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EDITORIAL: A new model [Winston-Salem Journal, N.C.]

Nov. 1--If you build it, they will come, the saying goes. And if they leave it, others will come. That seems to be the view of a task force trying to find a new tenant for Dell's Winston-Salem plant when it closes in January.

Empty factory buildings dot the landscape of our region, sad symbols of hard times and the competitive pressures of global free trade. The shuttering of factories that once rolled cigarettes, weaved yarn and built furniture was as inevitable as the weeds and rust that envelop them.

But the Dell plant, which opened just four years ago with the backing of millions of dollars in incentives from the city, county and state, seemed to denote that the region was transforming to a higher-tech economy. It is, however, a rapidly changing economy with shifting consumer demands, and the local plant, which assembles desktop computers, has already been left behind. Having the 700,000-square-foot building -- one of the largest, most modern manufacturing buildings in the state -- sit vacant would be an intolerable symbol of failure.

Dell says it will repay the \$26.5 million in local incentives. Perhaps a portion of that money could be used for marketing the plant and, yes, even for incentives for a new tenant. It's important for the local economy that the 900 jobs the plant provides be replaced. On that note, the task force may have an edge. Companies are starting to expand again, and they want plant buildings that don't require extensive refitting or renovation.

Although it's unlikely that the city and county will attract a company that equals Dell in size and profile, it might land a large distribution company that could help realize the vision of the Triad as an aerotropolis, a large concentration of businesses with air-transportation enterprises around an airport. The Dell building is in a prime spot in eastern Winston-Salem, just minutes from the Fedex hub at Piedmont Triad International Airport and Interstates 40 and 85.

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Adjacent to the plant is 90 acres of open land. The land had been set to be reconveyed to the city. But because Dell has said it will pay the city back \$15.6 million in incentives that includes the \$7 million cost of purchasing the land, City Attorney Angela Carmon determined that it would be appropriate for Dell to keep the land and market it with its plant, Mayor Allen Joines said last week.

In addition, a Spartanburg company has 100 acres in the immediate area of the plant that it wants to develop for distribution companies. All in all, this is prime commercial property.

The task force formed by Joines includes officials from Dell, the N.C. Department of Commerce, the city and the county. It's in Dell's best interest to find a buyer for the plant; it's obligated to pay city and county taxes on it of more than \$1 million annually until it does so. That should provide a safety net as the task force embarks on what could be a long process. As the plant's owner, Dell will have final say on its disposition.

Tony Plath, a finance professor at UNC Charlotte, said that, given the FedEx presence and the Triad's status as a distribution hub, he'd guess that either a distribution/logistics company such as UPS or a specialty manufacturer serving the automobile/transportation industry would be most interested in the plant. He added in an e-mail that a company that wants to get out of the troubled California market might take an interest in the Dell building, given the lower cost of doing business here, the quality of life, the labor force and the proximity to major Eastern Seaboard transportation routes.

"Bottom line: The Dell plant won't remain a big black box in perpetuity, like some of the GM manufacturing facilities outside Detroit," he wrote.

John Boyd, the president of the Boyd Co., a site-selection business based in New Jersey, said that some distribution companies in his state are leaving because of an adverse business climate that includes high property taxes. Perhaps leaders here could attract one of those companies, he said. Distribution is higher-tech than it once was, he said. And many distribution plants now include accounting, financing or customer-service offices.

No tenant will generate the excitement and high hopes that Dell did. But in the hard light of late 2009, it's clear that much of the original Dell hoopla was fleeting, and its eventual departure not unexpected. In the high-tech economy, consumer demands change with sometimes lightning speed and companies adapt or go away, which is a standing argument for ironclad incentive payback agreements every time.

Perhaps this is the new clean-industry economic model for cities: fast-moving economic development that is flexible and adaptable. Hanesbrands' announcement last week that it will close its last manufacturing plant in Forsyth County underscored one fact: The era of the great American factory is past.

The task force, made up of some of Winston-Salem's finest economic-development minds, has important work to do. If it is successful in finding a tenant for the Dell plant, we'd recommend that that only be the beginning.

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