out the best in employees and encourage the happiness factor.

- **Build diverse teams.** Blending difference in backgrounds, cultures and thoughts always increases impact.

- **Contribute to your community.** The arts build quality of life and economy, which sustains communities.

Studies show that highly effective leaders are willing to take on the risks of creative innovation because of the often-proven outcomes. Common benefits include:

- Increased trust and reduced transaction costs between parties

- Profit/margin increase

- Product diversification and entry into new markets

- Customer fidelity and customer satisfaction growth

- Market share maintenance or increase

- Better strategic position

- Creation of new business development opportunities

- Forging of relationships with new perspectives, addressing multiple stakeholder interests

- Increased cooperation along chains

- Increase of competitive advantage

- Utilization of economies of scale.

Innovation is active, creative and aimed at breakthroughs. Call on the arts! ■



Lydia Bailey Brown is executive director of the Kentucky Arts Council.



Owens Corning takes to the track at Bluegrass Indoor Karting in Louisville.

Test Your Skill

Bluegrass Indoor Karting
bluegrassindoorkarting.com
(502) 297-9899

Louisville Escape Room
breakoutgames.com/louisville/
(502) 324-4096

The Louisville Quest
thelouisvillequest.com
(502) 387-0928

different skill sets to the equation, so one member might be good with one particular type of puzzle at one place, while another might easily solve the puzzle at the next place.”

At the end of the quest, first, second and third placers get awards and bragging rights, with refreshments for all.

Teams of two to five can join the quest mid-April to mid-October. Groups of 10 or more can participate all year but need to reserve ahead. Check the website for ongoing special events.

Groups of 16 to 100 can embrace their inner Dale Earnhardt behind the wheel of a go-kart zipping around a 1,000-foot track at 25 to 40 mph at **Bluegrass Indoor Karting (BIK)**. Talk about a get-your-crew-out-of-the-office teambuilding offering that’s pure excitement.

“Racing really gets the adrenalin going,” says Charli Knauer, the company’s business development manager, “more so than just a typical ‘let’s brainstorm over dinner’ outing. We run an endurance race that includes driver changes and team strategies, a lot of working together.”

Among its numerous packages, BIK’s most popular choice is its Grand

Corporate Fun in the Derby City

Louisville offers a great assortment of creative team-building opportunities

BY KATHERINE TANDY BROWN

IF you’re looking for a fun way to inspire your corporate staff, crew, girlfriends or family, check out Kentucky’s largest city. That amazing destination on the Ohio River – yes, Louisville – is packed with team-building options that are far from run-of-the-mill. These that follow are but a sampling of the dozens available.

Teams get to know Derby City on The Louisville Quest!, a challenge that leads participants through different sections of town, where they must answer questions and solve puzzles to keep moving ahead.

“It’s like a sightseeing tour with a twist,” co-owner Mary Henry explains. “You get to see some of Louisville’s historic sights but with interactive activities along the way. It’s a lot more fun than just sitting on a tour bus with someone narrating about each place.”

Henry and co-owner Theresa Hommrich formed a partnership in 2011 in search of a business without a great deal of startup investment. **The Louisville Quest!** idea filled that bill nicely, and for a year the entrepreneurs planned and tested. In 2012, partnering with Museum Row and Louisville Main Street, they began with a route that started on the Belle of Louisville paddle wheeler and

wound through Museum Row and Louisville’s Historic District. That route is still a popular choice among the company’s other three current routes, which include a shopping district, a trendy area downtown and the Highlands. The latter uses a smartphone app.

Specific destinations are part of the mystery.

“Each location has different puzzles,” says Hommrich. “Team members bring



Gaming to get out of the Louisville Escape Room.

Prix. Wannabe NASCAR drivers practice for eight minutes and then run eight-minute qualifiers. The top eight drivers then go head-to-head in an eight-minute final race. The top three finishers receive trophies, just like the big boys.

"The Grand Prix takes the most competitive people and gives them a third chance for overall champion," Knauer adds, "while not wearing out the other participants in the initial two races."

Covering all meeting and teambuilding bases, the company – open seven days a week – also hosts conferences and company events. A conference room can accommodate 10, a meeting room will hold up to 32, and a larger space can take 64 for a banquet. Its full-service catering offers all three meals and bar service.

You won't find any food or your average team-building staples such as a white board or cheesy role-playing at the **Louisville Escape Room**. Instead, be prepared for a real-life adventure where each person has a part to play. Props, a guiding "room master" and after-game exercises are all supplied. A group of two to eight people just has to put its heads together, use observation skills, and figure out how to break out of a "locked" room within 60 minutes by cracking codes, solving riddles, piecing together puzzles and discovering clues.

"An escape room is fun, more active and mentally engaging than just another corporate retreat with silly games," says Zack Trinkle, the business's shift supervisor and corporate trainer. "Everyone is constantly involved with that working-together mentality. You're not just waiting for someone else to relay to you, for instance. Every participant can be working on some aspect of the challenge all at the same time. Everyone gets to contribute something."

Based on an "escape-the-room" video game created in Japan in 2005, the escape room concept has caught on quickly as a perfect team-building activity. Louisville Escape Room's themed-room choices of varying difficulties include its most popular, Kidnapping, in which all participants begin handcuffed and blindfolded, and Museum Heist, a kind of Oceans 11, robbing-art-back theme (i.e. you've been hired by a museum to steal back stolen art).

While trying to figure out how to leave the room, a team is monitored and if no progress is observed, a room master slips them an extra clue or two. A note to claustrophobes – you're not really locked in and can leave the room at any time you choose. But the fun, of

The Louisville Quest! at The Belle of Louisville

course, is in figuring out the breakout yourself.

Entire rooms can be booked. Always be sure to book ahead. ■

Katherine Tandy Brown is a correspondent for The Lane Report. She can be reached at editorial@lanereport.com.



New Faces, Great Spaces... and all of Paducah's Creative Places!

Paducah-McCracken County Convention & Expo Center

With over 90,000 square feet of flexible meeting space under one roof and a globally celebrated creative culture, Paducah's amenities make it a memorable destination for meetings and your next convention or trade show.

**Become one of our coming attractions.
Book Paducah today!**



Chuck Tate, Director of Operations
Paducah-McCracken County Convention & Expo Center
ctate@paducahconventions.com



Michelle Campbell, Director of Sales & Marketing
Paducah-McCracken County Convention & Expo Center
mcampbell@paducahconventions.com



Becky Straley, Director of Convention Sales
Paducah Convention & Visitors Bureau
becky@paducah.travel

PADUCAH
City of Crafts & Folk Art
UNESCO CREATIVE CITY

www.paducah.travel/meetings | 800.PADUCAH

Kentucky Bourbon Trail Barrels Past 1 Million Visits in 2016

THE number of visitors flocking to experience the Kentucky Bourbon Trail continues to grow, surpassing the 1 million mark in 2016.

The booming tourist attraction has grown 300 percent over the last decade and spawned the companion Kentucky Bourbon Trail Craft Tour in 2012, featuring the state's thriving micro distilleries and is the first of its kind in the country.

"This is a tremendous cause for celebration for the entire commonwealth," KDA President Eric Gregory said. "Think of what 1 million tours means to Kentucky in jobs, tax revenue and positive publicity. The success is staggering."

The Bourbon Trail tour, which showcases nine of the state's distilleries, set a new record of 888,733 visitors in 2016, breaking the previous year's record by 17



Kentucky Bourbon Trail photo

percent. The Bourbon Trail Craft Tour recorded 177,228 visits among its 10 participating distilleries, representing a 32 percent increase over the previous year and a 187 percent increase over 2013, its first full year in existence.

Adam Johnson, who directs both tours for the KDA, said more distilleries will be joining in the coming weeks and months. "Experiences in Louisville, Lexington and Northern Kentucky will be coming online soon, and we're expecting a few more by the end of the year."

Johnson said the KDA's tourism committee is working to enhance the Passport program that rewards visitors once they complete tours of all participating distilleries. A new souvenir gift will be distributed in 2017, with bigger opportunities on the horizon.

Bourbon has become a booming \$3 billion economic engine for Kentucky, generating more than 15,000 jobs with an annual payroll of more than \$700 million and contributing \$166 million of tax revenue.

Ky's Education Efforts Rewarded with Grant to Increase Career Preparation

KENTUCKY is one of 10 states selected by the Council of Chief State School Officers and JP Morgan Chase & Co. to share in a \$20 million grant to dramatically increase the number of high school students who graduate prepared for a career.

Developed as part of JPMorgan Chase's \$75 million global New Skills for Youth initiative, each of the states selected

from the New Skills for Youth initiative after a rigorous review process. A statement announcing the grant said the 10 states selected demonstrated the strongest plans to work across sectors to transform how they design and develop career preparedness education programs and provide young people with the skills needed to compete for high-skill, well-paying jobs, bringing together education leaders, business partners and community partners to set ambitious benchmarks for achieving their goals.

"The number of young people who graduate from high school without the necessary skills to compete is one of the greatest moral and economic inequities of our time," said JPMorgan Chase Chairman and CEO Jamie Dimon. "These investments will help states build career education programs that align with the needs of growing industries and give young people a chance to succeed."

"If we are to achieve our goal of making Kentucky the hub of excellence in engineering and manufacturing in America, we must work diligently to be more economically competitive," said Gov. Matt Bevin. "Ensuring we have the most highly skilled and well trained workforce is critical to this effort. The current shortage of skilled workers makes it difficult for Kentucky employers to create and expand their businesses. This grant will ensure career and technical education is better aligned with the needs of employers and business leaders."

for the grant will work with government, business and education leaders to strengthen career education and create pathways to economic success.

Kentucky, Delaware, Louisiana, Massachusetts, Nevada, Ohio, Oklahoma, Rhode Island, Tennessee and Wisconsin will each receive \$2 million over three years to expand and improve career pathways for all high school students.

An independent advisory committee recommended the states to receive grants

KentuckyOne Health Unveils '30-Minute ER Pledge'

KENTUCKYONE Health has unveiled a new "30-minute ER pledge," which it says is expected to reduce the time it takes to see a physician by 50 percent.

In order to implement the new pledge, each KentuckyOne facility across the state has been redesigned to streamline the care process.



As patients enter the emergency room, they are assessed by a "pivot nurse," who has experience handling a range of cases in the ER. The nurse then directs a patient down the appropriate care path based on the severity of their sickness or injury.

As part of the faster emergency room process, patients are given a number ranging from one to five, corresponding to the severity of their condition and based on a standardized severity index. Patients with less severe conditions will receive care through a FastER path, while those with more severe injuries or conditions will receive care through a traditional emergency care path. This will allow KentuckyOne Health facilities to treat patients in the emergency room at the same time, with the same speed and attention.

UK Launches Crowdfunding Platform to Encourage Philanthropic Giving

THE University of Kentucky has partnered with an online giving service, Network for Good, to launch a crowdfunding platform that allows donors to give directly to specific projects that they find compelling.

Big Blue Crowdfunding creates a convenient way to raise funds and generate widespread interest for projects that highlight the work performed by UK students, student organizations, faculty and researchers, UK Healthcare and UK Athletics.

Sarah Fitzgerald, associate director of annual giving for UK, said featured projects must support UK programs and initiatives, must have specific goals and be driven by tangible accomplishments. Each project will be hosted on the crowdfunding platform for no more than four to six weeks.

"As Kentucky's flagship university, UK is 'dedicated to improving people's lives through excellence in education, research and creative work, service and healthcare,' said UK Vice President for Philanthropy Mike Richey. "While utilizing social media, Big Blue Crowdfunding will advance UK's mission by supporting programs and initiatives that are meaningful and inspirational to our alumni and friends."

Gifts made through the network are tax deductible. For more information, visit uky.networkforgood.com/causes/4699-big-blue-crowdfunding.



Kentucky Horse Park Organizes Anniversary Celebration of Man O' War



THE life and legacy of one of America's original sporting heroes, the legendary Man o' War, will be the highlight of a year-long celebration at the Kentucky Horse Park beginning on March 29, his birthday.

"Man o' War is a true American icon, born in Kentucky before going on to capture the country's imagination by winning 20 of 21 races, smashing records and setting the bar that all other Thoroughbreds are measured by," said Kentucky Horse Park Executive Director Laura Prewitt. "We are excited to announce not only an amazing exhibit, but also numerous events that will be held here at his final

resting place, the Kentucky Horse Park, and throughout central Kentucky."

Entitled "Man o' War: The Mostest Horse That Ever Was," the exhibit will feature never-before-seen artifacts of his illustrious career as a racehorse, a sire, and from his life in the Bluegrass as one of the state's most well-known and visited residents.

"We took the name of the exhibit from Will Harbut, the man who took care of him most of his life here in Kentucky," said International Museum of the Horse Director, Bill Cooke. "There are so many pieces of history with the Man o' War exhibit that racing fans will be thrilled to see."

The entire list of Man o' War events will be announced on March 29, but Prewitt previewed some of what can be expected. Those include a legacy mural that will be painted in downtown Lexington and special Man o' War-themed horse farm tours, among others.

Thriving in the golden age of American sport, Man o' War dominated sports headlines, often overshadowing legends such as Babe Ruth, Jack Dempsey and Bobby Jones. His dominance of the sport was followed by a successful career at stud in Kentucky, siring Triple Crown winners and numerous other champions. His power as a sire can be traced down today to the most recent Triple Crown winner, the great American Pharoah.

"The story of Man o' War is truly a remarkable one," said Prewitt. "Our goal is to celebrate his life and equally encourage visitors to experience all that the Kentucky Horse Park has to offer."

Are You a Good Leader?

SOME people are born leaders. But that doesn't mean that leadership skills can't be cultivated. In fact, *Chief Executive* magazine reports a significant increase in the number of organizations that have a formal leadership development program in place.

Arguably, one of the primary characteristics of being a strong leader is recognizing what is or isn't working in your company. And that starts at the top. Here's *Chief Executive's* list of the top 10 causes of leadership derailment:

1. Lack of teamwork/collaboration – Lack of team orientation; driven by personal ambitions versus team success; not cultivating a network.



2. Insufficient training/development – Failure to unleash talent; lack of commitment to learn; no formal training process; lack of focus from top management.

3. Ego/arrogance/micro-management – Failure to recognize/reward team for success; more interested in themselves than their reports.

4. No clear strategy/vision – Not developing/executing strategy; behaviors that conflict with organizational values; business acumen.

5. Lack of leadership qualities – Failure to lead/develop/inspire/engage; lack of dedication to employees.

6. Inability to change – Lack of innovative thinking; failure to adapt; lack of flexibility.

7. Poor leadership selection – Lack of hires with good leadership skills; poor job alignment.

8. Lack of trust – Lack of trust, integrity, loyalty; betraying trust.

9. Emotional intelligence/self awareness – Inability to make hard people decisions; lack of effort for self-development.

10. Inability to deliver results – Lack of prioritization, time management, accountability.

KENTUCKY PEOPLE

PRESTONSBURG: NASA'S HUBBLE TRAVELING EXHIBIT LANDS AT THE EAST KENTUCKY SCIENCE CENTER



Big Sandy Community and Technical College's East Kentucky Science Center and Varia Planetarium held a VIP reception on Jan. 20 to allow community members to get a sneak peek of the NASA Hubble traveling exhibit, which is on display at the center through August. Pictured here at the reception are (left to right) Barbara Scheibmeir, Big Sandy Interim President Alan Scheibmeir, State Representative Larry Brown and Terri Brown.

FORT MITCHELL: THOROUGHBRED AWARDS HONOR NORTHERN KY'S NEW AND EXPANDING COMPANIES



On Jan. 24, the Northern Kentucky Tri-County Economic Development Corp. (Tri-ED) honored companies that located, expanded or were launched in the region in 2016 at the ninth annual Northern Kentucky Thoroughbred Awards. Pictured here at the awards ceremony are: (back row, left to right) Doug Cain, Mubea; Oliver Lawal, Aqiusense Technologies; Jason Hummer, Trend Offset Printing; David Cahall, Vista Packaging & Logistics; Alan Damron, Tyson Foods; Nick Lanham, Lighthouse Transportation Services; Ken Lewis, New Riff Distilling; Pete Ventura, Integrity Express Logistics; Mary Bruckmann, MILA International; Allison Schroeder, CTI Clinical Trial & Consulting Services; Philippe Garnier, Safran Landing Systems Kentucky; and Fusako Itakura, KIRA (USA) Co. Front row, left to right: Daniel Meier, Allegiant; Matthew Scott, Carl Zeiss Vision; Jake Rouse, Braxton Brewing; Jon Salisbury, Nexigen; Molly Oliver Vollmer, Kirk's Natural LLC; Kevin Jones, Huntington Bank; and Natasia Malaihollo, Wyzerr.

FRANKFORT: 5 KENTUCKIANS HONORED WITH 2017 MLK LEADERSHIP AWARDS

Gov. Matt Bevin presented five Kentuckians with the Dr. Martin Luther King Jr. 2017 Leadership Award in Frankfort on Jan. 12, recognizing them for their exemplary contributions toward Dr. King's legacy of service. Pictured here with the winners are Bevin (left) and Kentucky Commission on Community Volunteerism and Service Vice Chairman Kevin Russell (right).



Maegen Helm



Ahmaad Edmund



Madison Roy



Mitchell Payne



Edward L. Palmer Sr.



Doc Martin Movie



Roy Orbison: Black & White Night 30



American Spiritual Ensemble

TeleFund

MARCH 4-19

Your support helps provide programs that inspire, educate, and are safe for the whole family!



The Highwaymen Live at Nassau Coliseum



Donate and receive tickets to these exciting events:
Brit Floyd • Celtic Woman • The Midtown Men • Odd Squad
Riverdance • Sesame Street Live • Under the Streetlamp
A Royal Affair at Spindletop Hall

(800) 866-0366

KET.org/donate



WHERE LEARNING COMES TO LIFE

IN 2015, TOURISTS SPENT
MORE THAN JUST TIME IN KENTUCKY.
THEY SPENT \$13.7 BILLION.



Tourism is the third largest revenue generator in our state, making it a vital part of Kentucky's economy, culture and quality of life. Tourism also supports 186,204 jobs in Kentucky – up 6,241 good-paying jobs since 2014.

It's clear – tourism works for Kentucky.



kentuckytourism.com