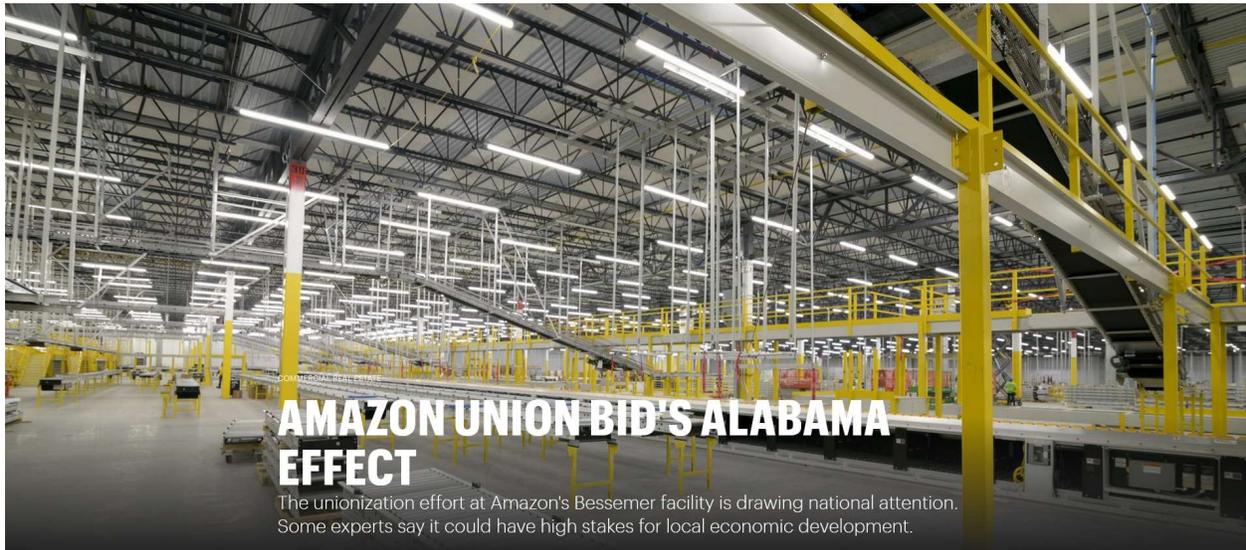


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By Hanno van der Bijl – Real Estate Reporter, Birmingham Business Journal - Mar 5, 2021

Birmingham was the last metro area of its size to land an Amazon fulfillment center, but it may be the first to see one with a union.

A campaign led by the Retail, Wholesale and Department Store Union to organize Amazon workers at the BHM1 facility in Bessemer is putting the metro area in the national spotlight with attention from Hollywood and Washington as celebrities, athletes and politicians – including President Joe Biden – have weighed in on the issue.

The high-profile nature of the union push has some local economic developers and commercial real estate brokers concerned about the long-term impact of the unionization drive on the future of corporate recruitment in Alabama, and particularly in metro Birmingham.

The RWDSU union vote in Bessemer would mark the first time an Amazon fulfillment center operation has unionized, despite the company's vast and ever-growing network of facilities around the nation.

That's driving a good portion of the national publicity in the effort. But the location is also raising eyebrows.

"It was always a matter of time," said John Boyd Jr., principal at The Boyd Company in Princeton, New Jersey. "I think what makes this significant is where it's happening."

Skirmishing in the South, particularly in Alabama – which was ground zero for America's civil rights movement – during a time of heightened national dialogue on social justice, is not lost on the world.

"All the stars are aligning really for this moment to be playing out in your neck of the woods," he said.

But while the world watches for the impact on Amazon, experts say a successful unionization effort in Alabama, which has often used its relatively modest union environment – compared to states outside the region – as a selling point, could have negative consequences in the short term while also presenting some opportunities.

'You couldn't find a better place?'

For both union supporters and companies, wages and benefits are not the primary sticking points. The restrictions around work rules, productivity, adoption of new technology and outsourcing can drive companies to avoid areas where unions could quickly come knocking on their doors.

Those factors have been common themes in the local RWDSU push, with union organizers citing productivity requirements, workplace safety and rules in making its unionization case. Amazon has said it doesn't believe the views of the organizers represent the majority of its workers, who will have their say when ballots are counted March 30.

Experts have said the timing of the union push is a unique factor, and site selectors say that timing could also have implications for Alabama.

A facility where thousands of workers voted to join a union less than a year after it opened would be a red flag for some companies, site selectors say.

Dennis Donovan, partner at Wadley Donovan Gutshaw Consulting in Bridgewater, New Jersey, said the perceived risk of unionization in an area is enough to scare off some companies. The head of corporate real estate or human resources that tells her company's executive team that she recommends locating a new facility in Birmingham will have to defend her case.

"Amazon just organized 6,000 people; you couldn't find a better place?' the team would reply," Donovan said. "That's the practicality of it all."

In the near term, Birmingham faces the loss of a number of companies that would have considered the area for new operations, now scratching it off the list.

“Not everybody, but it will definitely cause a loss of business, there is no question about it,” Donovan said. “It will.”

If the Amazon facility unionizes, Donovan said Birmingham could see a 25% to 35% decrease in the flow of prospects and a 25% decline in the success rate of serious prospects. If BHM1 is the only facility to unionize, Birmingham would have to deal with the loss of these potential jobs for 24 to 30 months before deal flow returned to previous levels, he estimated.

A spike in union drives and successful elections during that time period would only serve to accelerate the loss of potential investment, but if companies see other unions are soundly rejected, they will view Amazon as an isolated case and move forward, he said.

Boyd said the picture is not as bleak as some analysts portray.

“I would say that site-seeking companies are sophisticated enough to realize there’s tradeoffs in all locations,” he said. “Alabama has always had a strong union presence for a Southern state.”

At about 8%, Alabama has more union workers than some of its peers in the Southeast like the Carolinas, which are about 3% union, according to data from the U.S. Bureau of Labor Statistics.

U.S. Steel played a major role in the local economy, but the Birmingham area has seen a decline in union activity, especially since the 1970s and 1980s, when it lost a lot of jobs in the steel sector. The futility of unions in the face of job loss is a strong memory for some in Bessemer.

But site selectors say developers will use this as ammunition to take potential jobs elsewhere. Boyd said many of these distribution jobs, however, will be automated in about a decade and unionization votes run the risk of fast-forwarding the industry to a more robotic future.

But coming out of the pandemic in the meantime, the competition for good jobs will be hotter than ever before.

Ultimately, Donovan said there’s a chance leaders will recognize the Amazon union push could have happened anywhere.

“I don’t think it will be as deleterious as it could be,” Donovan said. “When you look at this particular situation, this is a national issue. It just happens it came to a head in Bessemer, but it could have happened in Minneapolis.”

'Do we really want to be where Amazon is?'

The push to unionize came as a surprise, especially since BHM1 had just opened. When workers start to organize, it usually means there's been a major breakdown in the relationship between management and employees.

Those companies that are not unionized already don't need to worry if they take care of their employees, said Charles Ball, director at Regional Planning Commission of Greater Birmingham.

"The ones that don't should not be surprised when people start whispers about it because these things don't happen in a vacuum," he said. "When you don't treat them well, you take them for granted — just like a marriage — that kind of stuff is going to cause some kind of reaction somewhere."

Ball learned firsthand the importance of valuing employees as the manager of the customer service department at a local utility almost 40 years ago. His staff started organizing and entered into discussions about starting a union.

The reason? Ball said they had become tired of his excuses for not finding a timely solution to the brand-new HVAC system in their new location that was blowing colder than expected all day long. The employees concluded from the company's inaction that they were not valued.

"And they were right," he said.

After the company addressed the issue, Ball said his staff did not move forward with the unionization push. Amazon, he said, still has time to do the same.

"There's nothing to keep them from going into whatever was wrong, righting whatever is wrong or perceived to be wrong," he said.

Identifying those issues, real or perceived, has some local economic development experts scratching their heads. They say their research has not uncovered any evidence of widespread dissatisfaction among employees at the facility. They do not see the push as representative of the majority of employees and would be surprised if a unionization of the facility were to be successful.

Amazon announced in 2018 it would bring 1,500 jobs paying \$15 an hour in Bessemer, where the average warehouse job pays less than that.

Amazon also offers its Career Choice program that would reimburse tuition costs for workers with one year of experience at the facility to pursue education and training for in-demand jobs elsewhere. As the program nears the one-year mark in Birmingham, local organizations are looking to connect Amazon workers with two-year colleges and other employers.

Due to benefits like these and its safe work environment, Amazon has often been able to attract the best talent in any area, making it challenging for other companies, Donovan said.

“Whenever we are working for companies that need the same kind of labor,” he said, “we’re always saying, ‘Oh my God, do we really want to be where Amazon is?’”

Other selling points

Alabama Secretary of Commerce Greg Canfield said the facility has far exceeded hiring goals while paying above-average wages, offering benefits like tuition assistance and providing company support. He said the state looks forward to working with Amazon on future projects.

“Regardless of how this vote turns out, Alabama remains a very favorable destination for investment, offering high-performing companies from around the world a business-friendly, low-cost environment with a highly motivated workforce, among other advantages,” Canfield said.

Amazon remains active in the Birmingham area. Sources say the plan to expand its Bessemer campus with Project Church was delayed not because of the union vote but because Amazon is mapping out its logistics network for the next five years. It is also taking space in the Birmingham Food Terminal for a new bulk sortation center.

Other companies are also expected to expand into Birmingham as the city stands to benefit from the migration from more expensive markets.

“There’s a real timely need for an aggressive national promotion strategy to promote Birmingham as a smart alternative because of its low cost of living, its low taxes,” Boyd said.

Cost savings will play a dominant role in site selection over the next 18 months as we emerge from the pandemic, he said.

“We’re asked to look at second-tier cities like Birmingham for projects that a decade or even a few years ago, Birmingham would not be in the mix,” he said.

Boyd said Birmingham should focus on attracting office projects related to sectors like aerospace, automotive, telecommunications and technology.

Experts don’t expect a union push in Bessemer to spread to other facilities in the metro area because, like many areas of the country, Birmingham employees prefer to deal directly with employers instead of going through a middleman, Donovan said.

If nothing else, it may motivate some employers to value their employees and take care of them to avoid the union from knocking on their doors, he said.

“Some companies, quite frankly, they may deserve it.”