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## Pepsi to add jobs in expansion

By **Richard Craver** | JOURNAL REPORTER **Richard Craver** | JOURNAL REPORTER



PepsiCo Inc. may have been born and bred in North Carolina.

But it took more than a year's worth of negotiations, including conversations between Pepsi's top executive, Indra Nooyi, and Gov. Bev Perdue to persuade the company to expand its sales and call-center operations in Winston-Salem.

Pepsi Beverage Co. said yesterday that it will add 195 jobs and spend \$7.5 million on renovating local operations over three years. The center caters to vendors and retailers, not consumers.

"Several sites were evaluated for the call-center expansion," said Kristi Mills, a spokeswoman for PBC Communications. "Winston-Salem's existing capability and footprint was the best fit for these jobs."

The decision also signals the retention of 870 jobs at University Corporate Center. PepsiCo is in the process of consolidating from seven to four call centers — a cost-cutting ripple effect from buying two of its largest bottlers in February.

Before a couple of hundred Pepsi employees and officials, Perdue said she and Keith Crisco, the state's Commerce secretary, had a "marvelous one-on-one conversation with your CEO about North Carolina and our love and our pride in this company."

"We were relentless with Pepsi. We wouldn't let this one die," Perdue said. "This isn't just about jobs and an expanding call center. It's the fact that in these globally competitive times, they could have gone anywhere in the world, but they chose to one more time re-up their commitment to this city."

The new jobs will pay an average of \$36,500 a year, plus benefits. Dan Stempkowski, a local vice president of business services for Pepsi Beverages, said the goal is to have at least 1,100 employees here by 2014.

Pepsi is eligible for \$400,000 in local incentives — \$250,000 from the city of Winston-Salem and \$150,000 from the Forsyth County Board of Commissioners — and a matching \$400,000 grant from the One North Carolina Fund.

Local officials said that Winston-Salem had competition from Chicago, Fargo, N.D., and Plano, Texas. PepsiCo operates call centers in Fargo and Plano.

The incentives "were more about playing defense with the Pepsi operations and not putting the community at risk of losing the existing jobs," Winston-Salem Mayor Allen Joines said. "It also was about not losing the community support from Pepsi as an employer and its employees."

John H. Boyd, a principal in The Boyd Co. Inc., a site-location consulting company in New Jersey, said he was not surprised by PepsiCo's decision.

"These are exactly the type of quality-driven, customer-service jobs that we see washing back on our shores from places like India, the Philippines and the Caribbean, especially from brand-centric and consumer-driven corporations like PepsiCo," Boyd said.

"Hyper-wage inflation, turnover rates unheard of in the States and cultural disconnects with American customers, especially in places like India, are growing concerns for U.S. companies operating off-shore call centers."

How Pepsi Beverage expands its local operations "is still evolving," said Fran O'Rourke, a local vice president of sales.

Stempkowski said that the logistical details may not be settled for at least another month.

Kevin Cox, a spokesman for Wake Forest University, which owns the corporate center, said Wake "has nothing to add at this point."

The center has more than 520,000 square feet.

Pepsi Beverage leases 160,443 square feet in the center, according to a presentation compiled by the Winston-Salem Chamber of Commerce that the governor and local officials showed to Pepsi. The chamber estimated Pepsi would need another 60,000 square feet of Class A office space to accommodate its expansion.

Perdue and Stempkowski praised the university for "working incessantly" to make the Pepsi expansion work.

"We will be working with Wake Forest to gain more space here," O'Rourke said. "We will be moving more people into our existing space as well."

It is possible Aon Corp. and BB&T Corp. would be required to move some or all of their operations in the center to accommodate Pepsi.

BB&T said it has about 150 employees in the center. The bank said it would work with Wake Forest “to support the economic-development project.”

Aon has units of its risk-management and insurance groups in the center. It has 522 jobs locally, including 441 with its Aon Consulting unit.

On Oct. 14, Aon said it planned to eliminate 1,500 to 1,800 jobs worldwide as part of its recently completed \$4.9 billion purchase of Hewitt Associates Inc.

“We continue to work through the integration of Aon Hewitt, which includes real estate,” said Joe Micucci, an assistant vice president of communications for Aon Hewitt.

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