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Triad weathers corporate headquarters departures with manufacturing revival

Richard Craver - Oct 15, 2022

Last month's announcement that the Atlantic Coast Conference would move its headquarters from its founding home in Greensboro to Charlotte may be foremost a symbolic shock than an economic one.

After all, the headquarters near Grandover Resort has about 50 employees to relocate by the time the 2023-24 athletic season begins.

Yet, the headquarters decision driven by ACC Commissioner Jim Phillips, with unanimous approval by the conference's board of directors, is the latest disheartening contribution to what is increasingly becoming a "Big Brother, little brother" relationship between Charlotte and the Triad.

Another apt metaphor is that Charlotte represents the major leagues when it comes to corporate headquarters, while the Triad is evolving into a minor league system that nurtures and helps corporations grow and succeed until top management determines they are ready to compete in a bigger business environment.

The 2017-18 decision by Krispy Kreme Inc. to move its corporate headquarters functions to south Charlotte was cloaked with initial insistence that Winston-Salem would retain at least a global headquarters presence here.

It wasn't long, however, after Krispy Kreme executives began working in their new South End office that the company fully embraced calling Charlotte home.

The common denominator: Charlotte is a more vibrant, growing community in which to attract young professionals to a live-work-play environment for jobs paying six-figures situated in an ever-expanding skyscraper skyline.

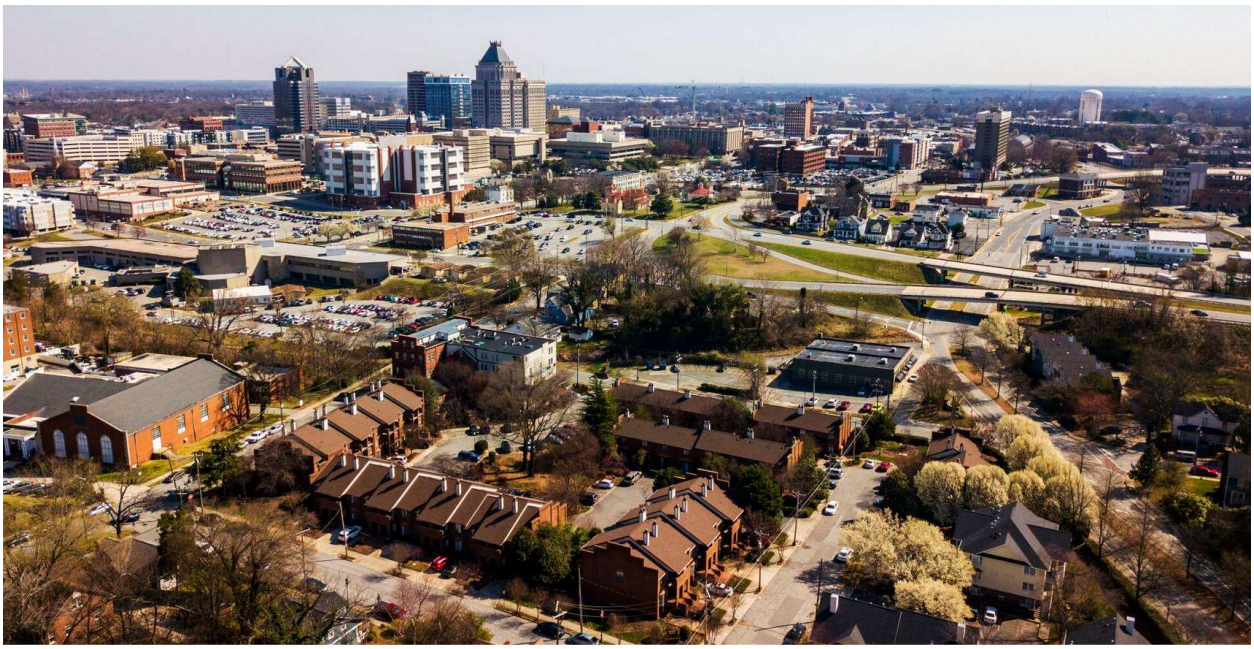
It's a strategy that downtowns Winston-Salem and Greensboro have tried to perpetuate with remarkable success during the 21st century, but still paling in comparison to Charlotte.

A speed-limit metaphor has been used often to describe the economic engines of Charlotte, Raleigh, Winston-Salem and Greensboro.

Charlotte is pacing at the 70 mph speed limit, sometimes surging faster before reaching what seems to be temporary roadblocks on its progress.

Raleigh is going at a steady 55-to-65-mph pace, largely dependent on Research Triangle Park developments and the Triangle universities.

Meanwhile, Winston-Salem and Greensboro find themselves going side-by-side in the 35- to 45-mph range — still moving admirably forward, but falling increasing farther behind in the rearview mirrors of Charlotte and Raleigh.



Downtown Greensboro seen from the east end of Walker Avenue on March 15.

WOODY MARSHALL, NEWS & RECORD

PTI as microcosm

Within the ACC headquarters decision-making process lies a microcosm of that scenario.

Piedmont Triad International Airport became identified as a weak link in that it offers few direct flights to ACC cities outside the region.

PTI is becoming known more as an infrastructure economic engine than passenger service with the planned $500 million Boom Supersonic “superfactory” adding to the pivotal presences of the FedEx Corp. sorting hub, HAECO Americas’ maintenance and repairs operations and the HondaJet manufacturing campus.

Meanwhile, Charlotte-Douglas International Airport “is the fifth busiest airport in the world,” Phillips touted during the Sept. 20 announcement.

“We have right around, maybe a little more than, 80,000 ACC graduates that live in the Charlotte region.

“There’s home to nearly 500 global and regional headquarters in the city and city land area.”

The Charlotte airport and the American Airlines hub there helped to “carry the day for the Queen City more than anything else,” said John H. Boyd, founder and principal with global site-selection firm The Boyd Co. of Boca Raton, Fla.

There’s also the reality that the ACC can draw more corporate sponsorship funds from Charlotte than Greensboro or the Triad as a whole considering there are nine Fortune 500 companies in Charlotte, along with another eight in the Fortune 1000.

For an ACC scrambling for every corporate dollar to trim the gaping media rights gap with the Southeastern Conference and Big Ten Conference, being located in Charlotte can be a pivotal factor.

This July 2014 photo shows the Grandover Resort, where the ACC is based, all dressed up to greet people attending the 2014 ACC Football Kickoff. The ACC, which has been headquartered in Greensboro since 1953, is moving to Charlotte.

ROB BROWN, NEWS & RECORD

Tricky pursuit

“The pursuit of economic development is tricky,” said Michelle Steward, an associate professor of marketing at Wake Forest University.

“There are tradeoffs, when the reality is that we often want it all,” Steward said.

“We need to decide who exactly we are as a city (in Winston-Salem), and if that fits who we want to be. We are not Greensboro. We are not High Point. We are not Charlotte.

“Who are we?”

Steward said one dose of reality is recognizing that “we are not the best city for everyone.”

“That is one of the most difficult statements for any city to hear,” Steward said. “However, deciding who we are will help us intentionally attract the right businesses and spend our resources in the best way to better serve residents.”

For much of the 21st century, local economic developers, as well as those with Piedmont Triad Partnership and later the Carolina Core, have recognized that reality.

That’s why there’s been a tightened focus on recruiting and expanding advanced manufacturing, logistics and transportation.

That strategy had landed some major projects in the past year with Boom Supersonic and Toyota North America in the Triad.

“A city can often fall into the trap of attempting to be everything for everyone,” Steward said. “That approach does not result in the best economic health and quality of life for a city and our residents.”

Steward said local civic, elected and economic development leaders must determine “what does success look like?”

“For example, does it look like having a half a dozen corporate headquarters, with an average of 6,000 employees?

“Or is success a large community of entrepreneurs and individuals who work from home for companies many states away? Or is success a portfolio of businesses of varying sizes, but of interrelated industries?”

Communities also determined what are its leading metric of success, Steward said, citing as examples number of residents, amount of taxes collected, crime rate, percent of residents with

a college education, percent of voter turnout, number of tourists per year, and stability of businesses.

“The answers to these tough questions cannot be soundbites that simply serve an election cycle,” Steward said. “Our decisions about who we are will guide our city’s needs, from roads to parking to education to housing and beyond.”

Winston-Salem Journal Gov. Roy Cooper receives a model of Boom Supersonic’s Overture jet from Boom’s President and Chief Business Officer Kathy Savitt during the January announcement that the aviation company will build its supersonic jet at Piedmont Triad International Airport in Greensboro.

WALT UNKS, WINSTON-SALEM JOURNAL

Altogether, Steward said that “I am not convinced that businesses making an economic decision to relocate is necessarily a bad thing.”

“Especially if this decision forces a city to think carefully about who we are and what success looks like.”

Corporate losses

Winston-Salem, after being home to as many as 10 publicly traded corporate headquarters in the latter part of the 2000s, is down to just one publicly traded company in Hanesbrands Inc.

During this century, Winston-Salem saw at least 14 corporate headquarters depart for various reasons.

Some were bought by larger corporations, such as Reynolds American Inc., which was bought by British American Tobacco Plc, and Wachovia Corp., bought by First Union Corp.

Others, ranging from Targacept to Triad Guaranty, went out of business or moved.

Winston-Salem Journal The 2017-18 decision by Krispy Kreme Inc. to move its corporate headquarters functions to south Charlotte was cloaked with initial insistence that Winston-Salem would retain at least a global headquarters presence here. It wasn't long, however, after Krispy Kreme executives began working in their new South End office that the company fully embraced calling Charlotte home.

ANDREW DYE, WINSTON-SALEM JOURNAL

Some, like BB&T Corp., moved because of corporate acquisition. The financial institution moved to — where else — Charlotte after spending $33.4 billion to buy SunTrust Banks Inc. to form Truist Financial Corp.

Although in many instances thousands of employees remained in Winston-Salem, such as with BB&T, Reynolds and Wachovia, it's clear that having a subsidiary or a hub doesn't carry the same socioeconomic weight as having the corporation based here.

Or, in other words, to the buyer goes the headquarters spoils.

"Having fewer publicly traded companies, especially of the Fortune 500 variety, in an area brings several deleterious effects that are not always so readily apparent," said Zagros Madjd-Sadjadi, an economics professor at Winston-Salem State University. "There will likely be less corporate involvement in lobbying efforts in Washington and Raleigh. We will likely see fewer carve-out positions on legislation that would normally help us as an area.

"There will likely be a decrease in charitable giving in the area. We will likely lose out on some corporate relocations due to a lack of proximity to similar corporate entities."

The silver lining, according to Madjd-Sadjadi, is local civic, economic and elected officials can "pay more attention to small- and medium-sized businesses."

“There could be more interest in broad-based local tax policies, rather than ones that carve out special provisions or incentives for favored large corporations,” Madjd-Sadjadi said.

Winston-Salem Journal Truist, the financial entity formed from BB&T Corp.’s acquisition of SunTrust Banks Inc., will have its headquarters in Charlotte.

WALT UNKS, WINSTON-SALEM JOURNAL

Success begets success

Keeping and attracting corporate headquarters is daunting in the best of economic times, acknowledged Mike Fox, president of Piedmont Triad Partnership, and Brent Christensen, president and chief executive of the Greensboro Chamber of Commerce.

Yet, both economic officials stress the Triad’s economic momentum has seldom been better given not only the recent manufacturing investments from Toyota North America, Boom Supersonic, VinFast and Wolfspeed.

Christensen also cited recent expansion commitments from “companies who have been here for decades,” Volvo Trucks North America, Procter & Gamble, Mack Trucks and Cook Medical.

Then, there's having the U.S. or North American operational hubs for major global corporations, such as Volvo Trucks North America, Syngenta and Reynolds American Inc.

Winston-Salem Journal Winston-Salem, after being home to as many as 10 publicly traded corporate headquarters in the latter part of the 2000s, is down to just one publicly traded company in Hanesbrands Inc.

BRUCE CHAPMAN, WINSTON-SALEM JOURNAL

"We put our energies into attracting companies who see the value in our talented workforce in the region," Christensen said. "All in all, the ledger for our region is overwhelmingly positive and our economic-development pipeline remains robust, and we're not taking our foot off the gas in any way."

Fox said that while the Triad wants to be successful in every economic-recruitment effort, "we want to be winning the ones we should win, particularly for corporate headquarters for companies that are a fit for us within the Carolina Core."

"While the headquarters jobs are really great from a prestige point of view, and they tend to have higher-paying executives, these other recent announcements come with their own levels of prestige and top management officials."

Citing Toyota North America as an example, Fox said it will have more high-level corporate managers here than the ACC headquarters.

Fox also mentioned work-from-home shifting from a COVID-19 pandemic necessity to a corporate workforce shift, which had led some corporations to reduce their real estate holdings, particularly in downtown areas as Truist did in early 2020 in downtown Winston-Salem.

“There are a large number of companies who will not go back to everyone being in the office, particularly the larger corporations,” Fox said.

“We believe for those employees who can work from home from anywhere, we are very attractive in terms of quality of life, lower corporate expenses, better housing values compared with larger metros, plus you’re not stuck in commuting traffic for hours each day.”

Christensen

BERT VANDERVEEN

Chamber reactions

Mark Owens, president and chief executive of Greater Winston-Salem Inc., said the chamber’s role during the current turbulent economic times is “to be out in front of the trends so we can continue attracting talent and companies to our market, rather than being responsive.”

“We are working with three main ingredients — awareness, workforce, and sites — to recruit and retain economic investment,” he said.

Owens said Forsyth “has a robust pipeline of project interest, both through local expansion and external relocation.”

“Our region is in play for one-third of projects currently under consideration through the Economic Development Partnership of N.C.”

One example surfaced last week in Project Bluefin, a corporate headquarters recruitment project that has reached the Winston-Salem City Council.

The project involves a German company that makes ventilation system motors that is eying Winston-Salem as a possible site for its North American headquarters and manufacturing for a potential workforce of more than 500.

The Winston-Salem City Council is scheduled to debate whether to approve providing more than $600,000 in performance-based financial incentives to what is being called Project Bluefin.

The company, which has 200 employees at a Guilford County plant, may be eligible for state Job Development Investment Grant funding since it is considering sites in South Carolina and Tennessee. But since the company already has 200 jobs at its plant in Guilford County, city leaders say those jobs could at least stay in the Triad if the company moves here.

Winston-Salem Journal Winston-Salem city skyline as seen from the Martin Luther King Jr. Boulevard interchange on U.S. 52.
WALT UNKS, WINSTON-SALEM JOURNAL

City officials said the industrial prospect makes motors for ventilation systems in hospitals, schools, government buildings, data centers and for other applications including food and cold storage. The parent company is based in Germany, but the new location would be its headquarters and main distribution and manufacturing site for North America.

Owens cited that since the start of 2021, Greater Winston-Salem has facilitated projects generating 600 new jobs with $301 million in investment, “and there is more on the way.”

By contrast, the city of Charlotte’s second-quarter 2022 growth report disclosed “nearly 1,000 announced jobs and more than $300 million in announced capital investment.”

“Despite recession fears, the region continues to see strong employment growth.”

Owens touted the WSPR Fund having invested $1.1 million into six startup companies.

Owens pointed to the Triad’s enduring strength of having 18 colleges and universities and a workforce of more than 800,000.

“Regional wins positively impact Forsyth County as well evidenced by the increase in activity around automotive suppliers and aviation/aerospace companies,” Owens said.

Owens also focused on Innovation Quarter recruitment success that while light on job creation, they are projected to generate tens of millions of dollars in capital investment spending.

While acknowledging that the successful Whitaker Park renovation initiative is about complete, “there is still great opportunity for tenants and companies to locate there with roughly 240,000 square feet still available.”

In terms of addressing Forsyth’s lack of available land to convert into a megasite, Owens said the chamber is working with the city and county “to identify more than 750 developable acres to bring to our commercial real estate market.”

Outsiders’ perspectives

For national site-selection expert John H. Boyd, the ACC’s decision to relocate its headquarters to Charlotte is more about the economic and social advantages that Charlotte can offer instead of what Greensboro and the Triad may lack.

“Give credit to Charlotte Mayor Vi Lyles, its reconstituted economic development organization led by Danny Chavez, and business leaders like Johnny Harris for successfully elevating sports as a major engine for new tourism dollars and metro area business growth,” Boyd said.

Boyd said there’s an unprecedented lack of available, shovel-ready industrial sites in most U.S. markets.

“Real estate is playing a much bigger role, and earlier on in the site-selection process,” Boyd said.

“These mega parcels of 1,000 acres help to distinguish North Carolina versus many other states and help in competition in particular with Georgia and Tennessee for large and coveted electric vehicle projects.

“In the site selection business — the availability and readiness of these large, fully serviced sites are used as a benchmark in evaluating a state’s overall business climate.”

The Chatham Advanced Manufacturing site still has 1,400 acres available for future development. The adjacent MidState park offers 292 acres on U.S. 64.

About 900 acres are still available at the PTI megasite.

New industrial parks are being scouted and coming online in Guilford, Alamance, Davidson and other counties, Fox said.

Fox noted that the three largest capital investment projects in state history have selected the Carolina Core in the past 10 months.

“This is a testament to the unprecedented regional collaboration, strategic investments, highly skilled workforce and readily available sites in the Carolina Core that empower companies to push the boundary and innovate for tomorrow.”

Even as Charlotte's economic might increasingly overshadows the Triad, Boyd said a big-fish-in-small-pond strategy still is working for the Triad.

"We see opportunities for the Triad to leverage its lower-cost profile, lifestyle attributes and available land for mixed-use developments in order to attract what we have recently described as the new normal for post-pandemic corporate headquarters," Boyd said.

Boyd said the Triad is attractive to corporations desiring those attributes without having to pay a metro Charlotte cost to obtain them, particularly for corporations still trying to figure out its work-from-home strategy.

"I can tell you that our BizCosts.com data bank has been getting data requests from major national housing developers following the job growth and big-ticket industrial wins like Toyota and Boom in the Triad," Boyd said.

"They are largely interested in new mixed-use housing developments that also include Class-A office components.

"Many of our site-seeking clients are moving toward a hub-and-spoke model with one central head office hub and additional smaller spokes — or satellite offices for administrative support."

Boyd also continues to project Forsyth and the Triad benefiting significantly from supplier ripple effects from the Boom Supersonic and Toyota North America manufacturing plants.

"Suppliers drawn to the Triad to do business with Toyota, Boom, HondaJet and others are likely to consider the region for a sales or administrative-type office as a result of developing relationships and synergies with the Triad," Boyd said.