Verizon Wireless to close five service centers, affecting 5,200 workers

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20 February 2014

Verizon Wireless, the largest mobile network operator in the US, announced last week that it would close five customer service centers in May, affecting over 5,200 workers.

The centers scheduled to be closed are located in Meriden, Connecticut; Irvine and Folsom, California; and Cranberry and Warrendale, Pennsylvania (both in the Pittsburgh area).

The centers provide customer service, telesales and business account support. Workers facing layoff are being told that if they are in good standing they can apply for jobs in other locations, and the company is claiming that 2,000 workers will be transferred within driving distance.

In the Pittsburgh area, where one thousand Verizon employees face the loss of their jobs, workers are being told they can apply for positions in Hilliard, Ohio, Hanover, Maryland or Alpharetta, Georgia. The closest location is in Hilliard, some 200 miles away.

After the closing of the five threatened locations, Verizon will operate 26 customer call centers throughout the country. Verizon management claims the closings will help the company fill vacant space in buildings where it operates.

In addition to consolidating its call centers, the mobile network giant has been shifting more and more of its customer care service to offshore centers where the company can take advantage of lower wages.

The customer service center shutdowns will mean the loss of a job for those unable to relocate because of family issues, a spouse working or children in school.

While the official unemployment rate in these areas is not as high as at the peak of the recession, joblessness in all four areas remains well above pre-recession levels. The Pittsburgh region has the lowest official unemployment rate among the four affected areas at 5.7 percent, while the Los Angeles metropolitan area, which includes Irvine, has the highest, at 8.8 percent.

The closures are part of a two billion dollar cost-cutting plan Verizon Wireless announced last June that resulted in hundreds of layoffs in Dublin and Youngstown, Ohio, Sacramento, California and Atlanta.

Verizon has been cutting jobs on the wireline side of the business for years, but the proposed closures are the first major inroads into the wireless side.

Last year, Verizon reported both record revenue and profits. Its wireless revenue grew by 8 percent, while its wireline revenue grew by 6.4 percent.

However, Verizon's wireless division is is facing strong competition from rivals such as T-mobile and Virgin Mobile, which are attracting customers by selling service on a month to month basis. Verizon, AT&T and Sprint, the three largest mobile providers in the US, have based their business model on locking customers into expensive long-term contracts.

Sprint is also planning layoffs. The company said January 23 that severance payments and other related costs would total $165 million for the company's fourth quarter of 2013, which ended December 31. Sprint officials have not revealed how many jobs will be eliminated.

Last year, Verizon also agreed to purchase Vodafone's 45 percent share of Verizon Wireless for $130 billion and management is under increased pressure to boost profits.

Verizon continues to cut jobs on its wireline side of the business. Since 2008, the company has shed more than 30,000 jobs to reduce costs and boost profits. The company has been forcing people out virtually every quarter.

At the same time, Verzion continues to increase the pay of its top executives. Last week, the firm announced that it had raised Chairman and Chief Executive Officer Lowell McAdam's base salary by 7 percent and raised his bonus to 750 percent of his base salary, from 625 percent.

In the five years from 2007 through 2011, Verizon's top five executives took in a total of $350 million in pay, stock options and other benefits.