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AmEx, Dell closures may create opportunities in Triad

By **RICHARD CRAVER**

The Triad is learning — painfully — that technology can both give and take away quickly when it comes to jobs.

The closing of the American Express Co. center in Greensboro, announced Wednesday, represents a canary in the coal mine for the industry sector, analysts said. The shutdown affects 1,900 employees, with about half living outside Guilford County.

With consumers increasingly willing to go online and use smartphones to make basic financial and other transactions, there's just less demand for talking to call-center employees, said Jim Bush, the company's executive vice president for world service.

The trend is disconcerting given there are about 16,250 customer-service employees just in the Triad's financial-services sector, according to the Piedmont Triad Partnership.

That's nearly double the employment level of the next highest financial-services job category of bookkeeping, accounting and auditing clerks. The average wage is about \$14.74 an hour.

Many work for a who's who of corporations: Aetna, American Express, Aon Corp., Bank of America Corp., BB&T Corp., CitiCards, GMAC Insurance, Lincoln Financial, Pepsi Beverage Co., Pepsi Bottling Ventures, RMIC Corp., Triad Guaranty Corp., United Health Group, US Airways Group and Wells Fargo & Co.

There are some silver linings in the bleak job market for customer-service employees.

Hiring plans by BB&T, Pepsi Beverage Co., US Airways and Wells Fargo could add up to a combined 600 customer-service jobs in the Triad this year. BB&T's and US Airways' plans include returning jobs as part of ending or curtailing offshore initiatives.

"Keep in mind, the canary is still breathing, but a bit slimmer," said John H. Boyd, a principal in The Boyd Co. Inc., a site-location consulting company in New Jersey.

"This technology-driven dynamic is creating excess real estate capacity at many of the nation's major players in the call-center industry, especially those within the travel and hospitality sector and direct marketing field."

That reality, Bush said, led American Express to first reduce its U.S. call-center work force through attrition before deciding it needed to close one of its four centers.

Working from home

The good news about the call-center trend is that about 400 employees will be set up to work from home at the same pay rate they made in the center.

The bad news is that about 1,500 employees will have to decide by late April whether to follow their job to a call center in Fort Lauderdale, Fla., Phoenix or Salt Lake City, or accept a severance package that includes 16 weeks of "bonus" pay and enhanced job-training assistance.

Bush said American Express opted to close the Greensboro center primarily because it has fewer services than the other centers. The closing also would give the remaining centers enough workers to run at full capacity rather than at two-thirds.

"This digital revolution is under way," Bush said. "Think for yourselves how many of you use electronic tools to access information, make payments and check balances.

"Historically, those calls have gone to a person. Now, people have devices they can check 24 hours a day. Seventy-five percent of our U.S. customers are paying us through an online account."

Bush said American Express plans to retain a sizable call-center work force overall, but gear it in a more consulting and collaborative way. "We see opportunity in that direction as we evolve and expand our business," he said.

Faster-paced world

Dan Lynch, president of the Greensboro Economic Development Alliance, said technology is accelerating the rhythm of capitalism as a creator and destroyer of jobs.

"The Internet and online services is creating economic changes at the speed of light, and it's our job to try to stay on top of it the best we can," Lynch said.

He said there are parallels between the American Express decision and the plant closing by Dell Inc. in November.

Because Dell chose to assemble only desktop computers at the Winston-Salem plant, technological advances with laptops, as well as lower labor costs overseas, drove down production costs. That made laptops more affordable, thus cutting sharply into the market share of desktops.

That shift in market share — and Dell's flawed business model — eventually cost 905 Dell employees their jobs in the past 15 months.

However, the laptop's dominance as an electronic communication choice is being challenged by smartphones and other personal-assistance devices.

Greg Lilly, an associate professor of economics at Elon University, said call centers had seemed to be a "perfect replacement" for low- to moderate-skilled workers, including those from the manufacturing sector.

"But what we're finding out is that call-center jobs are feeling the same economic crunch as manufacturing workers," Lilly said.

The broadband factor

Boyd said another technological factor is the increasing availability of "robust broadband telecommunications services," which enables customer-service employees to work from home with secured connections in place.

"Note that the savings with virtual call centers is not in labor costs — many states have labor laws now requiring equal pay for home agents — but in the real estate and occupancy costs," Boyd said.

The Triad will remain a hub for call-center operations because of its geographic location and quality and available work force, he said.

"It's just that the call centers will have a smaller number of agents, be more skill-based and have a more modest real estate footprint," Boyd said.

"More likely than not, the new call centers will be offering remote/home-based positions at startup, not as a partial exiting strategy like American Express."

Penny Whiteheart, executive vice president of the Piedmont Triad Partnership, said the health of the Triad's customer-service sector remains good overall, particularly with companies using between 80,000 and 180,000 square feet of space.

"The American Express center was by far the largest call center in the region, and it was a real estate decision," Whiteheart said. "While we may experience some companies wanting to decrease their office space, I don't believe we're facing an elimination of the center trend."

"Our area, overall, has benefited from the internal industry consolidation trend in terms of jobs. Once the American Express and Dell buildings are available for new users, it provides a new outreach to companies who may not have considered the Triad or North Carolina before."

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