Since 1960 the number of American workers employed in the service sector has grown quickly, while the number of workers engaged in manufacturing has remained constant at about 20 million. A traditionally negative bias has existed toward service-sector jobs, primarily because they are perceived as low pay, low skill, and not bringing much benefit into the community. The 1990s has witnessed a reevaluation of service-sector employment in the recognition that it includes such high-paying and growing business sectors as the medical and insurance fields, providing good jobs plus a countercyclical balance to manufacturing sector swings. Now many communities have based their economic development goals on attracting these types of industries, and are developing sites and parks to meet the required criteria for these companies.

The following is a sampling of types of commercial ventures that have become especially sought after by communities over the past decade. Some of these represent opportunities that were unheard of even ten years ago, but due to changes and advances in the field of telecommunications, customer service, and due to the push to cut costs and manage business in a "leaner and meaner" style, these advances have become a way of life for corporate offices.

**Call Centers and Back Office Operations:** The term "call center" is generic for "operations which use the telephone to support marketing, sales and service functions, from reservation or order taking to providing in-depth technical assistance" (Tangeman 1995, 27). Call centers have become a $650 billion industry in the United States, employing over 4 million workers to meet consumer’s demands for immediate information and product ordering resulting in over 60 million calls per day to toll-free numbers (King 1996). Call centers are becoming an ever-growing industry also in Europe, where the top markets are Ireland, Denmark, Belgium and Holland. Ireland and Holland, in particular, have actively positioned themselves to attract call centers by implementing changes in their tax structures, investing in technology, reducing tariffs, and promoting a young, qualified workforce adept at customer service. In Europe, Ireland is the country of choice, with many world-class companies such as Gateway 2000, Dell Computers, Best Western International, and ITT Sheraton setting up operations for customer inquiries, technical support, product sales and order processing (Tangeman 1995).

Companies wishing to establish call centers look for the same site requirements whether that site is in Europe or North America. They look for a region with an available labor pool with the needed demographics, low-cost leaseable space, a reliable telecommunications network, and a favorable tax climate. Other criteria such as community receptivity and incentives for economic development are also included in site evaluation. Areas with a likelihood of severe weather conditions are avoided because of the danger of communications disruption and employee absenteeism. These weather conditions affect not only the far northern climates but also southern ones that are prone to freezing rain (freezing rain causes damage to suspended telecommunication lines and disrupts vital service).

Labor demographics weigh heavily in the decision-making process because of the number of employees a call center needs and the characteristics it desires. Since call centers are usually large employers, operate twenty-four hours per day and experience high employee turnover rates due to the nature of the work, larger companies look for communities that have a sizable, transient labor force such as that found through universities, a large retirement community, unemployed homemakers, or the military. Smaller companies often look for more rural communities where the turnover rates and wage competition are low. Both large and small companies prefer locations with few or no other telemarketing operations so that there will not be upward pressure on wages and competition for available labor. Amenities designed to meet employees’ needs, such as secure parking lots, nearby restaurants, and public transportation, will also help sell a site.

Back offices are facilities that provide supportive services for a company’s main administrative and management functions. They are usually in a more remote (and lower cost) location and connected to the corporate headquarters through a state-of-the-art telecommunications network. Back offices are used frequently by insurance and financial services companies to support customer service and product
promotion needs. Citibank, for example, established a credit-card back office in Las Vegas in 1993, beginning a boom in facilities of this type in that city. Las Vegas had the right mix of labor demographics, telecommunications infrastructure, affordable housing, and absence of state and corporate taxes, and it was located in the Pacific Time Zone. What finally paved the way for the Citibank development was legislation pushed by the governor of Nevada to change the usury rate. Citibank started with a 500-employee facility, and it grew to a 24-hour operation employing 1,900 people by 1997.

Very similar site and community requirements exist for back-office operations and call centers. Both call centers and back offices rely heavily on telephone and telecommunications networks in order to conduct business. Communities that decide to target these operations in their attraction efforts must first be sure that they have the state-of-the-art network capable of meeting these company’s needs, including fiber optics, all-digital switching, and system reliability and redundancy. The major concern for back offices and call centers is that the telecommunications network is reliable, and that there are sufficient back-up systems in place for the network to avoid disruption of service. Both call centers and back-office operations are increasingly moving toward renting and modifying existing space as opposed to buying or constructing their facilities. Sites that seek to attract call centers and back offices need to be able to have available buildings that will meet those companies’ needs.

Call-center and back-office attractions have been used by some rural areas as a strategy to counteract the loss of manufacturing and natural resource-based jobs such as those in coal mining and agriculture. The far western tip of Virginia provides an example of such an area. There, the coal industry had provided high-paying jobs for generations of residents. But after the steady decline of the mines that began in the 1980s, economic development leaders began to turn to other strategies to improve the employment base. The Virginia Coalfield Economic Authority, encompassing seven counties in the region, helped spur investment in a superior telecommunications infrastructure that rivals those found in metropolitan areas. Combined with the pool of available labor and customized training programs, this region has been successful in attracting a number of teleservice firms.

The State of Iowa’s concerted efforts to attract call centers and back-office operations is a direct result of two trends facing the state’s important agricultural industry. The first trend is the increasing mechanization of farm production, resulting in fewer jobs in agriculture. The second trend is the need for off-farm income opportunities so that farm families can survive economically. Iowa’s program has been a success; over 20,000 state residents have been employed in call-center and back-office operations since Iowa began its attraction efforts in 1990. Many of these employment opportunities involve part-time work, ideal for those farm families seeking supplemental income. One example is APAC, a large telemarketing company that employs over 4,000 Iowans in 30 offices throughout the state. These offices provide services to clients in the insurance and package-delivery industries and use a “hub and spokes” arrangement for statewide operations, characterized by central offices in sizeable cities, with supportive satellite operations spoking out in smaller towns. This type of arrangement provides both direct and indirect benefits to the smaller towns. The direct benefit is in the form of new jobs. The indirect benefit occurs because APAC’s spoke operations are typically located in vacant downtown retail space where APAC’s telecommunications needs can be met. The presence of spoke operations helps to revitalize the central building district in the towns in which they locate. Iowa is unique in that there are 150 independent telephone companies in the state. These companies typically reinvest their profits into advanced telecommunications technology. The combination of a solid educational system and an educated labor force, and state of the art telecommunications infrastructure, has enabled Iowa to position itself to take advantage of the growth in these types of industries. Iowa was also proactive in establishing a tax structure attractive to the telecommunications industry. Data-storage computers are not subject to sales, use or property taxes; intrastate telephone calls are not taxed; and revenues from customers outside of Iowa are not subject to the state’s corporate income tax (Bastian 1997).

**Corporate Headquarters**: Few corporate relocations take place in any given year. Larger cities can benefit when relocations take place by making themselves aware of a company’s reasons and criteria for relocation. The decision where to locate is one of the most strategic a company will make, impacting directly on its ability to be successful in the global marketplace. The most common reason given by
companies for relocating their corporate offices, according to Gene DePrez, a partner with the site location firm Fluor Daniel, is to establish a facility from which they can operate internationally. "Today, companies considering a move usually do so to establish a more global presence," he says. "But in doing so they must think through the issue of identifying where those markets are that work for them." Cities such as New York, Chicago, Atlanta, San Francisco, Washington D.C. and Los Angeles have traditionally been sought as corporate headquarters locations because they offer high visibility and global presence. But these favored cities no longer have a lock on corporate headquarters; companies are finding that advances in telecommunications provide the ability to conduct business just as effectively from "second tier" cities. The smaller cities may provide a more strategic location for a company's operations as well as offering lower costs of doing business.

Important site/park criteria include access to a quality, talented workforce, proximity to airports offering excellent domestic and international connections, cost of doing business, operating environment, and quality of life. Many corporations today conduct an international search for top management and professional positions. In attracting and retaining this talent, quality of life issues such as affordable housing, excellent schools and access to higher education, cultural and recreational amenities and shopping all play an important part.

Real estate is generally a corporation's second largest cost (after labor), according to Arthur J. Mirante II, president and CEO of Cushman & Wakefield, Inc. Cities with lower real-estate purchase costs and office-space rental costs fare better in the corporate relocation arena. Real-estate costs in the United States are generally a bargain compared with those of international cities.

Access to airports with excellent domestic and international connections is necessary to save time and cost to transport employees from one company location or customer to another. Operating-environment considerations include the receptivity of municipal and other local governmental entities, a pro-business attitude, access to ancillary services such as banking, law firms and advertising, nearby research and development facilities (especially true for high-tech/biotech businesses) and, in the case of a corporate park, nearby or on-site amenities such as recreational centers and/or golf courses, day care, ATMs, nearby executive housing and restaurants. Ease of access to the park for employees and advanced data and communications technologies including high-speed data transmission systems such as ISDN (Integrated Services Digital Network, which is four times faster than analog modems), videoconferencing, and network integration are assumed.

High-Tech and Science Parks: High-tech and science parks are specialized parks that cater to businesses and enterprises involved in research and discovery. Many of these activities are traditionally centered near research universities and typically require large capital investments. Research parks are closely related to high-tech and science parks. According to Zimmerman (1995, 74):

Science parks ... physically bring together research organizations and entrepreneurial companies. They provide rental laboratory space, overhead functions such as secretarial support and conference rooms, information access such as technical journals and an Internet domain, all in an attractive campus setting. Thus small companies can save money by sharing these R&D functions.

Research parks began in California in the mid-1900s. They have spread throughout the United States and the world, now numbering over 400 worldwide with some 150 in the United States (Giunta 1998, 5). Many of these parks have taken decades to fully develop.

Research, high-tech, and science parks are highly specialized sites that are not feasible in many communities. Each community will have to assess its attributes to determine whether these types of sites are an appropriate option.