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Two views of job growth

Manufacturing shrinks and retools, while distribution work surges

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By **Michael Kanell** - The Atlanta Journal-Constitution

It's loud inside Metcam Inc.'s metal fabrication factory in Alpharetta.

The din comes from the bang and buzz and drone of large lasers, cutting machinery and 165 employees sometimes working with the equipment, sometimes doing what the machines can't do.



HYOSUB SHIN

Kurtis Young inspects a product at Metcam's Alpharetta plant. HYOSUB SHIN / HSHIN@AJC.COM

If you have grown up digital, it's a little bit of a revelation.

Nicole Shariati, 14, an eighth grader at Fulton Science Academy, was touring Metcam along with her robotics team. They are accustomed to working with computers, but not to seeing – and hearing — them in action making things.

“It’s incredible that this is in Alpharetta,” Shariati said. “And that is a good thing.”



Linh Nguyen operates a sheet forming robot at Metcam’s Alpharetta plant. HYOSUB SHIN / HSHIN@AJC.COM

But is it the future?

On the other side of the metro area in Union City is an alternative vision that was also open briefly to visitors recently: a massive new Walmart “fulfillment center,” a 1.2 million square foot facility built to handle burgeoning online business.

Like the factory up north, Walmart has about 160 employees at the center.



Packages being moved through the 1.2 million-square-foot Walmart ‘fulfillment’ center near Union City, south of Atlanta.

However, the retail giant plans to gradually triple that workforce as it ramps up operations over the next several years, said Neal Maguire, the center’s general manager.

Framed by the two facilities is a question about the economic future of metro Atlanta: Is manufacturing – long a crucial sector that can pull people into the middle class and keep them there – being replaced in the region’s economy by distribution and warehousing?

Not yet, but the trend is tilting that way.



Job growth, job pay

Warehouse work has been growing in Georgia, but manufacturing still pays better — and tech work pays better than either.

	Total jobs, 2014	Percent change 2009-2014
All Workers	2,647,261	8.5%
Manufacturing Workers	150,690	3.4%
Computer Design Workers	43,937	22.6%
Warehouse & Storage Workers	16,983	9.2%

	Average yearly pay*	Percent change 2009-2014
All Workers	\$54,080	12.3%
Manufacturing Workers	\$64,844	15.4%
Computer Design Workers	\$97,916	13.0%
Warehouse & Storage Workers	\$44,616	0.8%

*Based on average weekly pay for 52 weeks

Source: Bureau of Labor Statistics

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For generations, manufacturing was an accessible path to the middle class and warehouses offered low-wage menial work. Now, after a devastating ... [Read More](#)

The number of warehouse and storage jobs grew 9.2 percent in the five years from 2009 to 2014, while manufacturing jobs rose just 3.4 percent.

Pay for warehouse jobs, however, rose a mere 0.8 percent, while it was up 15.4 percent for factory jobs.

Into cyberspace

Walmart's center isn't the only recent example of growth in the sector. Home Depot has recently opened

several similar centers, including one in Locust Grove. Amazon has one in East Point. Like Walmart, they mean to carry the momentum from a gigantic “bricks and mortar” presence into cyberspace.

The opening of such a center tends to get publicity and praise from government and economic development officials. Walmart’s center opened with an economic splash as the company hired 400 workers.

Amazon recently announced plans to hire 850 people to help with the holiday rush in the East Point center. The Georgia Department of Labor is helping the company find those workers.

But which kind of jobs are better?

“I would rather have whichever one is a more stable company that would be there ten years from now,” said economist Barry Hirsch, who has a chair in workplace studies at the Young School of Georgia State University.

Technology and globalization have fueled online commerce and imports of overseas goods, both of which spur warehouse and distribution growth. But manufacturing is growing again after a long slide, and some jobs are coming back from overseas.

“Manufacturing seems vulnerable but who knows?” Hirsch said. “I am thinking of distribution centers as more stable, but maybe not. I think Walmart is pretty solid but their ability to get bigger is getting tougher and tougher.”

At its peak in 1998, manufacturing accounted for 557,000 jobs in Georgia — 14.6 percent of non-farm employment.

Now, even after nearly five years of adding jobs, there are 371,700 manufacturing jobs in the state – still a substantial sector, but representing only 8.7 percent of the state’s jobs.

Lost manufacturing

So the question is raised: Is distribution the new manufacturing?

And: Warehousing and distribution have historically been a much smaller part of the economy. Is the sector growing fast enough to make up for manufacturing’s smaller role?

Nationally, manufacturing has lost 387,900 jobs in the past quarter century. In that same time, warehousing and storage has picked up 328,400 jobs, said Atlanta-based economist Michael Wald, formerly of the Bureau of Labor Statistics.

“So about 84 percent of the losses in manufacturing employment were picked up by warehouse and storage, but at lower rates of pay,” he said.

Many tens of thousands of jobs are linked to the ports in Savannah and Brunswick, to trucking, to

Hartsfield-Jackson airport, but even in Georgia, the warehousing and distribution components are relatively small.

In 1998, when manufacturing was at its peak in Georgia, the state had 23,800 warehouse and storage jobs, just 0.6 percent of non-farm positions.

In August of this year, warehousing had grown 25.6 percent, to just under 30,000 jobs. It was now a slightly larger piece of the pie: 0.7 percent of jobs.

And manufacturing still pays better.

So earnings in manufacturing have increased 47 percent since 1998, slightly more than the rate of inflation, according to the BLS. The average weekly paycheck in manufacturing at the start of this year was \$1,105 – roughly \$57,500 a year, according to the most recent government figures. That compares to \$788 a week in warehousing, nearly \$41,000 a year.

Georgia's median household income is \$49,179, according to the Census Bureau.

Narrowing gap

The gap may be closing. At the Metcam factory, starting pay is just under \$14 an hour. That is not much different than starting pay at the Walmart center.

Walmart needs dependable workers, but previous experience in distribution really isn't important, said Maguire. "Training can be done very quickly. That is the beauty. The technology allows the associate to be productive from day one."

At Metcam, there is a bit more of a ramp-up to readiness and a greater likelihood that employees will have more training, but technology is the stepping stone to a job and perhaps to a career.

"I can take someone out of Lanier Tech and put them on a machine like the advanced turret punch," said Bruce Hagenau, Metcam's president. "It would be a good opportunity for some young person and it would be a stepping stone, too."

Economists say it is crucial to have job opportunities for those who do not go to college or who go to technical schools. But for the overall economy the best jobs to cultivate are farther up the skill ladder, economists say – especially when the world is increasingly digital.

Tech jobs are a key to middle class mobility.

In 1998, jobs in computer design paid an average of \$1,131 a week – nearly \$59,000 a year, according to government data. By last year, jobs in that category paid an average of 60 percent higher – \$1,810 a week or more than \$94,000 a year.

'The jobs you want'

“Those are the jobs you want,” he said.

And those jobs could be part of nearly every sector in the economy, including warehousing and manufacturing.

For instance, Walmart’s operation depends on a sophisticated computer network that can accept millions of orders from around the world, find the items in warehouses, help workers route, package and load them into the right trucks headed for the right customer.

Someone has to write the software, program the computers and manage the systems.

Metcam’s future, too, rides on technology.

Walking the noisy factory floor, eighth-grader Shariati isn’t quite sure where she will fit in, but she has a notion about which side of the digital divide she wants to be on.

“I am not sure about a career,” she said. “But I am thinking of something in engineering and technology.”

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