

COLORADO SPRINGS' TOP 25 PRIVATE EMPLOYERS

Tech companies struggle to gain footing; defense contractors, customer support firms add more workers

By WAYNE HEILMAN THE GAZETTE

Colorado Springs' largest technology employers remain mired in a downturn that began three years ago, a check of the city's top private employers shows. The five technology firms ranked among the city's 25 largest employers shed more than 1,100 jobs, a 12.5 percent decline, in the year ended Aug. 31, according to employment numbers the companies provided for The Gazette's annual listing of top employers.

Most of the cuts came from telecommunications giant MCI Corp., which emerged from bankruptcy in April but closed its telemarketing operation in August. The Virginia-based company eliminated 1,100 local jobs since Sept. 1, 2003, reducing its staff to 1,400.

The top employers in the local finance industry also cut jobs in the past year; the 236 jobs lost at Checks Unlimited more than offset additional hiring by Progressive Corp. and USAA. Top employers among defense contractors and retailers added jobs in the past year.

Overall, the top employers cut staff by more than 300 people in the past year to employ 34,827, down 0.9 percent from a year earlier. That's heading in the opposite direction from the national job market, where employment has increased every month this year.

"It's not a big surprise that technology employers continue to cut jobs, since the industry still hasn't completely recovered, especially in telecommunications," said David Bamberger of Bamberger & Associates, a Springs-based economic research and consulting firm.

The Top 25 is a "snapshot of the changes in the past year in the rest of the economy," Bamberger said. "The technology industry is still trying to get on its feet and the call center industry has been hit hard by the (federal) Do Not Call list and outsourcing offshore."

The list is not scientific. In most cases, employment numbers came from the firms on the list. Some companies, however, would not reveal employment totals. In those cases, The Gazette relied on local economic development agencies or its news archives for estimates.

It's also uncertain how many of the 34,827 jobs tallied this year are full time. What is clear is that part-time and contract employment is increasing.

Robert Scott, president of the Greater Colorado Springs Economic Development Corp., said much of El Paso County's job growth this year likely has come from small businesses providing products and services to the area's major employers.

“Large employers have been able to expand by outsourcing work to a smaller business; it is part of a nationwide trend,” Scott said. “The name on the door has changed, but the same people are still doing the same work. It is part of the evolution of the economy.”

A growing number of employers that EDC courts are smaller firms looking for a place to which they can attract employees, Scott said. Major expansions or relocations by large multinational corporations have become increasingly rare in recent years, he said.

The list has one new face this year. Home improvement giant Home Depot Inc., which opened two new stores during the past year, replaces Oracle Corp. The California-based software giant reduced its Springs payroll by 50 jobs during the past year.

Retail giant Wal-Mart Stores Inc. moved to the top of the 2004 list, overtaking Penrose-St. Francis Health Systems Inc. Both employers reduced staff in the past year, but Penrose-St. Francis cut 279 jobs and Wal-Mart’s head count fell by 90 from a year ago.

Retailers continue to grow locally as they try to catch up to the area’s booming population growth during the late 1990s, Bamberger said. As a result, area employers are adding jobs paying far less than those shed during the downturn of the past three years.

“The service sector continues to add jobs because it is a labor-intensive industry, while manufacturers and technology employers are becoming more productive without adding jobs — through greater use of technology and moving work offshore,” Bamberger said.

Some employers also might be reluctant to add workers because of the skyrocketing cost of health insurance, Bamberger speculated.

Defense contractor Lockheed Martin Corp. reported the biggest employment gain, adding 400 jobs locally in the past year. The company might hire as many as 200 more people in the Springs if it wins an Air Force contract to develop a command-and-control system on jets flying above battlefields of the future.

Several other employers on this year’s list have announced plans to add workers — including Checks Unlimited, Progressive and USAA — but much of the hiring isn’t complete. Intel Corp. could return to the list when its \$400 million expansion is completed.

Schlage Lock Co. also may drop off the list as the company shifts production of high-volume residential and commercial locks to Mexico and China. The Security plant will handle initial manufacturing of newly developed and semicustommade products.

TOP 25

Top private employers in El Paso County in 2004

COMPANY	2004	2003
1. WAL-MART	3,200	3,290
2. PENROSE-ST. FRANCIS	3,070	3,632
3. LOCKHEED-MARTIN	2,400	2,000
4. HEWLETT-PACKARD	2,200	2,500
5. ATMEL	1,800	1,800
6. THE BROADMOOR	1,650	1,607
7. MCI	1,400	2,500
8. SAFEWAY	1,224	1,100
9. WELLS FARGO	1,214	1,237
10. USAA INSURANCE	1,210	1,150
11. NORTHROP GRUMMAN	1,200	1,023
12. KING SOOPERS	1,117	1,112
13. AGILENT	1,100	1,000
14. SCHLAGE LOCK	1,075	920
15. PHIL LONG DEALERSHIPS	1,032	1,100
16. PROGRESSIVE	1,030	965
17. T-MOBILE	1,010	900
18. FORD MOTOR CREDIT	1,000*	1,000
18. ITT	1,000	1,000
18. ALBERTSONS	1,000*	1,000
18. HOME DEPOT**	1,000*	700*
22. SANMINA SCI	929	1,030
23. CURRENT	896	875
24. HONEYWELL	880	880
25. CHECKS UNLIMITED	864	1,100

Source: Gazette research * estimated ** Company not on last year's list