

Omaha World-Herald

Experts: Saving some operations is the best hope for Omaha's TD Ameritrade jobs

By Henry J. Cordes and Jeffrey Robb / World-Herald staff writers - Nov 25, 2019



Omaha's best hope to keep TD Ameritrade jobs amid the company's sale to Charles Schwab appears to be preserving some operational and customer service functions. A site selection expert and economists think there's a good chance for that.

With the gut-punch announcement that TD Ameritrade is being sold, focus turned Monday to how many of the online brokerage's 2,300 Omaha jobs can be saved.

Ironically, among those scrambling and pushing for Charles Schwab to preserve operations in the city was Gov. Pete Ricketts, the son of TD Ameritrade founder Joe Ricketts and the firm's former chief operating officer.

“In the coming days, I will work to personally make the case to Schwab to stay committed to Omaha,” said Ricketts, whose family long ago ceded controlling interest of the company.

The announcement means Omaha will lose a major corporate headquarters and the hundreds of associated jobs. San Francisco-based Schwab announced Monday the combined headquarters will be in suburban Dallas-Fort Worth, which came out as the biggest geographic winner in the \$26 billion deal.

Omaha’s best hope to keep jobs appears be in preserving some of TD Ameritrade’s operational and customer service functions. A site selection expert and local economists think there’s a good chance some of those roles can be preserved.

“That would be a best-case scenario,” said John Boyd, principal of a New Jersey site selection firm. “I know the governor and his team will be working around the clock to make the case to keep as many jobs as possible. But make no mistake. Jobs are at risk and likely to be moved to suburban Dallas.”

Early Monday, Schwab made official its rumored acquisition of rival TD Ameritrade, creating a new brokerage industry behemoth that will hold more than \$5 trillion in client assets and be based in Westlake, Texas.

Schwab celebrated the “synergies” and “attractive returns” to shareholders when the firms are combined. The deal would not gain needed regulatory approvals until sometime in the second half of 2020. Integration of the two companies would follow over the next 18 months to three years.

In announcing the move, Schwab was quite specific about the effect — or, rather, lack thereof — on its San Francisco employees. It said the vast majority of jobs there would not be affected, with any moves to Texas occurring largely through attrition and relocation over time.

“Schwab was founded in San Francisco and has maintained a longstanding commitment to the Bay Area, which will continue,” the company’s statement said. “Schwab expects to continue hiring in San Francisco and retain a sizable corporate footprint in the city.”

But Schwab had little to say about Omaha.

“We have not provided that level of specificity yet,” Schwab spokeswoman Mayura Hooper said.

TD Ameritrade officials didn’t speak publicly Monday but acknowledged that the merger will significantly affect its nationwide workforce of more than 9,000.

“We believe that a large number of TD Ameritrade associates will continue on with Schwab post-integration, but there will likely also be many that do not,” the company said.

Employees in TD Ameritrade's green-tinted tower at Interstate 680 and West Dodge Road met with company officials late in the day but received few answers during the 90-minute session, which one employee called somber.

"The bottom line is people are going to lose their jobs," said the 20-year employee, who declined to be named. "Some people are going to keep their jobs, but they don't know yet."

After watching TD Ameritrade absorb numerous competitors over the years, the employee said it was strange to watch the other shoe drop.

"It is part of the American corporate culture," he said. "We basically eat our young."

Indeed, TD Ameritrade had survived numerous rounds of industry mergers and disruption. But in the end, it appears it couldn't survive a recent trading commissions war. Joe Ricketts actually has much in common with Charles "Chuck" Schwab. Both men in the 1970s founded discount brokerages that challenged the Wall Street establishment. While Schwab's became a more traditional brokerage, Ricketts' Omaha firm made its mark as a technological innovator, in time becoming the nation's highest volume online trader.

Then Schwab announced last month it was eliminating sales commissions on U.S. stocks and exchange-traded funds. Responding to Schwab's strategic play, within hours TD Ameritrade announced that it was likewise doing away with its \$7-per-trade commission. The "race to zero" on commissions had been brewing for years. But TD Ameritrade was far more reliant on such commissions than Schwab, losing \$1 billion in annual revenues from the move. Wall Street took notice. TD Ameritrade stock plummeted by almost 30%, no doubt helping fuel merger talks.

Schwab officials said the boards of both companies voted unanimously for the merger. That apparently included Todd Ricketts, son of Joe, brother of Pete and the lone Ricketts on TD Ameritrade's 12-member board. The move was also approved by an independent outside board that TD Ameritrade established to oversee all negotiations on the transaction.

So why did the new firm land in the northern Dallas-Fort Worth metro area?

Both TD Ameritrade and Schwab have significant operations there, Schwab in Westlake and TD Ameritrade just a few miles away in neighboring Southlake.

TD Ameritrade already has some 2,000 employees there, almost as many as in Omaha. Just a year ago, the company consolidated its Dallas-area workforce in a new Southlake operations center.

Boyd, the site selection expert, called Westlake one of the most desirable suburbs in the United States, with attractive housing, excellent schools, great air service and, since it's in Texas, no state income tax. Schwab has invested heavily in its Westlake campus and will obviously do so more now.

Ameritrade would represent Omaha's second recent loss of a Fortune 1000 corporate headquarters, coming four years after ConAgra announced it that was moving to Chicago. The still-fresh ConAgra departure also might offer a good primer on what could be ahead for TD Ameritrade.

While the headquarters is gone, ConAgra continues to have about 1,300 employees in Omaha, down about 1,000. A number of operations remain here, including research, product development, supply-chain management and oversight of production and distribution.

Similarly, Schwab could choose to preserve some TD Ameritrade jobs or functions in Omaha, such as the hundreds of registered brokers who handle telephone trades.

Ernie Goss, an economist at Creighton University, said he thinks a "sizable" number of jobs will remain. Any thought that all 2,300 jobs will relocate to Dallas or San Francisco "is just not credible," Goss said.

"It's not good," Goss said of Monday's announcement. "But it could be a lot worse. In the end, I think Omaha will come out just fine."

There's other consolation for those who lose their jobs, Goss said. Given the struggles of many Omaha employers to fill job openings, prospects are good that workers can find another job here.

Eric Thompson, a University of Nebraska-Lincoln economist, agreed, citing the region's relatively strong economy. "It should be a reasonably favorable environment to find new work," he said.