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Green Mountain Power Corp., Mary Powell, president CEO

As I look out over the next couple of years, I am very optimistic about the Vermont economy. I've had the opportunity to travel the state and participate in meetings with business leaders and Green Mountain Power customers and I find that my confidence in our future is shared by most. Many Vermont companies are expanding and choosing to make additional investments in our state that will add significantly to regaining our financial health.

Among these growing companies, I've found a new movement emerging. There's a new focus on employing local labor, using local products and developing local networks, all in a manner consistent with our strong environmental ethic. Instead of looking only at the financial bottom line and simply "outsourcing," Vermont companies are "local-sourcing." They understand that buying from a neighbor means supporting the community and building long-term strength in the local economy. This type of investment is viral, with each transaction spurring new interest in local goods and services.

I'm proud that Green Mountain Power is investing in Vermont's future. On behalf of the customers we serve, we are on track to commit more than \$200 million in new capital expenditures in our great state over the next few years. The largest driver of this investment will be cost-effective, Vermont-owned, renewable energy in the form of Kingdom Community Wind. This project, if built as scheduled, will ensure that tax credits for wind development flow to customers by lowering the cost of the electricity. During construction, 700 direct and secondary jobs will be created in the region and the project will contribute meaningfully to the long-term economic vitality of the Northeast Kingdom. And, very importantly, wherever possible and affordable, we are seeking goods and services from local businesses – keeping our investment in-state.

From agriculture to energy, from academia to manufacturing, companies of all sizes are forming links and strengthening the fabric of our economy. Working together we can ensure a bright future that delivers on the triple bottom line for Vermonters – economic, social and environmental – all with strong local connection.

Omya Inc., Pierre Masuy, plant manager

For 2010, we are pleased to say that Omya Vermont recovered a large part of the business that was

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lost during the recent economic decline. By actively engaging all of our employees, we implemented a challenging cost-savings program and we continue to work diligently to improve our processing efficiencies. Those initiatives helped soften the immediate economic impacts and better positioned us for the future. Today, we see some encouraging signs of improvement in the overall economy and we are positive about the outlook for 2011. We continue to see growth in the plastics market and, with ongoing product development, we foresee exciting new opportunities for Omya.

We have invested heavily in our Florence facility. With the strengths of an experienced workforce and ample, high quality marble reserves at our nearby quarries, we are well suited to meet future market needs.

Omya's contributions to the local economy are completely proportional to our level of business activity. In turn, our business is influenced by external factors such as the cost of energy, including access to competitively priced natural gas and new regulatory requirements and legislation.

Vermont is a beautiful state to live and raise a family but to do so calls for our citizens to have jobs. The state is at a crucial crossroad and by developing an integrated and comprehensive infrastructure that supports new and current businesses to be competitive both in and out-of-state and provide increased employment opportunities. In addition, a solid infrastructure, realistic long-term energy cost alternatives, efficient means of transportation, and a well-organized and predictable regulatory process would provide fiscal stability and prosperity for the people and the state of Vermont.

Rutland Economic Development Corp., Jamie Stewart, executive director

Rutland County has been through a very difficult period. We were hit by the first wave of the downturn in a critical sector, manufacturing, and what followed impacted every aspect of our community for well over a year.

2010 saw a slow but steady recovery in manufacturing and growth in health care. Based on conversations with several manufacturers in the region, we expect to see continued job growth and a return to profitability this year for many operations. But Vermont's health is directly tied to the world's economic conditions and we continue to need to be hyper-focused on providing support and a nurturing environment for job growth in this tentative time.

At this point, it is critical that government focus on two things: workforce development and removing or not increasing barriers to doing business in Vermont.

The success of the "Celtic Tiger" was based on a strategy of education for a technology-savvy workforce. While the housing bubble and subsequent economic downturn has derailed them temporarily, they will rebound and did enjoy two decades of stunning growth and prosperity. Vermont has to be equally committed to a foundation of education that provides the tools for people to be productive in their work life. Equally important, our legislators need to acknowledge that most business is portable, costs of doing business are measurable and we can't ignore the importance of job creation and the relationship to our competitive strengths and weaknesses.

Currently, there are several legislative drafts that would cause employment costs to rise significantly and power rates to increase artificially. While we continue to provide one of the most productive work forces in the world as a principle asset to companies, we can't assume that additional costs will be absorbed by corporate owners without negatively impacting jobs. Manufacturing provides the highest number of "quality" jobs as measured by wages and benefits of any sector in Vermont. Government needs to strengthen and expand programs that build this sector, and the solid middle class jobs associated with manufacturing.

We have an opportunity to make a difference now as we enter a period of growth in our economy. The tools we create and investments we make today will create opportunities for years to come.

Greater Burlington Industrial Corp., Frank Cioffi, president

This recession has been deep and brutal, especially on our state's small businesses, farms and on Vermont families. However, those of us working in economic development with Vermont's value-adding sectors are beginning to see signs of real optimism.

In Vermont's specialized and high value-adding goods and services sectors there are strong signs of economic improvement. Specialized manufacturing, technology, health-care technology services, and defense have been weathering the storm through innovation, invention and by enacting efficiencies and expense reduction.

Higher education has continued to be a magnet for bright young people, coveted tuition dollars and for highly sought after federal and corporate grant and research investments. Our tourism and recreation sectors, value-added agriculture and our state's brilliant natural attractions and our environment have continued to make Vermont a place that people seek to visit.

In Vermont, we have globally leading companies like IBM, Dealer.com, Green Mountain Coffee Roasters, GE, GE Health Care, King Arthur Flour, Chroma Technology, Select Design, Ben & Jerry's, Energizer, Marathon Health, PKC and Physicians Computer Company that are anchoring our regional and state economy and bringing innovation and invention to the world.

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The Vermont Technology Council and VBSR (Vermont Businesses for Social Responsibility) are creating summer internship programs to attract students in higher education to our great employers while VEDA (Vermont Economic Development Authority), the Vermont Training Program, the Vermont Manufacturing Extension Center are helping our economic engines to innovate and invest.

Gov. Shumlin has come into office with great energy and enthusiasm. His cabinet appointments have been outstanding. They are very talented, extremely bright and competent people, who will make great contributions. The governor has set a very positive tone for job creation and he is personally promoting doing business in Vermont.

While we are optimistic, there are some very important issues and facts that we need to pay serious attention to: Our Vermont economy is still underperforming for our state's needs and wants. Factors outside of Vermont such as energy and fuel costs continue to be formidable challenges to our comfort and competitiveness. Health-care legislation, the uncertainty of Vermont's base load electric energy supply and possible tax changes, have the potential to disrupt the competitiveness of our state's economic engines, if legislation and policy decisions are advanced without understanding the potential adverse economic impacts.

Vermont is a great and unique place to live, work and play. Vermont is a special place and our future is very bright.

Springfield Economic Development Corp., Bob Flint, executive director

When I visit businesses in southern Windsor County, I'm generally hearing a similar message: "Orders are starting to come in" or "things are picking up" or maybe "We're busier than we've been in a while."

But even though the exact words may differ slightly, the common thread is the unspoken nervousness about what may lie ahead.

The companies in this region have shown their resilience and ingenuity in rolling with the punches and are prepared to once again be a part of a resurgent Vermont economy.

We do have our challenges in southern Vermont. Many businesses struggle to recruit people to fill middle and upper level positions. The historically strong manufacturing workforce is aging. In the Connecticut River Valley, we face competition for people, companies and social infrastructure with our friends across the river in New Hampshire, with no sales or income tax.

Yet, we are heartened to be involved in a dialogue about how best to move the state, the entire state, forward economically. The jobs bill is a good start in that process. There are several pieces that will help the residents and companies of Vermont, as well as encouraging new growth. The bill would strengthen important existing resources, like the Vermont Training Program (perhaps one of the best economic development tools) and the Vermont Employment Growth Incentive. And it also helps to nurture the important technology work force of the future and the burgeoning Farm to Plate effort to grow that increasing part of the economy.

In Springfield, for many years, there was a desire to find the "next thing." After all, we were the "machine tool capital of the world." The reality is that Springfield, like the rest of our wonderful state, is not going to be any "one" thing. It's a puzzle with many pieces including tourism, manufacturing, agriculture, information technology and much more. An important part of the jobs bill is the creation of a current long-term strategic economic development plan, which will help to identify the sectors of importance and the strategies and support they need to flourish in our state.

What's the best way to retain what we have and put the multiple pieces together into a cohesive picture? That's the challenge ahead.

Springfield Regional Development Corp., as well as the other RDCs, are ready, willing and able to do our part in working with our communities and economic development partners to help us all move forward.

Smalley Contractors, Ernest Smalley, president

We all know what the experts are saying about the condition of our national economy. It looks like at least another year or so before the construction industry shows any marketable improvement. A look at published statistics indicate Vermont has more trouble in the construction industry than just the ongoing downturn.

As one of the many thousands of building and construction-related companies in Vermont, we have adjusted to the most recent decline in construction spending that began in 2006. Although we have been meeting our projections, we are concerned about the future of our industry.

In Vermont, our contribution to the state gross domestic product has been declining since 2001 when it peaked at a contribution rate of 5.8 percent. In 2009, (the most recent statistic) our contribution declined to 3.5 percent. All the while our total state GDP has been steadily increasing slightly over 2 percent per year. When the value of our contribution is compared with the steady state overall increase our decline is that much worse. In addition, our industry has experienced internal growth by new entrepreneurs providing similar services. We are now challenged with reduced construction spending and increased competition.

These statistics all coincide with the reduced level of employment, now at its lowest point in 18 years. Consequently, the reduced value of construction in place directly corresponds with the reduction in

employment.

We need a capital construction program that would start by filling the \$253 million 2009 gap. This influx of capital spending would create and help sustain over 6,000 construction jobs that pay on average an annual salary of \$41,000.

Construction industry unemployment accounts for over one third of the total unemployed work force in Vermont. The current capital spending program is just not sufficient to lift our industry out of decline. We require a plan, and an influx of public and private investment, that will put us back on a track towards sustainable industry growth, at least comparable, by percentage, to the state annual GDP growth rate.

The research shows that every \$1 spent on construction activity contributes \$3.40 to the state GDP. A well thought out infrastructure improvement plan would return ten fold over the initial investment while putting a lot of people back to work, improve commerce and transportation, and most importantly raise citizen moral.

Mack Molding Company, Jeff Somple, president northern operations

Mack Molding enjoyed double-digit growth each of the last two years and is planning for 10 percent to 15 percent growth next year. We have added over 50 jobs during the past 12 months, expanded services by investing in a new machining center at the headquarters plant and purchased several new presses and other related equipment. We have a diversified and strong business model that is working well for us and continue to invest in our people, facilities and technology to grow the business.

That said, these investments are getting harder to make as Vermont's business climate grows more unpredictable. Utilities and health care represent two major costs for any employer, and right now, both face an uncertain future in Vermont. If Vermont Yankee closes, what will electrical costs be? Will we have an uninterrupted supply of power? If the state moves to a single-payer health-care system, how will it be funded? How can we control future costs if they are taken out of our hands? And on a macroeconomic scale, how will Vermont businesses continue recruiting skilled, technical labor when housing costs are high and the population is aging?

While these uncertainties cast a shadow over Vermont industry, it is also true that the quality and work ethic of Vermonters is remarkable. We have numerous multi-generational employee families, where working at Mack has become a household tradition. The beauty of the Green Mountain State and the lifestyle opportunities it affords provide a valued quality of life for many.

We are encouraged that the state seems to be listening to the call for job creation to be Vermont's number one priority. In our view, the best place to create jobs is where one already exists. We encourage the governor and state Legislature to take a hard look at its current employment base and do everything possible to support employers, remove uncertainty from their cost equation, and resist the temptation to balance the budget with broad-based tax increases that will only hurt businesses' ability to remain relevant and competitive in their respective industries.

Central Vermont Public Service Corp., Larry Reilly, president

Having joined Central Vermont Public Service March 1, I view our outlook, and Vermont's, with great optimism. My confidence is based primarily on a corporate culture built on integrity and transparency; a workforce committed to customers; improving economic indicators; and investments in CVPS SmartPower.

Having spent my entire career in New England, I've witnessed CVPS's evolution under Bob Young. By all accounts, Bob inherited a troubled company. Today, it is listed by Forbes as one of the most trusted companies in America.

That reputation, and a commitment to core values, bodes extremely well for our future. For a small utility, CVPS has an outsized customer-focused reputation. From three Edison Electric Institute Emergency Recovery Awards to the highest J.D. Power customer service score in its class, CVPS employees perform well beyond what one might expect at one of the nation's smallest investor-owned utilities. The philosophy is simple: Creating value for shareholders begins by providing value to customers.

While the global economic recovery still appears less than robust, we have a brighter outlook. Vermont's unemployment rate dropped to 5.7 percent in January. And, in terms of demand for power, we saw commercial demand rise 2.2 percent and industrial demand rise 1.9 percent in 2010. These are all very positive signs in terms of economic recovery.

As a local public utility, our future is inexorably linked to that of the cities and towns we have the privilege to serve. Unlike businesses that can relocate their manufacturing facilities, we are literally connected to our 159,000 customers. That means we share the good economic times as well as the bad, but our focus never changes: We aim to provide our customers reliable service at a reasonable cost.

Although required investments in our transmission and distribution system will put upward pressure on our rates in coming years, we are proud to be among the lowest-cost electricity providers in New England.

One investment that holds great promise for customers is CVPS SmartPower, our "smart grid" program designed to modernize and automate the grid, automate meter reading and empower customers to make better choices about how and when they use energy. We're investing over \$60 million in the program, and

plan a customer interaction campaign to help customers get the most out of our service. The program will focus on enhanced reliability, more efficient use of electricity, improved storm recovery and better incorporation of renewable generators onto the system.

All these things will ultimately benefit the Vermont economy.

Central Vermont Economic Development Corp., Sam Anderson, executive vice president

As I sit down to write this commentary, I am certain of two things: First, somewhere under the three feet of snow, there are spring bulbs in my garden getting ready to bloom and second, the Vermont economy will also emerge from the waning recession. The signs are already beginning to show. Unemployment claims have been on the decline, the housing market is beginning to improve, and Vermont's business community is moving forward. No sector of our economy was spared as the recession cut a searing swath through the lives of every Vermonter. Nevertheless, our businesses and their employees responded with innovation and renewed dedication to withstand the challenge and again find success.

Vermont understood that excellent quality in products and services and solutions for niche markets would ultimately survive the recession. The whims of the global marketplace greatly impact our Vermont business community. It requires us to produce a timely cost-effective response to the many issues over which we have little or no control. Worldwide trends and events can shift the balance in short order. We must hone the skills and assets that will keep us competitive and ensure economic vitality. How do we prepare ourselves? Above all else, we must adopt a statewide economic plan in order to plan for our future and our economic growth and security. This plan has to be embraced by both the administration and Legislature to have the commitment necessary to be implemented. Without this map to our future, we may drive down too many side roads and risk running out of gas before we reach our destination. We must continue to invest in our infrastructure, both human and physical. We must strengthen our skilled and dedicated workforce with better synergies between the business community and our educational systems, grade school through higher education. Just as we are committed to leave no child behind, we can not afford to leave any business sector behind. Economic security is a fabric woven of many threads: community, business, natural resources, and people. Issues such as our tax structure, a responsible state budget and energy costs are what lay a solid foundation for growth and I am confident that we will meet these challenges.

Hubbardton Forge, Bob Dillon, CEO

This "Great Recession," now more than two years old, has deeply impacted our nation at every level and Vermont is no exception. Our state is struggling to bridge the ever-widening gap between increasing costs and falling revenues. As we pursue recovery, the key will be ensuring that the bridges we build do not further widen the gap between what we have and what we spend politically, corporately, and personally.

These difficult times have certainly demanded the best from all of us. At Hubbardton Forge, we are meeting them with a commitment to succeed and grow in Vermont in a financially and environmentally sustainable way. In 2010, we expanded into a number of new markets, while continuing to develop innovative new products and manufacturing processes. We were proud to accept the prestigious Pinnacle Award for Design (for the sixth time), and two national awards for green manufacturing. We are confident that our investments will bear fruit in 2011. The state government is in a unique position to support or hinder this kind of success, most notably in three areas.

First, Montpelier must be constantly mindful that all policies have price tags. Increased costs of energy, health care or broader regulation, will directly impact the health of Vermont businesses. Every dollar that must be spent on the increased cost of doing business in Vermont cannot then be used for investment, expansion, innovation, or increased wages and benefits. In our globally competitive world, these costs can be the difference between success and failure.

Second, we need to promote an attractive professional environment. Vermont must become known as a great place to visit and an even better place to live. Vermont needs to be both a place to begin and to grow a career. Our young people must be able to stay and prosper.

The third and final area may be the one most dependent on government leadership: improved transportation infrastructure. Whether you are trying to move people or products, Vermont needs to develop more efficient physical connections to the rest of the nation and the world.

I am confident that with economic discipline, innovative thinking, and environmental responsibility, Hubbardton Forge and Vermont can build that bridge to a new prosperity.