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Service industry jobs are here to stay

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With the threat of outsourcing a source of national angst, especially in urban areas, residents of Emmet and Charlevoix counties may find opportunity and peace of mind in working within the growing service economy.

Broadly defined, that includes anyone, employer or employee, who provides a service, the more local the better - and safer.

From doctors and lawyers to auto mechanics, barbers, electricians, contractors and clergymen, all provide services that can't be outsourced.

Statewide, economists forecast that the service sector will grow faster than any other segment of the economy over the next decade, with most of the anticipated job creation occurring in the health care, education and personal services fields.

"Jobs not subject to foreign competition clearly have an advantage," said economist Sung Won Sohn. "Service-industry jobs in health care, education, tourism and construction are areas where China and India really can't compete here."

Matt McCauley, regional planner for the 10-county Northwest Michigan Council of Governments (NWMCOG), said that using a broad definition of the term, the service sector in the year 2000 accounted for 68 percent of total employment in Charlevoix and Emmet counties.

That number is expected to climb to 73 percent by 2010, McCauley said, about the same as for the Northwest Michigan region and for Michigan as a whole.



Tom Sheffler and Julie Adams inside their Julienne Tomatoes cafe and pastry shop on Howard Street in Petoskey. Tom said the two of them kept coming up north from Milford for weekends for years. "And finally we looked at each other and said, 'What are we doing? Why don't we do what we want to

do?" he said.

McCauley admits that defining sectors of the economy and predicting their future are imperfect sciences, at best.

"For some, a service sector job is equated to a low-pay, low-skill job, when in fact, many service jobs are high pay, high-skill jobs." He said economists are in the process of standardizing definitions of the service industry in an effort to gather more meaningful data in the future.

Entrepreneurs

Carlin Smith, director of the Petoskey Regional Chamber of Commerce, says that in growing counties like Emmet and Charlevoix, services provided by entrepreneurs to emerging and expanding local needs stand to thrive.

"These are the jobs that will stay and build in the community and provide a chance to grow. From banking to health care to financial planning to hair cutting, you can't farm these jobs out to foreign countries," he said.

Smith notes that of the chamber's 760 members, about 75 percent are in the service industry, broadly defined. That includes the traditional professionals, such as doctors, lawyers, attorneys, and the trades, contractors, drywallers and plumbers.

"And what does our membership want? One of our strongest programs is our networking events that we call 'After Hours.' We get 150-200 people at these monthly events where we talk about what kind of services can we provide and expand our sphere of clients," Smith said.

He noted that a chamber survey of members listed networking as their most important need after health care.

"People buy products and services from people they know and like and the way you get them to know and like you is to be seen in the right places at the right times, especially when picking a financial planner or looking for a source of loans," Smith said.

The mix is important

Tom Johnson, director of the Northern Lakes Economic Alliance that provides studies and business services to Emmet, Charlevoix and Antrim counties, is optimistic about the future for the area.

"It's the most dynamic landscape I've ever seen," he said.

Johnson said he believes that quality of life is the area's biggest asset and will continue to draw people to it and create job opportunities.

"We live in the most desirable area in the state, and there is a high degree of desire for people to locate here," he said. "We have to capitalize on that and bring in businesses that are looking to expand or relocate to another community."

"And if we do, there will be increased business opportunities for small businesses and entrepreneurs, and a reduced threat of outsourcing jobs.

"We know that the more localized the service the harder it will be to outsource. You can't outsource retail jobs, and banking and insurance need representatives in communities where their main clientele is located," he said.

"We are experiencing fairly consistent job growth over the years, and our unemployment rates are getting lower than the state average."

Area incomes rise over decade

Johnson cites as evidence Census Bureau figures showing that Emmet and Charlevoix counties have moved up several notches in per capita income over the last decade.

In 1992 Emmet was 10th in the state with a \$19,896 per capita income while in 2002 it was 8th at \$29,722 and just below the state average of \$29,816.

Charlevoix County posted an even greater jump, moving from 26th in the state in 1992 with a \$17,625 per capita income to 14th at \$28,169 in 2002.

Although it has fewer manufacturing jobs than Charlevoix, Emmet's relative strength reflects its health care industry, North Central Michigan College, and because of its size, Petoskey's status as a socio-economic center for the region, he said.

Bottom line to Johnson: "To be in a rural area so far removed from where the wealth is concentrated and yet be so close in income is fantastic."

Aging Population

Johnson said that with more retirees moving to the area, the need for health care services, including hands-on, person-to-person professionals, nurse practitioners and home health care, will continue to grow and provide entrepreneurial opportunities.

"We have a unique combination of health care and manufacturing for a rural area. Our hospitals are gems, and for the size of our populations, these are outstanding facilities.

"They are also large employers, with groups of physicians and nurses and a host of support jobs that go with them."

Many rural areas have only tourism and agriculture, Johnson said. "But because of our quality of life, we've been able to add hospitals, a community college, a significant amount of manufacturing and come up with a very healthy mix.

"Our natural resources, the beauty of the area, our institutions and the availability

of jobs all feed together. The caliber of jobs and people is on the higher end up here and that's unique," he said.

Johnson was hesitant to say what areas of future employment he considers secure.

"I'm a firm believer that a healthy economy is based on diversity and a strong exchange of products and services between communities," he said.

Citing the recent technology and dotcom bubbles, Johnson said he would consider it a mistake to base a community's economy on any new and growing sector.

"When the economy and markets are changing so fast, the people who put out forecasts with best intentions are often wrong," he said.

He advises young people planning careers to find something they like but to also find generally transferable skills.

"It's good to have a niche or specialized skill but you need some flexibility. If you go into computer programming and your job is outsourced, for example, you can look into networking. We're living in an age in which people change jobs four or five or six times in their lifetime. It's the name of game."

He said there are growing opportunities for the entrepreneur - which he defines as anyone starting a new business of any size - in the service industry, especially as the region grows and with it more demands for different types of businesses.

Political perspectives

U.S. Rep. Bart Stupak, D-Menominee, said that to him, the term service industry means small business.

He said Congress has to make sure that small business has access to capital and technical assistance, and to the federal government's \$280 billion marketplace.

Stupak said he favors giving 50 percent tax breaks to employers that provide health care, and tax incentives to keep jobs here in the country.

He said the federal Manufacturing Extension Program offers small businesses help in navigating their way through the maze of international laws in exporting their products.

"It's one of the most effective government programs we have and a proven job creator," Stupak said.

State Sen. Jason Allen, R- Traverse City, says the service sector will become as important as manufacturing as Northern Michigan continues to age, with one-third of the population expected to be over 55 years old by 2015.

Allen said the state is providing funds for Michigan Workforce Development Boards and M-Tech centers to provide customized training for the region.

And he noted that community colleges are becoming more flexible with their course curricula to provide training for potential jobs.

It grows on you...

Julie Adams and Tom Sheffler, owners and operators of Julienne Tomatoes in Petoskey, opened their cafe and pastry shop in June of 2003 in an historic building on Howard Street. Here is an informal interview with them that captures the essence of the entrepreneurial spirit of our area:

News-Review: Do you have any thoughts about working in the service industry as compared to sitting in a manufacturing job or behind a desk?

Julie: It's a lot more fun to interact with people, and human contact is nice.

Tom: It's great to be able to meet new people through the business.

Q. What about the entrepreneurial aspect? Does that turn you on? Or is it a headache?

Tom: It's a lot better than working for someone else, even though you work long hours and hard work, it's all for yourself.

Julie: You create your own reality.

Q. Have you always been in the service business?

Julie: Kind of. Yes.

Tom: I have not. I've been in service. But with General Motors.

Q. How does this compare with General Motors?

Tom: This is much better!

Q. Why?

Tom: Because everything you do on a daily business affects the business.

Julie: ... Has a direct impact.

Tom: Yes. What you do has a direct impact on the bottom line.

Q. What about you, Julie?

Julie: This is what I've always done, since I was 15.

Q. But you've worked for people. Now you're working for yourself.

Julie: Yes. Everywhere I've worked, even working for others, I always took pride of ownership, even though it wasn't mine. And I've always had the same outlook. I was always a part of the team and would do whatever, even if it wasn't my place.

Tom: The work ethic's been the same.

Q. I really respect somebody that can meet the payroll.

Julie: You have to watch every ...

Tom: ... thing.

Julie. Every decision matters.

Q. Why did you move up HERE to start your entrepreneurial thing? Why didn't you do it down in, say Flint?

Julie: Because there's more of a sense of community up here. This area reflects completely how Tom and I like to live.

Tom: Life is slower paced, and ...

Julie: Better lifestyle...

Tom. It's a much better lifestyle, because not everyone is in such a big hurry, like downstate.

Julie: And you actually know everybody. You can go from town to town here and you'll still know everybody. If you go town to town in the Detroit area, you don't even know anybody in the town you're in, let alone the one you left from, or you're heading to. There's more of a sense of warmth in the community, and that's the way we are. We like to do things outside, and this is where you do it!

Tom: We kept coming up here for weekends, every weekend, we did that for years. And finally we looked at each other and said, "What are we doing? Why don't we do what we want to do?"

Julie: And I knew there was a good fit for a place like this up here.

Q. And what about other people looking around, looking for entrepreneurial opportunities? Do you think it's a good place for it?

Julie: I do.

Tom: The community's growing.

Julie: The community IS growing. But you can't get into anything without a lot of hard work. You have to do your homework.

Tom: You can't get into anything without a lot of hard work. You have to study the area, too.

Julie: You've got to know there's a fit for what you want to do.

Q. You're happy you did all this?

Julie: Absolutely.

Tom: Absolutely.

Julie: I don't have to wear panty hose every day. That's the best part.

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