

A smart, skilled
workforce and a
beautiful natural
setting make
Portland attractive
to businesses

By Julia Anderson

Culture of



INNOVATION

Portland fashion designer Liza Rietz began making custom clothing for women after teaching herself to sew almost 13 years ago. Rietz, who sells her work online and at a downtown retail shop, is pleased with how her business is evolving. She also is pleased with Portland as a place that nurtures her creativity.

"There's opportunity and independent thinking here," Rietz says. "The city has a creative spirit. There are no pre-existing limits on what you can do."

To get a firsthand taste of the creative, entrepreneurial spirit Rietz is talking about, visit one of the many food carts, with names as innovative as the food they serve, tucked into Portland neighborhoods. Try Holy Mole for Mexican dishes, such as enchiladas with picadillo dulce, or try The People's Pig wood-fired grill for its porchetta and arugula sandwiches.

On the broader food and beverage front, there's Voodoo Doughnut, with its famous bacon maple bar; Widmer Brothers Brewing, best known for its work with wheat beer; and Tasty n Sons, renowned for its brunches and menu items such as *shakshuka*, a "red pepper and tomato stew, with baked eggs."

Portland's thriving fashion and food scenes are indicative of the city's "maker's economy," says Nancy Hales, director of Portland State University's program First Stop Portland and wife of Portland Mayor Charlie Hales. First Stop Portland connects visiting delegations with the city's business, academic and political leaders.

"We invent and make stuff here—chocolate, backpacks, shoes, clothes, beer, computer chips, street-cars, trucks," says Hales. "It's a dynamic, creative place."

For entrepreneurs such as Rietz, as well as for large, established



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—Liza Rietz



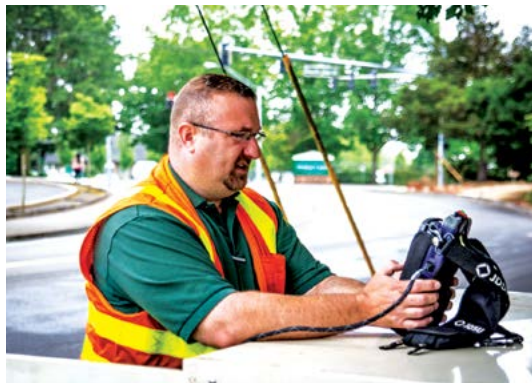
Portland boasts a thriving, accessible downtown business district, as well as tree-filled, walkable neighborhoods, with reasonable housing costs. The city's proudly independent culture supports fashion designers such as Liza Rietz (whose work is modeled at top right) and a flourishing food scene, exemplified by Voodoo Doughnut (whose original shop is shown at right, with its bacon maple bar inset).

companies such as Intel, Nike, Daimler Trucks North America and Boeing, Portland is a great place for business. The city's can-do personality is an important part of its business-friendly profile—as are the qualities of its workforce: skilled, tech-savvy, outdoorsy and freethinking.

Columbia Sportswear CEO Tim Boyle certainly sees it that way. “Portland’s unique, quirky characteristics are blended with a strong entrepreneurial spirit to create a dynamic blend of business and art,” he says. “The result has built some of the most powerful and respected brands in the world.”

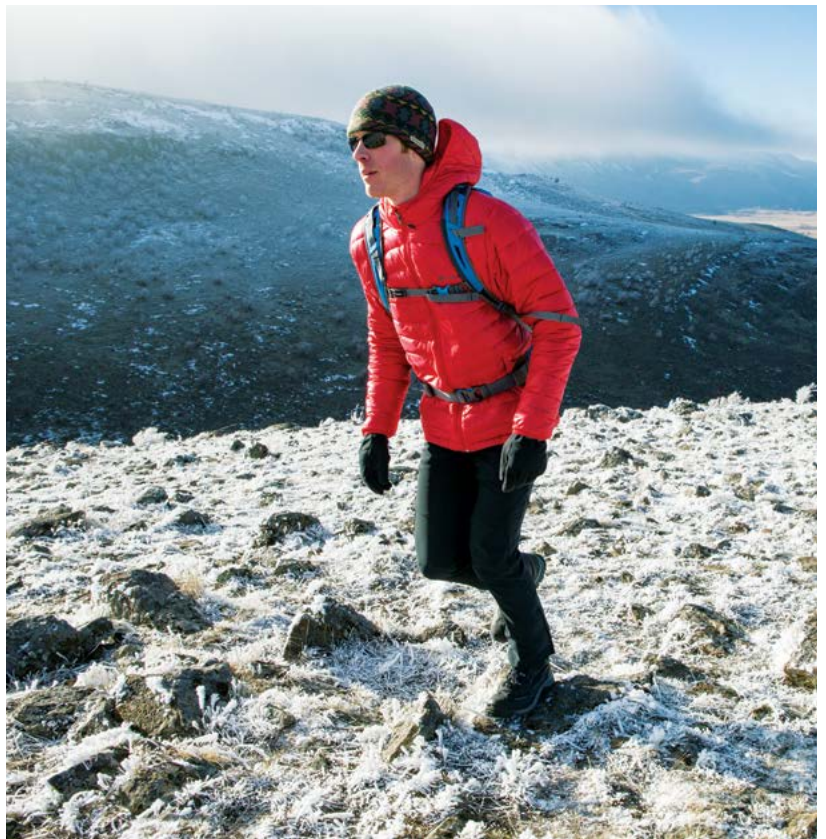
As an outdoor-apparel company looking to attract employees with a passion for the outdoors, Columbia Sportswear values the city’s proximity to backcountry wilderness and ocean beaches, as well as a distinct four-season climate, says spokesperson Ron Parham. Innovation across all of the company’s product categories—clothing, shoes and equipment—is essential to Columbia’s ongoing success, he says.

While the Northwest’s outdoors is a natural plus for Columbia Sportswear, Boyle and others also emphasize Portland’s moderate housing costs, friendliness toward walking and biking, and robust food and arts scenes.



It’s not just Columbia that recognizes the business benefits of the Rose City. News of expansions, initiatives and opportunities abounds across the area:

- Intel Corp. is investing in new R&D and manufacturing operations in Hillsboro, west of Portland, where 17,500 employees work.
- Daimler Trucks North America LLC is building a \$150 million headquarters on its Swan Island site north of downtown, where nearly 3,000 people will ultimately work to design, engineer and manufacture commercial vehicles and components.
- Last year, Phil Knight, Nike’s co-founder and chairman, along with his wife, Penny, pledged \$500 million to Portland’s Oregon Health & Science



University (OHSU), for cancer research. The university’s Knight Cancer Institute is working on raising money to match this funding. The OHSU medical school/hospital complex, known as Pill Hill, supports 14,616 jobs.

- CenturyLink selected Portland as one of the U.S. cities where the company is rolling out ultrafast gigabit fiber-optic services.
- Jive Software and Airbnb have established Portland presences, as well.
- The employed workforce of 1.1 million in the Portland metro area (including five Oregon counties and two in Washington) is growing at an annual average of 3 percent. Metro-area employers have added about 2,000 jobs a month since January, reports the Oregon Employment Department.
- Portland housing costs remain within reach of average workers. Portland has a median price of about \$295,900 for a single-family home.

Columbia Sportswear Company, founded and headquartered in the Portland area, values the city’s easy access to wilderness. The Men’s Diamond 890 TurboDown Hooded Jacket is modeled above, at an Oregon site. At left, a CenturyLink worker tests fiber optics to supply residential and business customers with up to 1-gigabit speeds. Portland was one of the select U.S. cities chosen for this service’s rollout.

TOP PORTLAND-AREA EMPLOYERS

- | | |
|--------------------------------------|------------------------------|
| 1 Intel Corp. | 6 Kaiser Permanente |
| 2 Nike Inc. | 7 Legacy Health |
| 3 Providence Health & Services | 8 Wells Fargo Bank |
| 4 Oregon Health & Science University | 9 Portland Community College |
| 5 Fred Meyer Inc. | 10 Portland State University |

SOURCE: Greater Portland Inc, 2014.

“The city cares about its physical places, about the ability to move around in neighborhoods that are walkable and green.”
—Nancy Hales, director, First Stop Portland



Across nearly all Portland business sectors, the news is positive. Nancy Hales and others emphasize Portland's livability as a key asset.

“Portland has always been about place,” Hales says. “The city cares about its physical places, about the ability to move around in neighborhoods that are walkable and green,” she says. “We’re what the rest of the world is looking for.”

Reasonable housing costs, mild weather and livability contribute to recruiting talented employees, says Greg Fredericks, human resources director for analytical-instruments maker FEI, headquartered in Hillsboro, west of the city. “We’re searching for talent on a global level,” he says. “There’s a multitude of reasons to call Portland home. ... We use them all.”

Portland is not without critics, of course. Some business executives have long called for statewide tax reform. The state funds schools and roads without a broad-based sales tax and instead relies on personal and corporate property and income taxes.

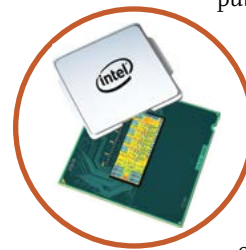
To help businesses, state and local governments use special tax breaks and “enterprise zones” to

attract and retain employers, particularly in manufacturing.

Intel recently made a 30-year arrangement that exempts up to \$100 billion in new equipment from property taxes. This secures Intel's future in Oregon, where the chipmaker is the largest private employer.

Boeing Portland, with a 1,700-employee airplane-parts factory about 17 miles east of downtown, operates in a city-sponsored enterprise zone that allows for tax breaks on capital investment and job-generating expansion.

Business leaders are pushing for a big-picture approach to economic development. Greater Portland Inc, formed three years ago, is a regional



public-private partnership that recruits and addresses issues on behalf of all businesses in Portland and southwestern Washington.

“In the next five years, we expect Portland will be even better known for its innovation, advanced industries and concentration of traded-sector companies,” says CEO Janet LaBar, who has held the job since June. “Portland already is exporting its sustainable-community good practices.”

Renee Fellman, an award-winning interim CEO based in Portland, sees positives in the regional-scale planning: “We have needed an overarching entity that can drive and improve the business climate.”

Portland economist Bill Conerly says the area faces challenges from Midwest cities. “If you’re on

In 2012, The Boeing Company expanded its Boeing Portland parts-manufacturing facility. Boeing employees work on a milling program (top). Major corporations Intel (whose 4th-gen Core Desktop is shown delidded, at center) and Nike (campus at right) also have large facilities in the Portland area.



TOP TO BOTTOM, COURTESY: BOEING PORTLAND; INTEL; NIKE INC.



The characters Nance and Peter (played by Carrie Brownstein and Fred Armisen) share a kiss in the *Portlandia* Season 4 episode "Getting Away."

And the satirical TV comedy *Portlandia* continues to poke fun at local quirkiness.

Fashion designer Liza Rietz says she's seen only a few episodes of *Portlandia*. Yet, like many others, she gets the jibes about Portland while also seeing benefits in its distinctive culture.

"It's the Portland creative community that I'm drawing on," she says. "We inspire and keep each other moving." ▲

Julia Anderson lives in Southwest Washington, across the Columbia River from Portland.

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the West Coast, Portland is a cheaper place than San Francisco [and] Seattle, but it's not necessarily cheaper than Cincinnati," Conerly says.

Both Fellman and Conerly say that Portland benefits from a national trend: younger people wanting to live closer to their jobs in urban areas with fun, vibrant neighborhoods.

"Portland has a history of people moving here for the quality of life," Conerly says. "If people want to live here, then employers get access to talent, to kids with smarts."

It doesn't hurt that Portland has lately been in the entertainment spotlight thanks to the popular supernatural police TV drama *Grimm*, which uses Portland and its surrounding environs as a backdrop.



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PORTLAND BUSINESS PROFILES

Here is a sampling of businesses and business branches—both big and small, and representing several sectors—with recent expansions or new developments in the Portland area.

BOEING PORTLAND

DESCRIPTION: Builds and processes components used in Boeing commercial aircraft; Boeing Portland is one of 11 Boeing manufacturing sites in three countries.

PORTLAND WORKFORCE: 1,700

PORTLAND OPERATIONS: Fabrication and parts-processing facility

PORTLAND OPERATIONS MANAGER:

Don Hendrickson

ANNUAL REVENUE: \$86.6 billion (for overall corporation, 2013)

STOCK SYMBOL: BA

► The 1,700 people at Boeing's Portland plant compete globally in the commercial-aircraft arena, making gear systems, wing extenders, flight controls and other components used in the Boeing 737, 747, 767 and 777 aircraft, as well as in the 787 Dreamliner series. The facility has been a key Boeing manufacturing site for the past 40 years.

COURTESY: BOEING PORTLAND



An assembler at Boeing Portland carefully inspects a 737 main landing-gear beam to make sure there are no irregularities.

Engineers and machinists at the plant design and produce engine mounts, landing-gear beams and wing "trailing-edge" flaps that give planes extra power on takeoff and landing. The work requires tracking 6,000 part numbers, with one-quarter fabricated on-site, says Don Hendrickson, senior finance and operations business manager. Components are continuously re-engineered and

designed to make them stronger, lighter and less costly.

Portland was attractive to Boeing 40 years ago when the company began building 747s, Hendrickson says, and it's still attractive because of its quality output and proximity to Boeing's big assembly plants in the Puget Sound region. Next up will be production related to the 777X, a new series of long-range aircraft.

"Oregon is a state that values manufacturing," Hendrickson says.

With many longtime employees at or near retirement, the operation is busy bringing in new people through a variety of internship programs and collaborations with area colleges, such as Clark College in Vancouver, Washington, and Portland State University.

"The No. 1 benefit of doing business in Portland is our ability to draw a consistent talented workforce," Hendrickson says. "It's an intersection of people, capital investment and work that makes us successful."



PHOTO: CHARLES GULLUNG

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PHOTO: UNIV. OF PORTLAND



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COLUMBIA SPORTSWEAR COMPANY

DESCRIPTION: Designs, develops and sells outdoor apparel, footwear, accessories and equipment.

PORTLAND WORKFORCE: 1,500

PORTLAND OPERATIONS: Headquarters, distribution center and retail stores

CEO: Tim Boyle

ANNUAL REVENUE: \$1.68 billion (2013)

STOCK SYMBOL: COLM

► Harsh weather across much of the U.S. last winter meant strong sales for Columbia Sportswear Company, which has built its global business selling innovative outdoor clothes.

This fall, the company introduced TurboDown, a patent-pending combination of natural-down insulation and synthetic insulation meant to provide greater warmth with less bulk, says corporate spokesperson



The Women's Sunvent Mary Jane is part of Columbia Sportswear's Vent series.

Ron Parham. In footwear, Columbia Sportswear has released a Vent series of shoes that allow water to drain while permitting cooling air to flow in.

Innovations helped the company generate 2013 net sales of \$1.68 billion, including sales of its main brand and brands under the Columbia Sportswear banner, such as Mountain Hardwear, Sorel and Montrail.

This past summer, the company raised its 2014 earnings outlook and announced a two-for-one stock split. Net sales this year are expected to be between \$2.01 billion and \$2.04 billion.

Columbia Sportswear places importance on innovation to stay ahead of its competition. And this innovation is all about people and all about Portland.

DAIMLER TRUCKS NORTH AMERICA LLC

DESCRIPTION: German-owned Daimler Trucks North America manufactures commercial vehicles and components.

PORTLAND WORKFORCE: About 3,000

PORTLAND OPERATIONS: Headquarters, engineering R&D, design and manufacturing

continued on page 154

COURTESY: COLUMBIA SPORTSWEAR



from page 150

PORTLAND PROJECT DIRECTOR:

Josh Palmer

ANNUAL REVENUE: About \$13.93 billion
(Daimler Trucks North America, 2013)

STOCK SYMBOL: DDAIF

After considering various options, Daimler Trucks North America (DTNA) recently chose to make Portland its North American headquarters and to preserve the city's 70-year truck-making history.

"The city is part of the company identity and its soul," says Josh Palmer, project director for DTNA in Portland. "Daimler saw

DAIMLER TRUCKS NORTH AMERICA



The SelecTrucks shown here are among the many types of trucks built by Portland-based Daimler Trucks North America LLC.

Portland as a place to keep our talent and attract new talent. We asked ourselves, 'Are we in the right place to attract people who will ensure our future success?' The answer was yes."

German-owned Daimler, which has owned the Portland operation since the 1980s, is investing \$150 million in a new nine-story headquarters complex, to be finished in 2016 at its Swan Island location, north of downtown.

"Products don't build themselves," Palmer says. "You design and build commercial vehicles with a robust workforce, including a roster of 800 engineers. Our success will depend on innovation and creativity."

Daimler employs about 3,000 people in Portland, including about 2,210 in white-collar jobs and about another 750 on the manufacturing side. The Portland operation builds as many as 30 Western Star trucks per day for the commercial market.

"Innovation in the trucking industry is never finished; it's constantly evolving," Palmer says. "We believe that Portland is the right place to be with our goal of improving the product and meeting customers' needs."

FEI

DESCRIPTION: Develops and manufactures scientific instruments and software.

PORTLAND WORKFORCE: 500
PORTLAND OPERATIONS: Headquarters, R&D, manufacturing
CEO: Don Kania
ANNUAL REVENUE: \$947 million (2013)
STOCK SYMBOL: FEIC

Some 1,200 tech companies, including Intel, Mentor Graphics and Hewlett-Packard, operate in the Portland metro area. Among them is FEI, which designs and manufactures scientific instruments used by customers working in such diverse areas as materials sciences, life sciences, natural resources and electronics.

Headquartered in Hillsboro, west of Portland, FEI sells electron microscopes and software priced from \$500,000 up. FEI maintains a diverse customer base. Last year, revenue for the publicly held company reached \$947 million, with sales this year expected to increase 5 percent. The company employs 2,500 people worldwide, with operations in more than 50 countries.

Greg Fredericks, FEI human resources director, sees Portland as a great place for finding and retaining top talent. "We seek specialized skills across all categories—engineering, software design, marketing, operations and finance," he says. "We think Portland, with its quality of life and many opportunities for outdoor recreation, works for us as a recruiting tool."

MOONSTRUCK CHOCOLATE COMPANY

DESCRIPTION: Designs, makes and markets handcrafted artisan chocolates.
PORTLAND WORKFORCE: 100
PORTLAND OPERATIONS: Headquarters, retail stores, manufacturing
MASTER CHOCOLATIER: Julian Rose
ANNUAL REVENUE: Unavailable (proprietary)
STOCK SYMBOL: Not applicable (private)

A recent story in the *Wall Street Journal* called Portland "the nation's Wonkaland" because of the expansion of high-end chocolate-making in the city.

Moonstruck Chocolate, launched in Portland more than 20 years ago, remains among the most inventive leaders of the craft. For proof, sample a few Bend Distillery Crater Lake Pepper Vodka Truffles or Beer Berries Tumbled in Dark Chocolate.

"Portland is a good garden to grow creatively," Julian Rose, Moonstruck chief chocolatier, says. "Portland has an ambiance that's good for business. It's definitely a foodie city."



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Moonstruck's hiring needs, he says, range from maintenance workers for chocolate-making equipment to creative artists who hand-decorate chocolates.

"Our Portland customers are more adventurous and more vocal," Rose says.



Moonstruck Chocolate's 16-piece Classic Truffle Collection is a company best-seller.

"When they like or dislike something, they tell us. That's a good thing."

With 7 percent sales revenue growth expected this year, Rose is confident that Moonstruck is on the right track with its newest chocolate inventions.

"As employers, we're always looking for employees who are passionate about chocolate," he says. "Portland's location and its food culture are pluses."

Moonstruck sells most of its product wholesale to retailers, including Made in Oregon stores (three of which are located in Portland International Airport). There are four Moonstruck Chocolate cafes and one factory store in the Portland area. The company website offers hundreds of artisan chocolate creations to customers worldwide.

Rose sees chocolate-making as part of an Oregon craft movement that began 40 years ago with the development of the state's wine industry, followed by beer-making, and now the food and fashion industries.

"Portland has everything you need," says Rose, who moved to the city seven years ago from Montreal. "There are awesome summers, tempered winters. As a Canadian, I like the city's balance of work and play. It's a good place to make chocolate ... European quality with an American flavor."

ZGF ARCHITECTS LLP

DESCRIPTION: International architectural, planning and interior design firm known for sustainable projects.

PORTLAND WORKFORCE: 227

PORTLAND OPERATIONS: Headquarters

MANAGING PARTNER IN PORTLAND:

Jan Willemse

ANNUAL REVENUE: \$128 million (2013)

STOCK SYMBOL: Not applicable (private)

Portland's image as a livable city is a key asset for ZGF Architects, which has a growing international reputation for designing energy-efficient, sustainable projects.

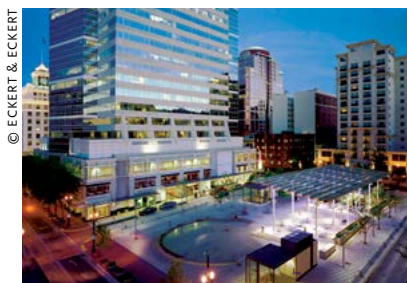
From mixed-use urban cityscapes to health-care facilities, airports and transportation systems, the Portland-based firm boasts a diverse portfolio. At the top of the list is its role as a lead designer on the "Kashiwanoha Smart City" project, a large mixed-use plan inside Tokyo's high-tech corridor. The collaboration was realized through Portland's We Build Green Cities Initiative, launched in 2012 to leverage the city's green reputation to boost exports and the regional economy.

"Portland offers us a strong creative core community," says Jan Willemse, managing partner of ZGF's Portland office. "With Nike, Adidas, Keen and Columbia Sportswear here, plus a growing software industry led by Jive, and an advertising sector anchored by Wieden + Kennedy, we see a growing creative culture with lots of spinoff."

Competing for creative talent is on ZGF's short-term agenda as it expands to meet increasing client interest in renovating or adding space, investing in new space or building new buildings.

Among its projects this year, ZGF is working on a new \$65.5 million Washington State Patrol headquarters in Olympia, Washington, and a mixed-use tower in Surrey, British Columbia, that incorporates 349 living units, a hotel, and office, retail and university space.

"Portland is a big deal when it comes to building green," Willemse says. "There's a lot of places that look to Portland for



ZGF Architects led the design team for Portland's Simon and Helen Director Park.

best-practices ideas. EcoDistricts are being founded on the work that has been done in Portland."

"Stewardship of resources has always been part of the work ethos of our firm," Willemse says. "There are still parts of the world that could be exposed to the Portland story as it builds its creative manufacturing economy. We take creative ideas here and translate them into real stuff." —J.A.

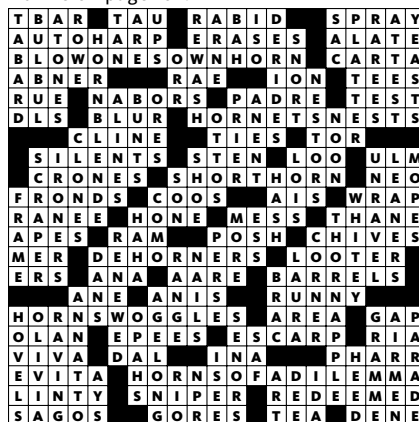
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Puzzle on page 182.



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