**Wayfair call center expected to influence Berkshire job scene**

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**By Larry Parnass, The Berkshire Eagle**

PITTSFIELD — By paying a hefty premium over a rising minimum wage, a new Wayfair call center could help lift earnings for working people across Berkshire County, a local expert says, as existing employers compete to fill jobs in a tight market.

In the coming year, Wayfair LLC plans to hire 188 people for a new sales and service center in Pittsfield, then add 112 more positions by 2021.

The online home goods retailer says it will start its hourly employees at $16 an hour. That will be 33 percent more than the state's minimum wage, which rises from $11 an hour to $12 an hour Jan. 1.

Heather Boulger, executive director of the MassHire Berkshire Workforce Board, said Wayfair's pay scale in Pittsfield might, out of necessity, lead other companies to improve entry-level pay.

Wayfair will arrive on the scene at a time when employers complain that they have trouble recruiting workers to lower-wage jobs.

Boulger praised Wayfair for bringing not only a large number of jobs to the area, but for offering competitive wages. "Companies such as Wayfair are stepping up to make that happen," she said of upward pressure on pay.

In time, legislated increases will get all employers close to paying $16 an hour. The minimum wage rises to $15 an hour in Massachusetts in 2023.

Beyond the dollars themselves, Boulger said Wayfair, as a rising e-commerce player, will bring a new kind of corporate culture to the area, one infused with ambitions to compete in the global economy.

"We're looking forward to having Wayfair's culture as part of the community," Boulger said.

The Pittsfield call center will be part of Wayfair's rapid expansion, as it competes with other retailers — Amazon in particular — to secure relationships with customers in the relatively new area of online furniture and home goods sales. The company this week landed $31.3 million in state tax incentives to expand in its home state; along with the 300 jobs in Pittsfield, the company said it will add 3,000 positions in the Boston area, where it is based.

Wayfair told the state it plans to invest $2.8 million to build out space in a Pittsfield location "to be determined."

The Eagle reported Saturday that the Clock Tower Business Center is one of the sites under consideration.

Like Amazon in its early years, Wayfair, co-founded in 2002 by Pittsfield native Niraj Shah, isn't yet showing a profit, despite billions of dollars in sales.

The company's total net revenue for the nine months that ended Sept. 30 was $4.7 billion, up 45 percent from revenue for the same period in 2017, according to a recent Securities and Exchange Commission filing. Wayfair announced this fall that it had done business with 13.9 million customers as of the end of September, a 35 percent increase over the previous year.

Still, Wayfair reported a loss of $151.7 million in the third quarter.

Call centers are seen as a key piece of the puzzle, as Wayfair, like all major online retailers, seeks to connect customers with a nearly bottomless supply of products.

Wayfair claims to offer more than 10 million home goods products available to its customers from over 10,000 suppliers.

Last month, Fortune magazine listed Wayfair at 13th in its ranking of "The 20 Best Workplaces in Retail 2018."

The citation quoted a Wayfair employee as saying the company "provides you the opportunity to grow and push yourself to new heights. You're handed a lot of responsibility early on and given the road map to succeed and rise up in rank. If you have an idea you can back it up with fact, and give it a shot."

According to Fortune magazine, the rating was based on 1,471 employee surveys, producing a margin of error of less than 2 percent. More than 90 percent of those polled hailed the company for having "great" bosses and a sense of community, as well as offering "great" challenges, atmosphere and sense of pride.

**Training push**

To help ensure that Wayfair has a ready pool of candidates, local job-training providers say they will roll into action in the coming months.

State Rep. William "Smitty" Pignatelli, D-Lenox, said Taconic High School in Pittsfield and Berkshire Community College should seize the moment.

"They need to be all over this," Pignatelli said, suggesting that the schools devise special short training courses on call center operations.

"And, bam, when they open up the doors, they're open for business," he said of Wayfair.

Boulger said she expects that her group's customary training partners, including vocational schools and the community college, will indeed roll into action.

Wayfair's center might be the first of its kind in the region, Boulger said.

In terms of skill sets, she said Wayfair will be looking for "positive and dynamic" people with a feeling for customer service.

"Your enthusiasm and your attitude and your motivation" will count, Boulger said of job candidates.

Given Wayfair's global footprint and continuing expansion, Boulger believes that the jobs in Pittsfield represent a solid opportunity for applicants.

"It's a good way to get your foot in the door," she said. "This is a great way to start 2019."

Michael Coakley, Pittsfield's business development manager, said Wayfair representatives looked closely at the area's labor force and other factors related to setting up shop in the city.

Coakley said Wayfair should be able to attract people from within the Berkshires who have experience in the tourism and hospitality sectors.

"These jobs at Wayfair can easily transfer to them," he said of people with experience in those fields.

He believes that the company might also be able to draw applicants who have lost jobs at bricks-and-mortar retailers, both inside and outside the county.

"They feel very comfortable with 300 employees as the number," Coakley said of the Wayfair expansion team that scouted Pittsfield.

The Pittsfield center comes on the heels of a new Wayfair operation 235 miles away, in New York state — in an area where headlines have tended to report job loss, not job creation.

Emma Miran, director of the Community Development department for the city of Elmira, N.Y., said the recent opening of a Wayfair call center in her county is spurring hopes of economic revival.

Miran said Elmira, like Pittsfield and Berkshire County, faces population declines, and the slow and familiar unwinding of Rust Belt communities.

Wayfair's new center in the Chemung County town of Big Flats brought 450 jobs and the promise of a $20 million annual payroll. A ribbon cutting was held a few weeks ago, just nine months after the expansion plan was announced.

"For this area, that's a lot," Miran said of the jobs. "There's a sense within the community that things can start coming back. It will be very impactful."

Current job openings at Wayfair's Big Flats operation: director of service, head of customer service, senior customer service manager, customer service manager, site director and inbound sales consultant.

**Challenges ahead**

Wayfair's expansion is part of what Shah, a 1991 Pittsfield High School graduate, has called his company's effort to scale up operations in a way that allows revenues to outpace rising expenses.

Though the company's stock price has climbed dramatically from its initial public offering four years ago, analysts caution that in the home furnishings market, in which purchases tend to be high-cost, customers shop for them far less often than other goods.

In a recent SEC filing, the company said it is investing to push its growth.

"Because of the large market opportunity we see in front of us, we are currently investing across our business, including investments to expand our international business, to build our proprietary logistics network and to continue developing various product categories," the company said.

The Pittsfield call center will bring Wayfair close to having 10 such operations. The company's footprint includes operations in California, Kentucky, Maine, New Jersey, North Carolina, Texas and Utah.

Wayfair reports that the cost of goods it delivers is pushed up, in part, by high freight expenses. Wayfair provides free shipping. While that offer is driving company growth, the cost is significant.

Here's how Wayfair described the issue in one SEC disclosure: "The increase in cost of goods sold is primarily driven by growth in orders delivered, the mix of the product available for sale on our sites and transportation costs related to delivering orders to our customers."

Another major cost is advertising — an expense that is helping expand its customer base.

Wayfair spent more than half a billion dollars on advertising — $541 million — in the first nine months of this year, up 41 percent from the same period last year.

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