Hallmark Cards To Close Topeka Plant

John Hanna, Associated Press

TOPEKA, Kan. (AP) — Hallmark Cards Inc. will close its Topeka manufacturing plant and shed about 300 jobs as it consolidates its Kansas operations at its remaining facilities in Lawrence and Leavenworth, the company announced Tuesday.

The Kansas City, Mo.-based greeting card company said the number of people working at its Kansas plants will fall from about 1,300 now to about 1,000 when consolidation is finished by the end of next year.

Pete Burney, Hallmark's senior vice president who overseas production, acknowledged that increased use of social media such as Facebook has cut into greeting card sales, but he said Hallmark remains bullish about the future of printed cards. He said the industry is still selling 13 million cards a day.

"We absolutely feel that the greeting card still has a very relevant place," he said during a news conference at the Topeka plant. "It is still a very significant business for us, but one that requires a different cost structure today as compared to in years past."

About 500 people work at the Topeka plant, which produces envelopes and about one-third of the company's greeting cards. Hallmark will move greeting card and envelope production to its Lawrence plant, which currently produces envelopes as well as specialty items such as stickers, ribbons and bows. The Lawrence plant will stop making specialty items and that work will be moved to Leavenworth.

Hallmark said in a news release that its workers will be offered buyouts as part of its efforts to "address excess capacity" and "reduce the company's cost structure." The transition will occur in phases, starting immediately and ending in 2013.

Workers declined to comment Tuesday as they left the Topeka facility. Burney declined to discuss the details of severance packages, saying the company will be consulting with individual employees.

Dan Lara, a spokesman for the Kansas Department of Commerce, said it will have a team available to help Hallmark workers to move into open jobs at other companies or obtain training.

Hallmark's Topeka plant opened in 1943, and the current 711,000-square-foot building was completed in 1966. The privately held company reported earlier this year that its revenues in 2011 remained flat compared with 2010, at $4.1 billion.

"We are committed to domestic greeting card production and to the Kansas operation," Burney said. "We just will need to consolidate our operations."

Burney said the Topeka plant sits in a flood plain, making it more expensive to insure. He also noted the plant isn't as close to the company's distribution facility in Liberty, Mo., leading to higher transportation costs.

"We don't arrive at decisions like this haphazardly," Burney said.

The job loss announcement was the second in recent months for the state's capital city, which has about 130,000 residents. Memorabilia maker Jostens announced in May that 372 jobs would be phased out as the company moved its production work from its Topeka plant to Clarksville, Tenn. The Topeka plant mainly produced Jostens' line of memory books.

The unemployment rate for the Topeka area was 6.9 percent in August, higher than the state's rate overall, but lower than the national average. Manufacturing jobs such as those at the Hallmark plant accounted for about 7,500 jobs in August, the latest month for which employment figures are available.

Government employment accounts for about one-quarter of nonfarm jobs in the Topeka area.

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