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# Metropolitan Economic Policy Task Force

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## Final Report June 2003



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### Introduction

The recent national recession and the weak recovery has been felt most acutely here in the Pacific Northwest. For a number of months, the Portland-Vancouver metropolitan area posted the highest unemployment rate among metropolitan areas in the nation, and both Oregon and Washington have generally led the nation in unemployment with little substantial relief in sight. Between April 2001 and April 2003 the region lost 41,500 jobs. In April 2003, more than 88,300 people were unemployed, representing 8.1 % of the workforce. In order to catch up with the national unemployment rate that is currently at 5.8 %, the region would need to reduce the number of unemployed by 63,227. This means that the region would need to create 63,227 jobs to get the unemployment rate down to the national level of 5.8 %.

This has turned attention forcefully to the economy and economic development, a marked contrast with the attention paid to those topics during the 1990's, a period of unprecedented growth and prosperity for the metropolitan area and the Pacific Northwest. Calls for assertive steps towards economic recovery and development have reappeared here after an unprecedented 17-year hiatus between recessions.

In the fall of 2002, the Metropolitan Economic Policy Task Force was created in response to the heightened concern for the region's economy and several key developments in the Portland-Vancouver metropolitan area. First and foremost, the state of the economy demanded new attention to the prospects for short and long-term economic health, and the degree to which area communities were strategically engaging the economy in new and creative ways. Most agree that the economy is metropolitan in scope, and a response at the bistate, 6-county, metropolitan scale here is long past overdue.

Second, both the third phase of the Regional Industrial Lands Study (<http://www.upa.pdx.edu/IMS/currentprojects/rils.html>) and the analysis of the economy of the region developed by the Westside Economic Alliance ([www.westside-story.org](http://www.westside-story.org)) concluded that a regional economic strategy was called for. Third, metropolitan areas in other parts of the United States and around the world are beginning to develop regional economic strategies. Several other efforts well known to this region, particularly in places like Austin, Texas, and San Jose, California, have pioneered the organization of efforts to advance high tech economies at a metropolitan scale. To date, this region has not responded in a coordinated fashion, and as a consequence, seems to be falling behind its competitors at a crucial time in our economic history.

## **Task Force Charge**

In response to these conditions, the Regional Economic Development Partners called for the creation of a Metropolitan Economic Policy Task Force to engage in fact-finding regarding the state of economic development strategy in the region and the degree to which new strategy development is necessary.

More specifically, the mission for the Task Force was to review adopted and emerging local, regional, and state economic development strategies to identify:

- 1) common themes;
- 2) possible conflicts and gaps; and
- 3) opportunities and best practices for linking economic development objectives to land use and transportation planning and implementing actions and investments in the Portland-Vancouver metropolitan area.

## **Process**

The Task Force met once a month beginning in November 2002. The group was supported by a Technical Advisory Committee and by staff from the Institute of Portland Metropolitan Studies. Institute staff conducted extensive surveys of the region's existing economic development activities during summer and fall 2002. An inventory was created which provided the starting point for the work of the Task Force. Joe Cortright of Impresa Inc. reviewed the inventory to distill key findings (see Appendix 1). The following table summarizes the process:

<b>Task</b>	<b>Timeframe</b>
Formation of Task Force	Fall 2002
Inventory Research – Conducted by Institute of Portland Metropolitan Studies	July – November 2002
1 <sup>st</sup> Task Force Meeting	November 12, 2002
2 <sup>nd</sup> Task Force Meeting - Inventory Analysis Presentation by Joe Cortright, Impresa Inc.	December 12, 2002
3 <sup>rd</sup> Task Force Meeting - Briefings Duncan Wyse, President, Oregon Business Council Dave Chen, Partner, OVP Venture Partners Diane Vines, Vice Chancellor of Corporate & Public Affairs, Oregon University System	January 14, 2003
4 <sup>th</sup> Task Force Meeting - Briefings Sheila Martin, Governor Gary Locke's Executive Policy Advisor for Economic Development Issues Marty Brantley, Director, Oregon Economic and Community Development Department (OECDD) Sherry Sheng, Deputy Directory, OECDD	February 11, 2003
5 <sup>th</sup> Task Force Meeting - Discussion & Adoption of Findings	March 11
6 <sup>th</sup> Task Force Meeting – Discussion of short- and long term objectives, roles, process	April 8, 2003
Regional Partners work on short- and long-term regional economic development workplan and preliminary strategy statement	May – June 2003
7 <sup>th</sup> Task Force Meeting - Review 6-Month and 5-Year Action Plans from Regional Partners, Review Final Report	June 10, 2003

## **Findings**

From December 2002 to February 2003, the Task Force received briefings from economic development and industry experts (for summaries see Appendix 2). These briefings were intended to help identify common themes and gaps in economic development and clarify the role for a regional economic development strategy. As a result of the presentations and discussions, the Task Force finds:

### **1. Strategy and Regions**

- ***Strategy is a means for differentiating the region from its competitors.***  
A regional economic development strategy should serve a vision for how the region will differentiate itself economically from its competitors. A strategy outlines the areas in which a region strives to be exceptional and how it will achieve it. While a strategy has to focus on the essential factors that businesses need to function and key elements related to maintaining and improving the business climate, it must centrally function as a vehicle for enhancing regional differentiation and competitiveness. Perhaps the hardest part of developing a strategy is being clear about what won't be done. That is, successful strategy requires extraordinary focus and clarity of purpose.
- ***Metropolitan regions are the essential units for analysis for economic development. Competition is global and among metropolitan areas.***  
Metropolitan regions have become the key units for subnational economic geography as globalization has taken place.
- ***Industry clusters offer an important way to organize a strategy. Intellectual assets are our future.***  
Industry clusters are the drivers of a region's economy. They consist of a group of firms that, through their interactions with each other and with their customers and suppliers, develop innovative, cutting-edge products and processes that distinguish them in the market place from firms in the same industry found in other places. Cluster strategies focus on the relationships between firms, not on individual firms. Most industries in American metropolitan areas today must rely on intellectual assets to compete in the global marketplace.
- ***Most future economic growth will build on intrinsic regional economic strengths.***  
History plays an important role in economic development. Regional economies evolve over time and establish certain industrial strengths and core knowledge competencies. High technology industries in different regions, for example, are very different from each other. Economic development policies need to take a region's history into account and build on it.
- ***Business retention and expansion are essential for future economic growth. Business recruitment should be done strategically.***  
The retention and expansion of existing businesses is important because the firms that are already rooted in the region already have reasons for being and staying here, though those reasons may or may not be compelling as global conditions change. Retention,

expansion, and recruitment programs should complement efforts connected to growing and sustaining industry clusters.

➤ ***Innovation is critical.***

Today's companies stay competitive if they employ cutting-edge processes and create novel products. In order to do this, companies need to be innovative. Innovation comes from a variety of sources such as interactions with nearby suppliers, researchers at a university, manufacturing technicians who work in the production of a product, and marketing experts who know what customers want, among others.

➤ ***Most incentives for local government involvement in economic development promote competition rather than collaboration.***

Economic development benefits individual jurisdictions through increases in their tax base and the creation of more jobs. As a result, jurisdictions are in competition with each other for economic development. To overcome this competition, regional leaders have to continually develop incentives for collaboration in order to meet regional objectives.

➤ ***Economic development is interdisciplinary and the region's economy is an "ecosystem."***

A talented labor pool, livability and quality of life, innovation and knowledge-creation among other factors are important to create and sustain an economy. Economic development is interdisciplinary and needs to focus on all factors of production. Additionally, regional economies are complex "ecosystems" that only function if all the different components are in place and functioning well.

## 2. Our Region

➤ ***Regional strategy should complement the economic development activities of both local and state government.***

Jurisdictions in the region, regional agencies, and state agencies are actively working on economic development projects in the Portland-Vancouver metropolitan area. Economic developers are involved with recruitment, retention and expansion activities. They focus on a range of issues such as workforce development, capital formation, permitting and regulations, physical infrastructure and land use policies associated with meeting the needs of old and new employers. A regional strategy needs to complement these state and local economic development activities. A regional strategy is not a substitute for local efforts.

➤ ***Quality of life is a vital competitive advantage for this region, but not one that we are guaranteed to keep.***

The Portland region is endowed with a high quality of life, which attracts and roots people and businesses. Livability is an important economic asset that has contributed to the competitive advantage of this region. Many public policies contribute to the creation and the maintenance of quality of life. Thus, it is important to pay attention to policies that are important for sustaining this competitive advantage.

- ***The region lacks a clear articulation of its “brand” and a “brand manager.” A brand is crucial for communication both within and outside our region.***

Currently the region does not articulate very well what its economic assets are. The region’s economic assets constitute its “brand” and the “brand” can be used to attract and retain people and businesses. The region also needs a “brand manager” to articulate and develop its brand over time.

- ***Both private and public sectors have key roles to play in developing and implementing a strategy, but most of all the strategy needs a champion.***

An economic development strategy that is just on paper is useless unless it is being adopted and implemented by the region’s public and private sectors. The private sector is important because business representatives know best where their industry is heading and what needs their companies have. The public sector is important because policies are devised in the public realm. Any strategy needs a champion to convene the many partners needed to meet strategic objectives, maintain a focus on key goals, and call for periodic revisions and updates.

- ***There is a need for broader agreement on our economic objectives for the metropolitan region. This should take the form of a regional economic development strategy developed through a participatory process.***

The Portland metropolitan region has never before considered what an economic development strategy matching the metropolitan geography of the regional economy might look like. Developing a clear, concise strategy linked to expectations for specific outcomes and consistent with the findings in this report should be regarded as an immediate and pressing need.

- ***Despite an extensive list of specific economic development tactics currently being employed by area economic development agencies and organizations, the metropolitan region has several significant policy gaps:***

- i. Lack of strategic intent, vision and goals at a regional scale**

Within the Portland metropolitan area, there is a strong and robust portfolio of economic development programs and activities, and while we have a collection of tactics, some very effective, there is no explicit economic strategy. We may have, in effect, enjoyed the benefits of an implicit strategy that bolstered our quality of life.

Although individual jurisdictions have their own statements of economic goals, there is no over-arching set of regional development goals or objectives. At the regional level, Metro defers to the economic development components of local comprehensive plans in complying with the state’s Goal 9 for economic planning. Regional transportation and land use planning efforts treat economic variables passively, as the output of statistical forecasts, rather than as policy outcomes they are seeking to influence.

## **ii. No strategic industry cluster focus**

Most economic development plans identify industry clusters as economic drivers of their economies (see Appendix 3 A). It is common, however, for the term “cluster” to be used, but for no specific industries to be identified. Further, even when specific industries are identified, it is highly likely that no evidence is provided substantiating the industry as a cluster, emerging cluster, or even likely candidate cluster. While most plans highlight the importance of certain clusters, a coherent cluster-based economic development strategy is missing. None of the strategies explicitly connects specific strategy or work plan elements with Michael Porter’s “diamond of competitive advantage,” which outlines the importance of suppliers, customers, a local context for firm rivalry, and factor conditions such as an appropriate higher education and workforce development system as well as industry groups and trade associations (for more detail see Appendix 4).

## **iii. Lack of linkage between an industry cluster focus and physical infrastructure needs**

Closely associated with no strategic industry cluster focus, is the lack of a systematic assessment of physical infrastructure needs of industry clusters. Different clusters may have different infrastructure needs, i.e. the high tech industries increasingly seek better and more comprehensive services from higher education while the nursery industry requires the availability and the preservation of farmland. Local economic development plans do not provide detailed assessment of different infrastructure needs.

## **iv. Marketing**

Business recruitment, expansion and retention are mentioned as economic development tools in almost every plan (see Appendix 3 B). However, without an overarching strategy, these tools are applied in reaction to perceived opportunities, rather than as a means for achieving specific, measurable ends. In general, the plans address business development in a very generic way. Most plans state that economic developers will create “strong business recruitment and retention programs” (Hillsboro) or that they will “enable businesses to expand” (Beaverton). The region could benefit from an approach to marketing linked closely with industry cluster strategies and quality of life attributes and concerns.

## **v. Lack of data and consistent performance measures**

The majority of economic development plans do not identify consistent performance measures (see Appendix 3 C). As Cortright outlined in his memo to the Metropolitan Economic Policy Task Force, strategies should provide an ongoing basis for measuring progress towards their attainment. Economic developers will have a hard time assessing their accomplishments since consistent performance measures are missing.

## **vi. Lack of competitor analysis**

Local economic development plans don't utilize competitor analyses. Since gathering data on competitor regions/jurisdictions is key to differentiation, most plans are not successful in providing a good understanding of local or regional economic competitiveness.

### **Towards a Regional Strategy and Vision**

Following the March 11<sup>th</sup> meeting of the Task Force, the Technical Advisory Committee and staff developed a visual representation of the findings and conclusions. The diagram presented in Figure 1 is based on the common themes and findings (see Appendix 5) discussed by the Task Force.

The key point is that the intersection of these four key themes—livability, clusters, talented people, and land/infrastructure/regulatory review—is the real prize: a vision of the economy that we're seeking. Ideally a metropolitan economic strategy will be based on and will serve that vision.

Again, strategy has to do two things: it needs to inform actions and decision making, and it needs to effectively result in the differentiation of this metropolitan area from its competitors. This region is already able to differentiate itself positively along several lines. Linking those aspects of differentiation to an economic vision remains a defining challenge for us today.

To crystallize that vision and develop a strategy this metropolitan area needs to accomplish several specific tasks:

- A champion for a metropolitan scale strategy, someone or something that can provide a voice for this effort and create a means for making decisions, needs to be identified.
- Resources needed to sustain this effort and to support the work of a coordinating entity must be secured. While individual pieces of the strategy might come from multiple sources and be implemented by a range of actors, overall coordination, monitoring, and ongoing strategy development will have to be supported centrally in some manner.
- The strategy needs to be written down. Only by making the strategy explicit will it be possible to achieve broad-based buy-in.
- The strategy needs to be reviewed and revised through extensive public contact. The revised and final strategy needs to be endorsed by all implementers in the public, private, and nonprofit sectors.
- Metrics for the performance of the strategy and for progress towards achieving the vision need to be developed and monitored on a regular basis. These results need to

be reported back to implementers and the public and used to adjust tactics or strategy should desired results not be achieved.

- Leadership with a regional outlook needs to be identified and developed on an ongoing basis. This should include all sectors, and be viewed as a central component of this effort.

Though there are many other ongoing efforts that will contribute to strategy development and implementation, these tasks ought to be viewed as the bare minimum for taking the next steps towards a metropolitan economic strategy.

At the meeting of the Task Force on March 11<sup>th</sup>, the Regional Economic Partners were identified as the most likely organization for leading this effort. There are many reasons to support this conclusion. The Partners are metropolitan and bistate in scope. Though largely a public sector organization for most of its history, it has now begun adding new partners from among private, nonprofit organizations representing business.

The Regional Partners have recognized the need for a regional strategy and taken steps to sponsor the current effort. It has the confidence and ongoing participation of a broad cross-section of those actively working on economic development in the region today. It has a solid track record as a coordinating body. Recently the Regional Partners have taken steps to incorporate as a 501(C)(3) organization.

However, taking on the tasks listed above will require the Partners to accelerate their own organizational development. They will need to develop decisionmaking and planning processes. They will need to include industry and community development groups in these discussions and processes, while at the same time lead an effort to reach out to the public. They will have to create the capacity to engage in ongoing monitoring, evaluation, and public communication. Finally, they will have to seek sustained funding from old and new sources.

At its April meeting, the Task Force requested that the Regional Partners develop a 6-month work plan and a longer-range, 5-year vision. During the months of April and May, the Partners developed these products

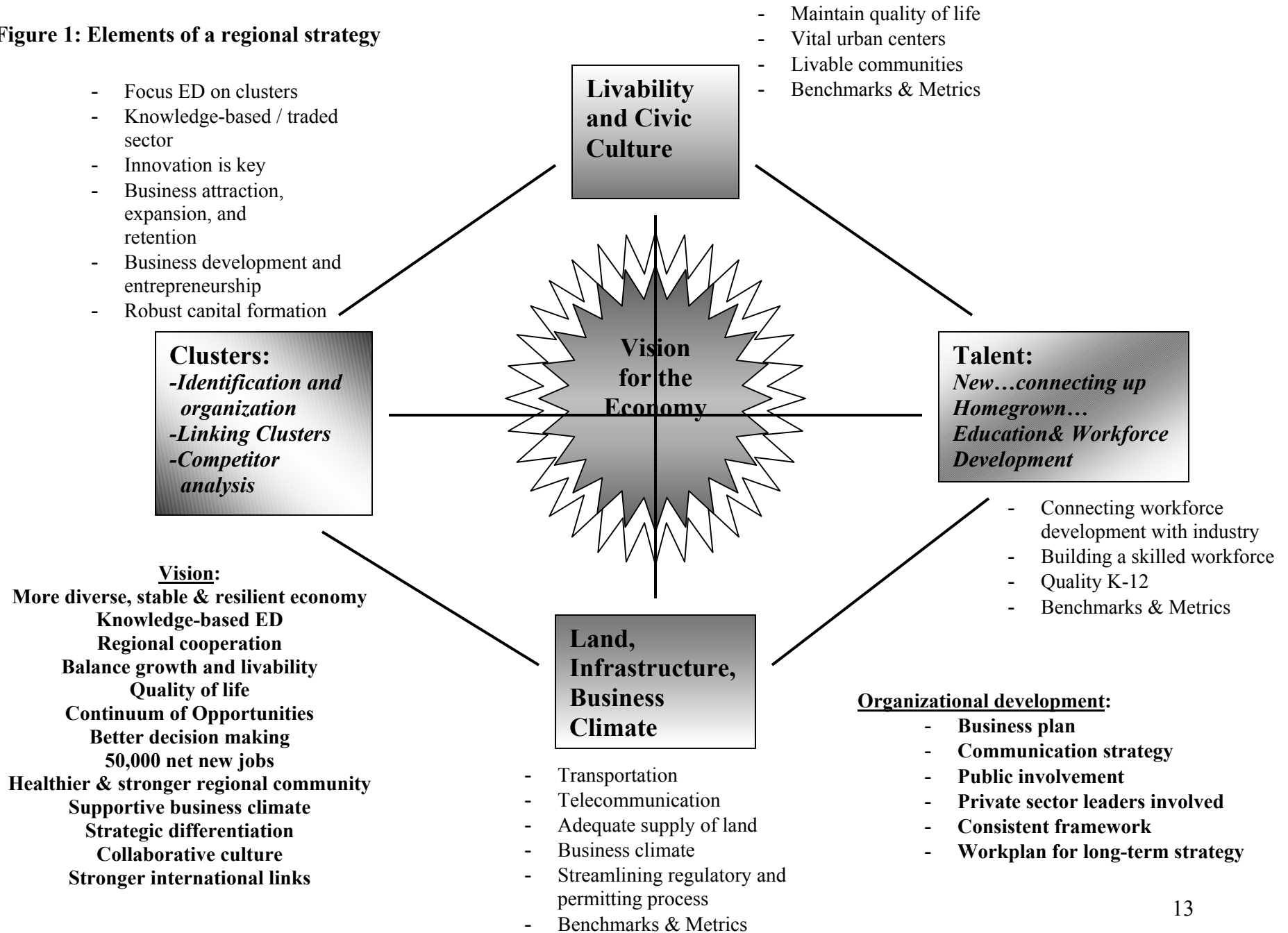
At its last meeting on June 10<sup>th</sup>, the Task Force agreed with the 6-month workplan and its deliverables, presented by the Regional Partners (see Appendix 6). Task Force members congratulated the Regional Partners for producing an excellent document in a very short time.

However, the Task Force also expressed concern about the capacity of the Regional Partners, as an organization, to carry out the initiatives in the work plan and to develop the funds needed to secure commitments to achieving regional goals. Other key concerns included the need to specifically identify key clusters at a higher level of detail than in the work plan, the need for a specific approach for incorporating livability as a cornerstone for the economy, and the need for paying more attention to the ways in which the work of the Regional Partners will contribute to differentiating this region from others. Finally, the Task Force expressed a strong desire to see a broad partnership engaged in this work, one representing the breadth of the issues associated with the notion of a regional strategy.

The Regional Partners have asked the Task Force to reconvene on January 13, 2004, to review the accomplishments of the next 6 months. The Task Force has agreed to come back together then and to assist the Regional Partners with reviewing and modifying the work plan. Task Force members also asked to be kept up to date at regular intervals over the next 6 months. Task Force members want to know, generally, how the work is proceeding and how it is trending. Representatives of the Regional Partners, present at the June 10<sup>th</sup> meeting, agreed to provide progress reports leading up to the January 13, 2004 meeting.

This concludes the work of the Metropolitan Economic Policy Task Force. As a result of its work, the Regional Partners have organized themselves to identify and address regional goals for economic development through the creation of a regional strategy. Concepts like strategy, clusters, and competitiveness now have specific meaning for this metropolitan area. The next 6 months will be crucial in determining whether this region has the capacity and commitment to move beyond talking about regional strategy to actually implementing one on behalf of collectively held objectives for the Portland-Vancouver economy.

**Figure 1: Elements of a regional strategy**



# **Appendices**

## Appendix 1: Joe Cortright's memo to MEPTF



December 2, 2002

TO: Metropolitan Economic Policy Task Force

FROM: Joe Cortright, Impresa

RE: Review of Economic Strategy

This memorandum summarizes our review of economic development activities in the metropolitan Portland region. We've examined the inventory of economic development strategies and actions prepared by the Institute of Portland Metropolitan Studies. In addition, we've assessed Portland's efforts against the activities and best practices of competitor regions, and against established definitions of economic strategy.

We report our findings in the form of the answers to four questions:

1. What is strategy?  
A strategy establishes a vision of how our region will differentiate itself economically from our competitors, and how various aspects of what we do will fit together to accomplish this vision.
2. What is the status of current economic development plans?  
Current economic plans mostly address specific tactics employed by local units of government to enable and encourage incremental real estate development. While they recognize connections between localities and the region, they focus on the local jurisdiction.
3. What are our competitor regions doing?  
Regions are now recognized as the critical unit of global economic competition. Our competitors have developed specialized institutions for coordinating regional economic strategy, some public, some private, but all with a strong public-private collaboration. These institutions deal explicitly with issues of positioning, vision and assessment. They promote dialog and collaboration, but don't dictate to member institutions.
4. What are the gaps in our effort?  
The region has no explicit strategy. Specifically, it lacks a process for articulating its collective vision, positioning metro Portland against competitor regions, developing and promoting its brand, and encouraging collaboration and consensus to realize this strategy. There are broad commonalities in many of the elements of local plans, and arguably the region has benefited from quality of life as a strategy. Many tactics have been well implemented.

## Detailed Findings

### 1. What is Strategy?

The first and most basic question that the economic policy task force has to address is what it means by economic strategy. It will be difficult to assess whether in fact the Portland economic region has a strategy, or whether the strategies that it does have are adequate, unless we have a clear definition of what we mean by strategy.

Drawing from our analysis of the relevant literature we have developed the following definition of economic development strategy: A strategy establishes a vision of how our region will differentiate itself economically from our competitors, and how various aspects of what we do around the region will fit together to accomplish this vision.

Michael Porter of the Harvard Business School has studied business strategy extensively and also written on economic development (Porter 1996). Although there are a number of important attributes to strategy, Porter stresses that the essential element of any strategy is differentiation. In Porter's words, "competitive strategy is about being different. The essence of strategy is choosing to perform activities differently than rivals do."

Besides differentiation, there are several other important elements of strategy that Porter emphasizes. First, Porter notes that efficiency alone does not constitute a strategy. In other words, it isn't sufficient to simply try to be more efficient or lower-cost than one's competitors because such an approach can easily be imitated.

Second, Porter argues that strategies necessarily involve trade-offs between competing attributes, that no one competitor can excel in every possible aspect of competition. Consequently businesses have to choose those areas in which they are going to be exceptional and recognize that in other areas their performance might only be acceptable.

Third and finally, Porter argues that a key element of strategy is achieving a tight fit among the various activities one pursues. Effective strategies consist of a series of mutually reinforcing actions that have taken together constitute a differentiated and defensible position in the marketplace. In the case of Southwest Airlines, for example, the route structure, cross-training of crews, and rapid boarding all complement and reinforce one another as a means of lowering costs.

While Porter's analysis is directed specifically at businesses, it has great applicability to economic development strategy. (Porter, author of the *Competitive Advantage of Nations* is a highly sought after consultant to national and regional economic development efforts.) Like businesses, communities have to make the same choices and about what their strategy will be. Communities have to differentiate themselves, make trade-offs and fashion strategies that have a good fit among their various activities. Efficiency alone is not a sustainable basis for economic strategy because it does not establish those defensible, relatively sustainable areas in which our region will excel.

In an analysis prepared for the Council on Competitiveness, Porter and his colleagues outlined the case for, and key elements of a regional economic strategy. The executive summary of this report, *Clusters of Innovation: The Regional Foundations of US Competitiveness*, is reproduced in Appendix A of the Inventory Document. Their major points can be summarized as follows:

- A shared economic vision helps elicit broad support and coordinate activities
- Strong leadership is a necessary part of any successful economic development strategy
- An overarching organization for economic development helps coordinate and routinize the process
- Broad-based collaboration is needed for development strategies to succeed
- Rigorous analysis is an important early step in implementing a regional strategy, but mechanisms for translating ideas into action are necessary
- Regions need to overcome transition points in the development of their economies

Source: (Porter, Monitor Group et al. 2001)

In summary there are a number of important hallmarks of effective economic development strategy. Strategies need at the outset to identify how a community or region will differentiate itself from its competitors and how the various elements of its strategy fit together to give it a defensible competitive advantage. Good economic development strategies should clearly state their goals and provide an ongoing basis for measuring progress toward their attainment. An essential element strategy is a clear understanding of who wants competitors are anywhere one stands in relation to them -- -- and this includes both national and international competitor regions. Finally it may be just as important for strategies to rule out certain types of activities, as it is to identify those things one will pursue.

## **2. What are Metropolitan Portland organizations doing in economic development?**

Impresa has carefully reviewed the inventory of local economic development plans and activities prepared by the Institute of Portland metropolitan studies. In addition we have reviewed the survey of economic development organizations conducted by the Institute. Our review identifies a broad number of common elements in these plans and activities.

Interest and involvement in economic development is widespread throughout the region. All of the region's counties, most of the region's cities, and many of the region's special districts and other quasi-governmental agencies have either economic development plans or ongoing economic development activities. Much of the work in economic development is closely related to local government responsibilities for land-use planning and the provision of infrastructure. Since these activities are in part driven by economic development, and because economic development is influenced by planning and infrastructure, there is a necessary relationship between the two.

We offer five three broad conclusions about the nature of local economic development plans and efforts.

First, local economic development planning and activities are primarily concerned with incremental physical development. Economic development is generally equated with real estate development--as identified by the building or expansion of a business on a particular physical site. Other forces that influence economic activity, for example the general level of human capital, the availability of investment capital, the development of new ideas and the like are rarely mentioned in economic development plans.

The IMS survey showed that 14 jurisdictions listed "expansion, retention and relocation," as a top concern and 8 listed infrastructure, only 2 listed either workforce development or technology

transfer (Inventory Document, page 45). Land supply and infrastructure are the two most commonly cited obstacles to economic development in local economic plans (Inventory Document, pages 14-15). This isn't surprising, given that most plans (and the ongoing responsibilities of most economic development agencies) are closely related to physical development.

Second, these local economic development efforts mostly address the various tactics that will be employed in encouraging economic development. A "tactic" can be defined as a specific action, policy or investment. Typical economic development tactics include designating land for commercial or industry growth, undertaking an infrastructure project to serve such land, or recruiting a particular company.

The tactical focus of economic development programs is clearly reflected in their performance measures and program accomplishments. Many jurisdictions do not have performance measures; those that do are as likely to focus on activity levels and caseloads, rather than jurisdictional changes in overall economic indicators (Inventory Document, pages 18-19). Accomplishments are typically lists of completed projects (Inventory Document, page 60-61). Ongoing economic development programs promote incentives and particular projects to encourage specific businesses to build or expand their facilities.

Third, most economic development plans and activities around the region recognize the connections between the local jurisdiction and the larger region. There are clearly important economic connections between different parts of the region, in terms of a common regional economy, flows of workers to employers around the region, and a shared regional infrastructure. It is also quite common for jurisdictions to report that they view other entities around the region as their partners in economic development (Inventory Document, pages 20-24). These plans and activities generally stop, however, at comparisons and connections to other places in the region. They don't usually deal with the competitive position of this region in relation to other regions.

Fourth, a striking theme is the extent to which quality of life is viewed as an economic development asset. Not only do jurisdictions within the region perceive that they individually have a strong quality of life, they also perceive that it is a regional strength as well. Many survey respondents also identified quality of life as an important competitive factor (Inventory Document, pages 67-68).

Fifth, many economic development efforts (as well as recently adopted or revised economic development plans) are embracing the notion of industry clusters as a basis for understanding the economy and organizing economic development efforts, though not all plans use the term "cluster" either consistently or accurately. A cluster is a geographically proximate group of inter-related firms connected by common markets, technologies and frequently buyer-supplier relationships. A cluster is not synonymous with an entire industry sector. Portland has identified a series of industry clusters as part of its latest Economic Development Strategy (Inventory Document, page 25), as has Beaverton (page 29).

### **3. What are competitor regions doing in economic development?**

Regions are increasingly becoming the most important units for understanding the geography of economic competition. Our historic perspective, of competing nation states struggling for development, or our more narrow domestic view of states competing against one another for

business investment, is increasingly out of date. Today, the real competition seems to be among metropolitan regions that have developed strong specializations or clusters in specific industries.

There is a growing recognition among economists, business strategists and geographers that especially in a knowledge based economy, the crucial competition is between different metropolitan areas and their ability to nurture successful industry clusters. Recognized scholars from such diverse fields as economics, international trade theory and political science, like Harvard's Michael Porter and Robert Putnam (Putnam, Nanetti et al. 1993) and Paul Krugman (Krugman 1995), are pointing to the critical role that metropolitan regions play in driving economic progress.

This is a common view among business strategists, who recognize the value of regional location to private competitive success. Rosabeth Moss Kanter, also from Harvard, argues that businesses local linkages, particularly their relationship-based social capital formed in cities, is a decisive advantage (Kanter 1995). Japanese scholar Kenichi Ohmae, has gone so far as to write of the "End of the Nation State," and argues that city-centered regions will be the dominant locus of economic competition from here on out (Ohmae 1995).

The emphasis on region has a very practical implication for economic development strategy. One's competitors may not be adjacent states or even nearby metropolitan areas, but similarly situated metropolitan areas in other parts of the globe. So, for example, when the Government of Finland commissioned the Paris-based Organization for Economic Cooperation and Development to study the competitiveness of its largest metropolitan area, they chose to compare Helsinki with Dublin, Tel Aviv, and Portland, the three economies judged to be most economically similar (Organization for Economic Cooperation & Development 2002).

As part of our analysis, we examined the structure, history, and work products of a number of regional economic development efforts around the US, and in other advanced economies around the world. (For a complete listing of the relevant plans, see the Inventory Document, page 78).

Particularly in the past decade, many of our competitor regions have moved aggressively to establish their own institutions for regional economic strategy. While there is no single model—organizational arrangements are invariably tailored to the specific contours of the local policy environment—there are broad similarities among these efforts. The key elements of our competitor regions efforts include:

- A mix of public and private membership, emphasizing strong collaboration, and generally independent of any body with specific implementing authorities.
- An organization that focuses on establishing a vision of a preferred economic future and positioning the regional economy, as a whole, to compete in the global economy.
- An emphasis on identifying the industry clusters that drive the regional economy, and developing initiatives that will promote their competitiveness.
- An organization that provides information and promotes dialog and collaboration on the regional economy, but doesn't dictate policy to member institutions.

#### 4. What are the Gaps?

Given what we know about the essential elements of strategy, what our region is doing today, and what our competitors are doing, we're now in a position to ascertain the gaps in our performance. In short, within the Portland metropolitan area, there is a strong and robust portfolio of economic development programs and activities, and while we have a collection of tactics, some very effective, there is no explicit economic strategy. We may have, in effect, enjoyed the benefits of an implicit strategy that bolstered our quality of life.

Although individual jurisdictions have their own statements of economic goals, there is no overarching set of regional development goals or objectives. At the regional level, Metro defers to the economic development components of local comprehensive plans in complying with the state's Goal 9 for economic planning. Regional transportation and land use planning efforts treat economic variables passively, as the output of statistical forecasts, rather than as policy outcomes they are seeking to influence.

Unlike competitor regions, Portland lacks a diverse, recognized public-private forum, independent of any single implementing agency, for discussing the region's economic future and providing the organizational basis for developing strategy. No single region-wide group takes responsibility for identifying competitor regions, monitoring the region's performance vis-à-vis these competitors, developing a wide-shared positioning statement defining how metro Portland will compete, and coordinating common actions on economic development. No one is managing an agreed upon regional "brand."

We can summarize our analysis graphically in a two-by-two matrix, as shown in Table 1. Economic development efforts, broadly defined, can be thought of as either regional in scope or local, and can also be divided into tactics and strategy. Most of the economic development efforts in the region are operated at a sub-regional level (by cities, counties and other special units of government) and deal with the specific tactics needed to support industrial development (the lower left hand quadrant of our chart).

Cities and counties often express their development aspirations—strategy—in their comprehensive plans or in explicit strategies, like the Portland Development Commission's recent plan (the lower right hand corner). A number of regional activities represent tactics that benefit the economy, for example, infrastructure planning and development, especially the regional transportation system, which has a major impact on economic activity (upper left hand corner). What's generally missing, and where regional economic strategy belongs, is in the upper right hand corner of the chart—statements of vision, competitor analysis branding, and benchmarking.

Table 1: Where Does Regional Strategy Fit

<b>Geography</b>	<b>Tactics</b>	<b>Strategy</b>
Regional	(Marketing)	Vision Competitor Analysis Brand Benchmarking Coordination
Local	Zone land (city/county) Permitting Incentives Projects	Comprehensive Plans

Source: Impresa, Inc.

Regional economic strategies differ from tactics in a number of important ways. The key differences are summarized in Table 2. Tactics—local economic development efforts—are usually specific policies or actions, dealing with particular sites within the region, they tend to be under the control of a single jurisdiction, and address immediate to longer term issues, and represent the prescriptive often legally binding action of the jurisdiction in question. In contrast, a strategy (as is typically used in our competitors metropolitan areas) deals primarily with positioning and the overall direction of economic activity, it contrasts one’s home region with that of competitors, and deals primarily with long term issues, involves a wide range of partners in a consensual process, where partners retain their autonomy, because the plan is non-binding.

Table 2: Differences Between Tactics and Strategy

<b>Characteristic</b>	<b>Tactics/Local Plans</b>	<b>Strategy</b>
Content	Specific Actions	Positioning, Direction
Geographic Scope	Site Specific	Region vs. Others Regions
Timing	Immediate to Long Term	Long Term
Involvement	One jurisdiction	Many Partners
Authority	Prescriptive, Often legally binding	Collaborative with Autonomy
Assessment Metrics	Activity Measures	Regional Performance

Source: Impresa, Inc.

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Note: “Inventory Document” is the Metropolitan Economic Policy Task Force Inventory Document prepared by the New Economy Observatory, Institute of Portland Metropolitan Studies, Portland State University, November 2002.

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## Appendix 2: Briefing Summaries

### **MEPTF Meeting, January 14, 2003**

Duncan Wyse, President, Oregon Business Council

Dave Chen, Partner, OVP Venture Partners

Diane Vines, Vice Chancellor of Corporate & Public Affairs, Oregon University System

### **Duncan Wyse, President, Oregon Business Council**

During the last 12 months Wyse was leading the efforts to develop the Oregon Business Plan ([www.oregonbusinessplan.org](http://www.oregonbusinessplan.org)), which is a statewide initiative of Oregon business leaders to shape a vision for what the economy could look like in the next 10 years. Wyse talked about the process to develop the plan. OBC conducted focus groups and regional meetings to gain an understanding of the State's regional economies and the challenges they face. The Plan adopted the vision of the Oregon Progress Board, which focuses on quality jobs for all Oregonians. The research and data collection focused on traded sector industries and key competitive issues. Wyse reported that one of the key themes is that Oregon businesses are affected by the globalization economy and that fierce competition with China and other low cost places puts pressure on companies to compete based on differentiation rather than low costs. Wyse was surprised to see many competitive companies in all kinds of sectors such as wood products, high tech, apparel, and agriculture. He stated that the important question now is how to sustain and build upon these competitive advantages. The region needs to focus on a strategic framework that includes the following four areas: Pioneering innovation, Productivity, People, and Place. These four areas need to be addressed in a holistic and visionary way. He stated that the Portland metropolitan region would do well to adopt this framework.

Taskforce members then had the opportunity to ask questions. Eric Hovee asked for clarification about the renewed focus on economic development efforts on the Portland region. Duncan explained that in the past, state legislators re-focused the State's economic development efforts on rural areas and distressed communities. By doing that, he argued, they neglected the Portland metropolitan region. The Oregon Business Council recommends that economic development efforts should focus their mission on Portland and on industry clusters for the whole State.

Ethan Seltzer asked Wyse to outline OBC's next steps. Wyse reported that his efforts resulted in 12 initiatives that are going to be pursued immediately. Team leaders of these initiatives will talk to Governor Kulongoski. Progress will be reviewed in May.

Chairman Drake asked whether rural areas would be at a disadvantage once economic development efforts are redirected towards the metro region and whether a trickle down effect will be enough to help rural Oregon. Wyse commented that rural health depends on the economic health of the metropolitan region. He also said that all areas in Oregon need broad-based economic development strategies.

### **Dave Chen, Partner, OVP Venture Partners**

Dave Chen presented the New Economy Coalition's (NEC) Emerging Cluster report. The report was developed by NEC to document emerging high technology industry clusters. Chen introduced Taskforce members to the concept of industry clusters. An industry cluster represents a group of interrelated firms that benefit from a common pool of labor, support services, suppliers, and other business services. Such clusters are ecosystems of businesses and are driven by export-oriented firms. Another key element of clusters is their self-organization. Chen argued that Oregon's high technology industry is with a few exceptions a concentration of firms but not a cluster that self-organizes. One exception is Oregon RAINS, an interest group of about 60 companies in the cybersecurity field. This cluster gained momentum through the visit of federal officials and has since then formed alliances for cooperation.

Chen used the example of San Diego's telecommunications and biotechnology industry. In San Diego, private sector leaders came together during an economic crisis. For NEC's Emerging Cluster report, the group focused on in-depth data gathering and a review of best practices. Their preliminary analysis showed that the Portland region has unique strengths in all aspects of semiconductor manufacturing and in particular the research and development efforts that are associated with this sector. The area is also strong in display and imaging technology, nanotechnology, and printers among others. NEC's recommendations are to strategically focus on cluster recruitment strategies. He suggested using the cluster information to recruit firms and labor. He also suggested that the public sector should work closely with the private sector on these issues. Chen mentioned the need to gather data on the region's industry clusters and suggested that the Institute of Portland Metropolitan Studies should spearhead such research efforts. He further said that universities could leverage industry clusters by focusing their efforts on the region's technological strengths. Chen mentioned that the community ought to recognize that the region has particular industrial strengths and that the leaders should lobby for investments in these.

David Bragdon asked about the life cycle of industry clusters and their regeneration. Chen stated that the State could build on existing industry strengths in urban and rural areas. He gave the example of Australian grain growers who found their niche by applying science and technology. This could be an example for rural resource-based industries. Bill Wyatt commented that Oregon's agricultural industry has been most successful in areas with least government involvement and with the most contact to markets (i.e. wine, peas, lentils, specialty wheat, and nursery products).

Eric Hovee asked how vulnerable Portland's semiconductor industry is to the drive towards lower cost locations and how the industry could be kept competitive. Chen said that the industry is becoming less labor-intensive and more driven by intellectual property which makes it less likely to leave the United States.

Bill Wyatt asked what economic developers could do to induce knowledge-based industries? Chen said that recruitment efforts should communicate cluster information to interested businesses and employees.

John Castles asked about NEC's leadership development efforts. Chen told the Taskforce that NEC is not trying to create another formalized organization or program but that they are thinking about efforts to attract and retain senior management talent.

### **Diane Vines, Vice Chancellor of Corporate & Public Affairs, Oregon University System**

Diane Vines reported on the Oregon Council for Knowledge and Economic Development (OCKED). The Council was created in the last legislative session and consists of public and private sector representatives. The Council focuses on three areas: Research and technology transfer, capital and business formation, and knowledge-based workforce development. Vines presented information on the efforts in each area. She also summarized the group's recommendations which include the establishment of Signature Research Centers, an extension of the Council to 2008, amendments of the missions and functions of OUS, Community Colleges, OHSU and OECD, exempting OUS from legal review, funding the Higher Education Technology Transfer Fund and other transfer efforts in rural Oregon and traditional industries, working with the Governor to eliminate the capital gains tax, creating incentive packages for venture capitalists and researchers, and developing a workforce and R&D database.

Ethan Seltzer asked about the relevance of the OCKED findings for the metropolitan region. Vines stated that one requirement for the Signature Research Centers is line of sight to industry. Existing industry clusters in the region such as medical devices could benefit from these Centers.

Eric Hovee asked whether there can be anything done about retaining commercialization of OHSU and OUS research in Oregon. Vines reported that OUS and OHSU are now able to own equity in

commercialization efforts and that the state's seed fund, ORTDA, could help fund new businesses. John Castles added that ORTDA and the Oregon Growth Account have been reconfigured to provide funds for such commercialization efforts.

Chairman Drake asked about the long-term benefits of OCKED's strategies. Vines said that the efforts began four years ago and that new incentives for knowledge-based economic development have already been created. John Castles added that such efforts are long-term and that the state needs to have a long-term perspective. Duncan Wyse agreed and argued for the need to focus on long-term proactive strategies that focus on high-end industries. Wyse also mentioned that it is important to develop an image of the economy and to spend time with business leaders.

Ethan Seltzer asked Vines about the implications for the region. Vines stated that the R&D and the workforce databases are critical. She also said that the Portland region needs to be more imaginative about the bioscience industry.

Jess Carreon stated that the region needs a good and well funded workforce development system. Duncan Wyse mentioned that the existing system is very responsive to industry needs and that this should be maintained. Vera Katz mentioned the lack of resources to train incumbent workers.

Steve Clark stated that economic development efforts need to remain nimble and responsive to changes. He also said that communication with the public is very important. Ron Johnson told the Taskforce that PGE works closely with the high technology industry to understand the needs and be responsive.

**MEPTF Meeting, February 11, 2003**

Sheila Martin, State of Washington

Governor Gary Locke's Executive Policy Advisor, Economic Development Issues

Marty Brantley, Director, Oregon Economic and Community Development Department

Sherry Sheng, Deputy Director, Oregon Economic and Community Development Department

**Sheila Martin, State of Washington**

**Governor Gary Locke's Executive Policy Advisor, Economic Development Issues**

Martin presented the Task Force with an overview of economic trends in the State of Washington. Like Oregon, Washington experienced rapid growth in population and jobs over the last decade and the development has been unevenly distributed favoring urban areas. Martin outlined the strengths her state has, which are strong research institutions, a high tech presence, an educated workforce, a good urban telecommunications infrastructure, local sources of capital, a leading digital government, and high quality of life. She then introduced the Task Force members to five statewide strategic efforts for economic development (One Washington Strategy, Statewide Strategic Plan for Economic Vitality, Strategy for the Innovation Economy, Entrepreneurship Strategy, Competitiveness Strategy). One Washington Strategy is focused on making rural areas in the state more attractive to business development and tourism. The statewide Strategic Plan focuses on broad areas in which state government plays a lead role (education and training, basic research, physical infrastructure, quality of life, public health and safety, and business climate) and on areas in which the state plays a supporting role (workforce development, balanced statewide prosperity, international trade assistance, telecommunications, housing, and energy). Martin pointed out that the statewide strategic plan, however, lacked an institutional structure for implementation. The Strategy for the Innovation Economy focuses on factors that help grow knowledge-based industries and the Entrepreneurship Strategy identified the necessary ingredients for new firm creation. Martin explained the institutions that are set up for economic development. These are the Competitiveness Council (comprised of public and private leaders), the Joint Economic Vitality Cabinet, and the newly created Economic Development Commission.

She then focused on the linkages between Washington and Oregon and their implications for the Portland-Vancouver metropolitan region. She stated that the two states experience many interdependencies such as a common labor market, transportation links, and formal and informal business ties. She noted that Oregon and Washington face similar economic and planning challenges and that the metropolitan region is the unit of strategy and competition, not the states. She argued that the entire region would benefit from a regional economic development strategy and that the region needs to consider its unique assets as a whole. She also mentioned that planners need to be sensitive to issues related to the job-housing balance on both sides of the border. Taskforce members then had the opportunity to ask questions. Don Maziotti was interested in the ways in which state government is working on regional issues in Vancouver and whether there were any efforts related to business recruitment and retention. Martin mentioned that State government has regular meetings with the Vancouver High Tech Council and that business recruitment and retention efforts are minimal due to the lack of resources.

Rob Drake wanted to know what specifically State government does regarding the Puget Sound region. Martin mentioned that there are small efforts underway to help develop emerging industries such as bioinformatics and software applications to wireless telecommunication.

Eric Hovee pointed out that the Pacific Northwest is home to corporate leaders such as Microsoft and Nike and that the broader region ought to market and brand itself better. Martin agreed but said that the recent loss of Boeing's headquarters might dampen this perception. John Castles was interested in the economic impact of nonprofit organizations and in the ways in which philanthropic efforts contribute to economic development. Martin cited a recent report to the Legislature regarding the economic impact of

nonprofits. She also mentioned philanthropic involvement by foundations such as Vulcan Ventures in local development efforts.

Ron Johnson observed that Washington efforts are mainly focused on the state as a whole rather than on regions. Martin said that there are local and regional efforts underway by various organizations. She also mentioned that the Greater Seattle Chamber of Commerce brought the issue of regional economic development up, but that it has not been followed up.

Kathy Long Holland was interested in hearing Martin's perspectives on the region's unique assets. Martin said that in the technology arena, emerging industries created by two fields would be promising. She also said that the natural environment and the high quality of life are strong assets.

**Marty Brantley, Director, Oregon Economic and Community Development Department**  
**Sherry Sheng, Deputy Directory, Oregon Economic and community Development Department**

Brantley focused on the general economic trends in Oregon and emphasized that the state's unemployment and hunger rates are among the highest in the U.S. He explained that the state's dependence on manufacturing is a major reason for the high unemployment rates. Focusing on demographic trends, he cautioned that population growth in the next years will be muted and that the population older than 65 will significantly increase. He then explained to the Task Force the areas of focus of the Oregon Economic Development Department (OECDD). The Department was reorganized to include community development in order to help rural and distressed communities. He said that 80 percent of OECDD's budget is dedicated to community development efforts. Approximately 20 percent of the budget is dedicated to business development efforts. Brantley highlighted the advantages of focusing on community development and argued that this emphasis created a communication infrastructure that informs government from the bottom up. In the future, this infrastructure will be maintained and community development efforts will most likely be reoriented towards job creation and economic development.

He outlined the priorities for the Task Force. The first area is availability of industrial lands. He explained that policymakers are currently focusing on alternative ways such as converting old mill sites for industrial use. The second area is permitting and regulations. The third priority area is business recruitment, retention and expansion. Here, Brantley argued, international trade will play an important role. He cited the deepening of the Columbia River channel and tourism as examples. David Bragdon asked about the ways in which OECDD coordinates with other state government agencies and whether the Department can influence decisions about transportation funding for example. Brantley stated that coordination can be improved and that they are currently working on creating these kinds of relationships. He stated that job creation is the highest priority for state government at the moment. Eric Hovee mentioned that in the past there have been a variety of strategic economic development efforts and he was wondering which direction state government would go in the future. Brantley said that this will depend on the Governor's priorities. Sheng added that in the past these efforts have changed and that they are currently considering using industry cluster theory and apply it to other areas in Oregon.

Rick Williams asked both presenters in what ways state and regional economic development strategies would have a sustained life and how such an efforts would be successful in going beyond benchmarking efforts. Martin said that there needs to be committed individuals and that efforts need to resist the temptation to change in bad economic times.

Ethan Seltzer asked both presenters what a potential regional economic development strategy should tell them and what the region could expect from the states in return. Brantley said that regions need to identify their historical strengths and that they need to develop a strong business plan on which they can base their requests for help from the State on. Martin concurred with Brantley and said that the State is not interested in imposing a vision on the regions. She added that it would be helpful to know the region's priorities because this will aid policymakers in making funding decisions. Brantley emphasized that the evaluations component, in particular how many jobs are created, is important.

### Appendix 3: Gap Analysis

#### A. Clusters

Jurisdiction / Organization	Clusters mentioned in ED plans	Evidence
<b>Beaverton</b>	<ol style="list-style-type: none"> <li>1. Software</li> <li>2. Professional services (finance, consulting, engineering)</li> <li>3. Electronics</li> <li>4. Creative services (multi media, advertising, PR, film &amp; video)</li> <li>5. Bioscience and technology</li> <li>6. Engineering and environmental technology</li> <li>7. Selected manufacturing</li> </ol>	<ol style="list-style-type: none"> <li>1. New Economy Observatory</li> <li>2. None Provided</li> <li>3. New Economy Observatory</li> <li>4. New Economy Observatory</li> <li>5. None Provided</li> <li>6. None Provided</li> <li>7. IF: Metals, Machinery &amp; Transportation Equipment</li> </ol>
<b>Gresham &amp; East Multnomah County</b>	<ol style="list-style-type: none"> <li>1. Electronics/High tech</li> <li>2. Metals &amp; Machinery</li> <li>3. Creative Services</li> <li>4. Environmental Services</li> <li>5. Wood products</li> <li>6. Nursery products</li> </ol>	<ol style="list-style-type: none"> <li>1. New Economy Observatory</li> <li>2. New Economy Observatory</li> <li>3. New Economy Observatory</li> <li>4. None Provided</li> <li>5. New Economy Observatory</li> <li>6. New Economy Observatory</li> </ol>
<b>Hillsboro</b>	No specific clusters identified	
<b>Portland</b>	Target industries: <ol style="list-style-type: none"> <li>1. Technology</li> <li>2. Bioscience</li> <li>3. Sustainability</li> </ol>	<ol style="list-style-type: none"> <li>1. New Economy Observatory</li> <li>2. None Provided</li> <li>3. None Provided</li> </ol>
<b>Sandy</b>	No specific clusters identified Focus on <ol style="list-style-type: none"> <li>1. Professional services</li> <li>2. Arts and recreation</li> <li>3. Home occupations</li> </ol>	<ol style="list-style-type: none"> <li>1. None Provided</li> <li>2. None Provided</li> <li>3. None Provided</li> </ol>
<b>Tualatin</b>	No specific clusters identified	
<b>Vernonia</b>	No specific clusters identified	
<b>Clackamas County</b>	No specific clusters identified	

<b>Jurisdiction / Organization</b>	<b>Clusters mentioned in ED plans</b>	<b>Evidence</b>
<b>Clark County</b>	<ol style="list-style-type: none"> <li>1. Semiconductor and electronics manufacturing</li> <li>2. Telecommunications</li> <li>3. Life sciences</li> <li>4. Healthcare</li> <li>5. Distribution</li> <li>6. Knowledge-based industries Software Engineering, architectural and professional services</li> <li>7. Corporate offices and corporate support infrastructure</li> <li>8. Expansion of locally owned businesses (all sectors)</li> </ol>	<ol style="list-style-type: none"> <li>1. New Economy Observatory</li> <li>2. None Provided</li> <li>3. None Provided</li> <li>4. None Provided</li> <li>5. None Provided</li> <li>6. New Economy Observatory None Provided None Provided</li> <li>7. None Provided</li> <li>8. None Provided</li> </ol>
<b>Oregon Business Plan</b>	No specific clusters identified	
<b>Westside Economic Alliance</b>	<ol style="list-style-type: none"> <li>1. High technology</li> <li>2. Metals/Machinery/Transportation Equipment</li> <li>3. Apparel/Sporting Goods</li> <li>4. Agriculture and Food Products</li> <li>5. Nursery Products</li> <li>6. Wood and Paper Products</li> </ol>	<ol style="list-style-type: none"> <li>1. New Economy Observatory</li> <li>2. New Economy Observatory</li> <li>3. New Economy Observatory</li> <li>4. New Economy Observatory</li> <li>5. New Economy Observatory</li> <li>6. New Economy Observatory</li> </ol>
<b>OCKED</b>	No specific clusters identified	
<b>NEC</b>	<ol style="list-style-type: none"> <li>1. High technology (plus in more detail sub segments)</li> </ol>	<ol style="list-style-type: none"> <li>2. New Economy Observatory</li> </ol>

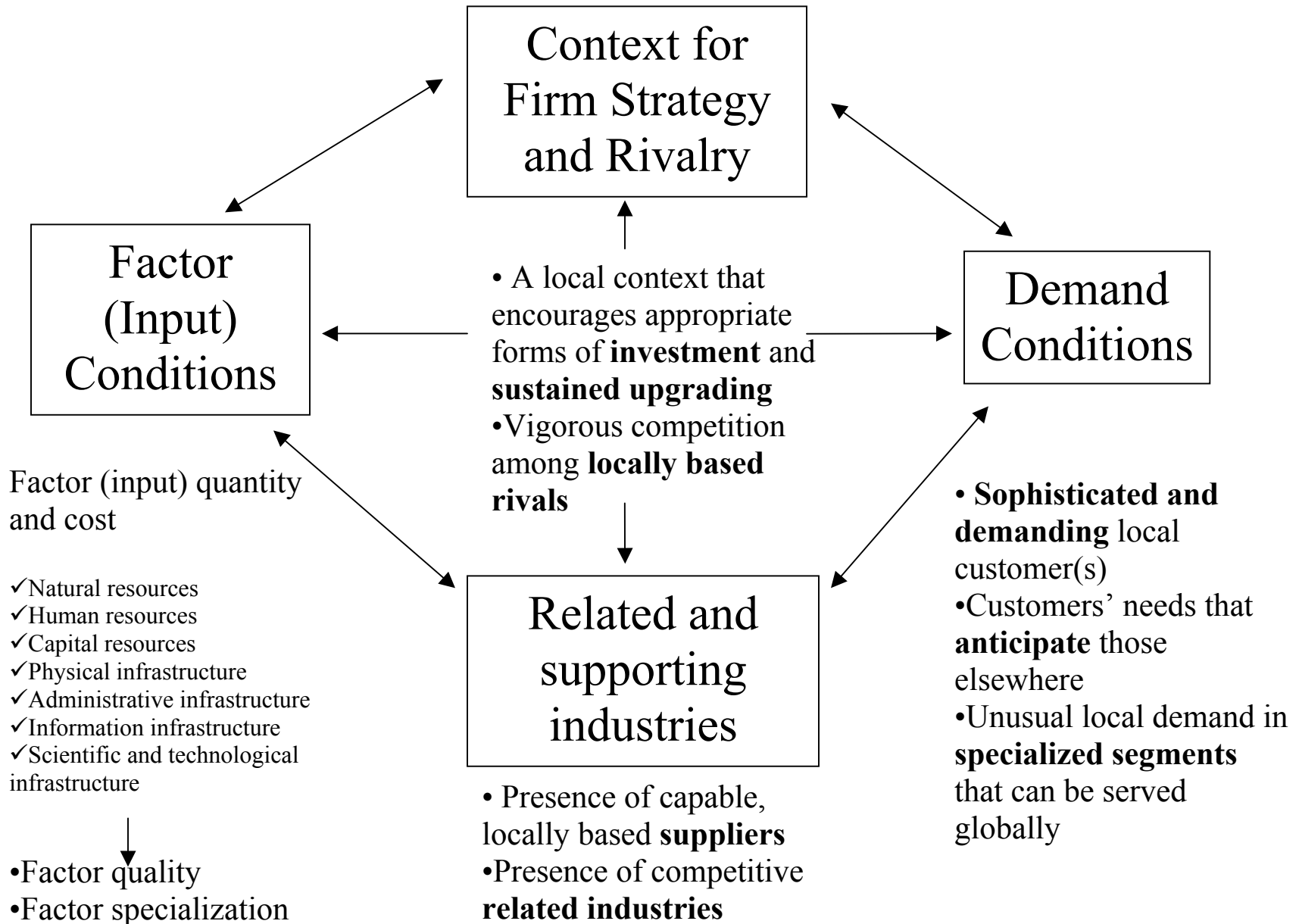
## B. Marketing

<b>Jurisdiction / Organization</b>	<b>Recruitment</b>	<b>Retention</b>	<b>Expansion</b>
<b>Beaverton</b>	No specific program.	No specific program. Focus is on business climate	No specific program. Focus is on business climate.
<b>Gresham &amp; East Multnomah County</b>	Focus on knowledge-based industries. Mentions the creation of a package of recruitment and expansion tools	Focus on traditional manufacturers.	No strategic focus. Mentions the creation of a package of recruitment and expansion tools
<b>Hillsboro</b>	N/a.	N/a	N/a
<b>Portland</b>	Some cluster focus. Mentions strategic recruitment of customers and suppliers. Focused on businesses that locate in urban centers (professional & creative services, destination retail)	Not cluster focused. Focused on businesses that locate in urban centers (mention professional services, creative services, destination retail)	Some cluster focus. Focused on emerging clusters.
<b>Sandy</b>	No strategic focus.	No strategic focus	No strategic focus.
<b>Tualatin</b>	No strategic focus. Marketing of location to commercial and industrial brokers, regional development agencies and OECDD.	No strategic focus.	No strategic focus
<b>Vernonia</b>	Mentions development of expansion and recruitment program for targeted businesses and industries.	No specific retention plans. Plans for a flexible manufacturing facility.	Mentions development of expansion and recruitment program for targeted businesses and industries.
<b>Clackamas County</b>	Seen as a rural strategy.	Mentions “proactive” business retention, but does not explain what proactive means. Seen as an urban strategy	Mentions “proactive” business expansion program, but does not explain what proactive means. Seen as an urban strategy.
<b>Clark County</b>	No strategic focus.	No strategic focus.	No strategic focus.
<b>Oregon Business Plan</b>	Focus OECDD efforts on traded-sector	Focus OECDD efforts on traded-sector	Focus OECDD efforts on traded-sector
<b>Westside Economic Alliance</b>	Cluster focus	Cluster focus	Cluster focus
<b>OCKED</b>	People-based approach (researchers, managers, venture capitalists)	People-based approach (researchers, managers, venture capitalists)	
<b>NEC</b>	Cluster focus (High tech)	Cluster focus (High tech)	Cluster focus (High tech)

### C. Performance Measures

<b>Jurisdiction / Organization</b>	<b>Performance Measures</b>
<b>Beaverton</b>	Plan identifies set of performance measures for each goal.
<b>Gresham &amp; East Multnomah County</b>	N/A
<b>Hillsboro</b>	N/A
<b>Portland</b>	Monitoring is part of implementation.
<b>Sandy</b>	N/A
<b>Tualatin</b>	N/A
<b>Vernonia</b>	N/A
<b>Clackamas County</b>	Broad performance measures are identified for each action.
<b>Clark County</b>	N/A
<b>Oregon Business Plan</b>	N/A
<b>Westside Economic Alliance</b>	N/A
<b>OCKED</b>	N/A
<b>NEC</b>	N/A

Appendix 4: Porter's Diamond of Competitive Advantage



## Appendix 5: Common Themes

<b>Jurisdiction / Organization</b>	<b>Clusters (see attached)</b>	<b>Livability</b>	<b>Talent</b>	<b>Land, Infrastructure, Business Climate</b>	<b>Vision</b>
<b>Beaverton</b>	Fostering knowledge-based industries Focuses on target industry clusters Promoting entrepreneurial climate Promote business-community partnerships	Ensure high quality of life Support diversity of citizens	Skilled workforce and strong connections between business and education	Effective transportation system Targeted land (re)development Adequate infrastructure	Vibrant, great place for business, foster diversity for workforce of today and tomorrow, compete in knowledge-based economy
<b>Gresham &amp; East Multnomah County</b>	High-skilled, value-added, traded sector industries generally (specific clusters are mentioned in economic analysis) Retention, expansion and recruitment	Create well-defined image of region and promote its assets and unique characteristics	Building skilled workforce	Effective transportation infrastructure Targeted land (re)development Adequate infrastructure	Smart growth, smart kids, smart industries
<b>Hillsboro</b>	No particular industries identified Foster diverse base of businesses Promote creation of family-wage jobs	Vision 2020 addresses this in other sections	Team educational institutions and businesses to better workforce development and industries	Ensure that zoning, development codes and land supply match needs of all businesses Assure long-term water supply Support transportation and telco infrastructure	Dynamic community that sustains quality of life
<b>Portland</b>	Focus on existing strengths/clusters Focus on emerging clusters Recruitment, expansion, international trade & marketing (but generic)	Vital center city Support for cultural institutions Increase supply of housing for all income levels	Focus on quality and funding for K-16 education Improving coordination and delivery of workforce development services	Supply of industrial land Focus on infrastructure (transportation, telco) Create stable, customer driven business climate	Diversification of economy

<b>Jurisdiction / Organization</b>	<b>Clusters (see attached)</b>	<b>Livability</b>	<b>Talent</b>	<b>Land, Infrastructure, Business Climate</b>	<b>Vision</b>
<b>Sandy</b>	No explicit cluster focus, but focus on select industries: Professional services Arts and recreation Home occupation	Livable community is key  Improve appearance and effectiveness of downtown		Concentration on core services Maintain supply of industrial, office and retail land Regulatory relief and improved telco infrastructure for home-based businesses	Balanced approach towards growth, strengthening local economy (“jobs for Sandy residents, not more jobs for job’s sake”)
<b>Tualatin</b>	No specific industries identified  Market Tualatin	Maintain and enhance standards for environmental protection Excellence in urban design Address urbanization		I-5/99 W Connector Evaluate permit process Healthy business climate Maintain inventory of development-related info	Become premier economic enters of metro area High environmental standards and excellence in urban design
<b>Vernonia</b>	Business development Expand local economic base	Quality of life Revitalize downtown Improve residential and commercial neighborhoods	Human resources Increase local opportunities for training Increase adult literacy	Develop airport Replace water lines to residents Improved telco services	Strong community of rural character with safety and security
<b>Clackamas County</b>	Focus on business environment, not on specific industries Business attraction and retention Business outreach	Quality of life = fundamental building block	Promote and coordinate workforce education and training for employers	Land supply Funding and construction of key transportation projects Zone jobs-producing land	Vision that balances and unifies what can otherwise be a competition between jobs, environmental quality, and QOL.
<b>Clark County</b>	Knowledge-based industry clusters (mentions examples) Business growth environment	Urban centers		Land supply Public infrastructure Business climate Development process Zoning Transportation Regional Cooperation	Regional cooperation

<b>Jurisdiction / Organization</b>	<b>Clusters</b>	<b>Livability</b>	<b>Talent</b>	<b>Land, Infrastructure, Business Climate</b>	<b>Vision</b>
<b>Oregon Business Plan</b>	Expand innovation capacity Refocus ED Get more benefits from forest resources Brand and market OR		Build world-class K-12 education system Invest differently in post-secondary education Ramp up graduates, capacity in engineering education	Stabilize public finance system Maintain roads and bridges Strengthen trade infrastructure Update land use laws Streamline permitting	Growing quality jobs and statewide prosperity
<b>Westside Economic Alliance</b>	Focus on clusters	Livability = regional asset	Workforce development: access to good higher education and continuing workforce skill development programs Quality K-12 system	Transportation Adequate supply of industrial land	
<b>COCKED</b>	Clusters are not specifically mentioned Focus on capital and business formation (VC, mgt expertise) Enhance R&D and tech transfer capacity		Ensure that workforce has skills needed for knowledge-based economy Increase higher ed capacity		Promote knowledge-based economic development in state of Oregon
<b>NEC</b>	Focus on emerging clusters Private sector must lead new cluster development Mgt expertise Greater cooperation Linking clusters	Quality of life			Build on existing industry strengths

	<b>Clusters</b>	<b>Livability</b>	<b>Talent</b>	<b>Land, Infrastructure, Business Climate</b>	<b>Vision</b>
<b>Common Themes</b>	Focus on clusters (see attached)	Maintain quality of life	Connection between workforce development and industry	Transportation	Diversification
	No explicit strategy re what to do with clusters	Vital urban centers	Building a skilled workforce	Telecommunication	Knowledge-based economic development
	Knowledge-based / traded sector focus	Livable communities	Quality K-16	Adequate supply of land	Regional cooperation
	Innovation is seen as critical			Business climate	Balance growth and livability
	Business attraction, expansion and retention (but doesn't have a focus or strategy)			Streamlining regulatory and permitting process	Quality of life
	Business development / entrepreneurship				

## **Appendix 6: Regional Partners 6-Month Work Plan**