



Outsourcing Jobs to ... Detroit?

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First, there was the Eminem Chrysler commercial with the tagline, “**Imported from Detroit.**”



Importing from Detroit, outsourcing to Detroit ... did the city secede and not tell the rest of us?!

Now, one tech company is declaring the latest trend, “Outsourcing to Detroit.”

Outsourcing generally refers to hiring an outside firm that’s cheaper, generally in countries like India or China, but Detroit was hit so hard by the auto industry crisis of the past two years, both in terms of jobs and real estate prices, that for American companies it’s starting to look like a viable competitor to developing nations.

Following moves by Quicken Loans and Blue Cross Blue Shield to relocate workers from the suburbs to downtown Detroit, IT-services provider **GalaxE**, based in Somersset, NJ, decided to set up shop there too.

Outsourcing from New Jersey to Detroit may seem like a punchline, but, in fact, it makes a lot of sense: The costs are just a little bit higher than they would be to set up shop in a place like Brazil, GalaxE CEO Tim Bryan said, but with added benefits. The same currency, same language, same culture and same time zone make it more attractive.

Plus, GalaxE’s clients, which include Fortune 100 health care firms, said they preferred to have the work done in the United States. GalaxE looked at several U.S. cities, including Newark and Camden, both in New Jersey, as well as Cleveland and some small cities in West Virginia. Ultimately, they settled on Detroit.

Last summer, the company opened a facility in downtown Detroit, promising to hire 500 workers over the next five years.

This was many months before the economy, and auto industry, started to turn, prompting Fortune to declare, “Only the landing of a flying saucer might have been more unexpected.”

Actually, it's not. You've got a lot of unemployed tech workers, and a captive — bordering on desperate — work force, since many of those workers couldn't sell their homes if they wanted to. Michigan remains in the bottom five states for employment, with an unemployment rate of 10.7 percent, and many homeowners there remain underwater. Plus, the state is offering subsidies for companies to relocate there.

It's the stuff HR dreams are made of.

GalaxE CEO Bryan isn't content just setting up shop for his company there — he wants to make Detroit a high-tech hub.

"We want downtown Detroit to be one of the places rich in opportunities for IT workers," he said.

He's so passionate about Detroit that recently, at a luncheon where he spoke to 160 chief information officers, he sang the praises of Detroit, telling them that Detroit should be under serious consideration for any new facilities.

"Companies do all kinds of things in faraway places," he said. "I don't think they fully realize the opportunity that they have in doing business in Detroit cost-effectively ... Like all things, there's a cycle and right now, the cycle there is creating some phenomenal opportunities in Detroit," he said.

For sure, some companies are: A February report from technology job board Dice.com showed Detroit was the fastest-growing area, year over year, for tech jobs. There were 800 tech job openings in Detroit last month, more than double from a year earlier. Silicon Valley, by contrast, had 40 percent year-over-year growth that month.

Bryan will also be meeting with the new governor of Michigan soon to talk about promoting Detroit and Michigan to other companies as an alternative to going offshore.

It's sad that things got so bad in Detroit in the past few years, but uplifting to hear that companies are interested in reviving the city. Perhaps they should change the name of their football team from the Detroit Lions to the Detroit Phoenix — maybe that would help their record rise from the ashes, like the city they play in!