

\* Region takes steps to try to keep companies at home.

Medco Health Solutions, a pharmacy benefit manager that was based in Franklin Lakes, was purchased by Express Scripts in April. And the repercussions of that \$29.1 billion deal continue to reverberate in Bergen County and beyond.

The company created by the merger is situated in St. Louis, where Express Scripts hangs its corporate hat. So Franklin Lakes lost its designation as headquarters for Medco. Express Scripts has laid off more than 200 employees at Medco's leafy Franklin Lakes campus. Medco workers, once 2,000 strong in Bergen, fear that there will be another wave of layoffs before year's end.

Before its acquisition, Medco — being the good corporate citizen and seeing a promotional opportunity — had reached a \$5 million naming-rights agreement for Fairleigh Dickinson University's new pharmacy school in Madison. But Express Scripts scrapped that deal.

In the past half-dozen years, at least eight companies have relocated their corporate headquarters from Bergen County, either to other parts of New Jersey or out of state. Earlier this month, the food company Small Balance announced it was restructuring and moving its headquarters from Paramus to Boulder, Colo., although it is keeping its Bergen office open and staffed.

"If a headquarters moves, and they still leave some people behind, it's still a diminished presence," said James Hughes, dean of the Edward J. Bloustein School of Planning and Public Policy at Rutgers University.

Either late next year or in early 2014, Pearson Education will be relocating its headquarters from Upper Saddle River to locations in Hoboken and Manhattan. The publisher has nearly 1,400 employees in the borough now and said the majority will go to Hoboken. In scope, that move is similar to the drug company Roche's decision to close its Nutley headquarters.

There are many reasons why Bergen has lost these corporate headquarters and hundreds of jobs along with them. During the recession, a series of consolidations, many of them in the pharmaceutical and health care industries, took a toll. It meant some Bergen company headquarters were trumped and supplanted, by their acquirers' headquarters. For example, Montvale's Barr Pharmaceuticals in 2008 was bought by Teva Pharmaceuticals of North Wales, Pa., and lost its Bergen headquarters.

Other companies moved out of Bergen seeking lower rents, going to Morris County. Still others left, in part, because their executives wanted headquarters situated closer to their homes. That was one of the reasons why Hunter Douglas, a custom window maker, exited Upper Saddle River for Pearl River, N.Y., last year.

Some real estate executives played down Bergen's loss of corporate headquarters, saying other

companies have or will move into the county to replace them.

"I don't think that we're looking at an exodus that is extreme coming out of Bergen County." said Jimmy Frank, executive director for Cushman & Wakefield in East Rutherford. "You position New Jersey on the quality of the workforce and the proximity to the most important market in the world ... Ingersoll Rand moves out for its own business-operation reasons, and BMW sucks up that space and those people in the blink of an eye."

But a corporate headquarters, as opposed to just an office or other facility, brings special benefits to the immediate area where it is situated, Hughes, the Rutgers dean, said. For one, a corporate headquarters often attracts a lot of visitors, including customers, clients and out-of-town employees, who may use local hotels and restaurants. .

"A headquarters is usually important for a town," Hughes said. "All corporations have some charitable contributions. ... Generally, within reason, they want to be good corporate citizens. And the dollars usually go to the community where the headquarters is located. If it's just a branch of the company, there is usually nobody at the site that has the ability to make those contributions. They have to go back to headquarters to get the approval."

Orders out of Express Scripts' headquarters in Missouri were to pull Medco's deal with the FDU pharmacy school. "We're proud to support pharmacist education, and we'll continue to do so in ways that directly help students learn more about the practice of pharmacy," an Express Scripts spokesman, Brian Henry, said in an email.

In a still-limping economy, some companies are trying to pinch as many pennies as they can by securing lower rents or dumping space that's no longer needed because of downsizing. But North Jersey, and Bergen in particular, has always been an expensive region for a company headquarters. In fact, northern New Jersey ranked as the fifth-most-expensive market for a company to operate its headquarters, at \$43.4 million a year, according to a study this year by the Princeton-based Boyd Co., which provides corporate site selection consulting services.

Despite its high cost, Bergen County has a lot to offer businesses, said John Boyd Jr., a principal at Boyd.

"As the economy improves, we should see less consolidations and more expansions," he said. "When that happens, the fundamentals for Bergen County are pretty strong: a highly developed public transportation system infrastructure and a lot of market-related office activity that really places a premium more upon market access rather than operating cost."

Pearson's exit from Upper Saddle River is being driven by several factors, said a company spokeswoman, Wendy Spiegel, including its desire to find a "vibrant" urban site.

"What precipitated the move was our lease was expiring in a number of locations, not just Upper Saddle River," she said.

Ground will be broken next month on the tower where Pearson will relocate most of its employees in Hoboken.

"It's a beautiful waterfront, riverfront location in a very energetic, thriving community," Spiegel said. "We've had a very wonderful tenure in Upper Saddle River. It's a beautiful community. But we had to make a decision about what our current center of gravity should be, and we thought moving to Hoboken would be a positive opportunity for our attracting employees as well as those employees who currently work with us."

The health care company PDI relocated its headquarters in 2009 from Upper Saddle River to Parsippany in Morris County.

"The reason was to be closer to clients in the Parsippany-Princeton corridor and be closer to the talent pool of people in the pharmaceutical industry," said a company spokeswoman, Melody Carey.

In 2007, the medical laboratory operator Quest Diagnostics moved its headquarters from Lyndhurst to Madison, also in Morris County. Morris offers lower rents for prime commercial space, roughly about \$22, versus \$24 a square foot in Bergen, Boyd said.

Jeff Babikian, executive vice president with CBRE in Saddle Brook, denied there was "a flight out of Bergen." But the county does not have a huge cluster of prime commercial space available, unlike Morris, he said. And in towns like Paramus, blue laws drive tenants away.

"It's a global economy, and you cannot service a global economy by not being able to access your space on Sundays," Babikian said. Bergen County is being proactive in terms of trying to keep companies and their headquarters in the county. The Bergen County Economic Development Corp. has started a listening-to-business initiative, with plans to meet with the county's 25 largest employers to get an early read on whether a company is planning to exit, said Maggie Peters, who has been director of the agency for a year. So far Peters has spoken to 12 of those businesses.

"Not only are we trying to find out about their experience here, but we're trying to figure out what their investment plans are going forward ... if they're not investing in the next three years, that's a red flag," Peters said. "So what can we do to keep them here?"

The county then teams with the state to try to convince these companies to stay put with carrots like tax incentives, she said. But that can be a hard sell if a company has been purchased.

"We've seen a lot of merger-acquisition and divestiture activity," Peters said. "For an economic developer, that's a difficult situation because there's absolutely nothing you can do because often-times you're with the company that's being acquired or the decision has already been made in another state."

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