

10. PRODUCER SERVICES

Oregon's producer services sector accounts for approximately 14 percent of Oregon's total private employment payroll, and is projected to be one of the fastest growing sectors of the Oregon economy between now and the end of the century. The sector includes a diverse group of firms, including business services (advertising, personnel, management consulting), financial services, insurance, professional services, real estate and design). The sector is important to the economy overall for two reasons. First, a vibrant service sector provides the support services manufacturing needs to be innovative and efficient. Business startups, for example, tend to gather around service centers. Second, companies in this sector can export services out of the state, providing new dollars for the economy, much as a basic manufacturing company would. For both reasons, a healthy service sector is important for the state's economy.

Vision

By the turn of the century, Oregon will become a major service sector, with greater depth and specialization across a variety of areas. The sector will support businesses throughout all parts of Oregon, and increasingly, many of the firms will be providing services to regional, national, and international markets. The sector participants will be tied closely to Oregon's universities and colleges, providing continuing education and collaboration.

Strategy for Achieving the Vision

The depth and diversity of a region's service sector typically is related to the size of the overall manufacturing economy and to the quality of life a region offers to the service sector professionals. As a smaller state whose largest city is medium sized, Oregon has inherent disadvantages of scale in developing its service sector compared with larger cities on the West Coast. Still, Oregon has the potential to grow its service sector beyond the level one would anticipate to service local growth. Because of Oregon's quality of life, and its affordable housing, the state has the potential, especially in the Portland area and in the university towns, to grow an industry that would export services beyond the local community.

Three steps will support that growth. First, state and local government can identify opportunities for contracting services rather than providing those services internally. Greater government use of private sector services will bolster service firms, helping them attain a scale of operation that makes them competitive with firms in larger West Coast communities. Second, ties between professional schools and the industry can be improved, giving the industry access to knowledge and people. Third, the State, in its promotional activities, can highlight service sector successes. These actions, coupled with maintaining Oregon's unique quality of life can position

the service sector to prosper in the next decade.

Actions To Implement the Strategy

- The Service Sector Strategic Planning Committee will be continued and expanded to refine a vision for the industry, and identify steps to promote the growth of the industry in Oregon.
- The Economic Development Department and the Office of Educational Policy and Planning will sponsor a series of seminars with the service sector committee and the various educational institutions to identify strategies and specific actions to better link service sector firms with school programs.
- The State of Oregon's Executive Department will conduct a study to identify cost-effective opportunities for contracting State services with the private sector.
- The Economic Development Department will highlight the service sector in its promotional efforts.