



economic

MATTERS

From the DIRECTOR'S DESK

by *Jamie Stewart*
Executive Director



With summer traditionally comes a return to calm following the spring machinations of the annual legislative session. One significant difference this year was how long spring and the legislature stuck around. And we are not done yet. With the Joint Fiscal Committee and the Administration working on budget reductions, hard decisions on where cuts need to occur will be hotly debated in the coming months leading to an election cycle. Additionally we have watched a consistent flow of announcements of layoffs or plant closing from around the State for the past year. The manufacturing sector in Vermont has lost in excess of 5000 jobs in the past 9 to 12 months alone. That's the bad news.

On the positive side, this year's legislature did craft storm water discharge legislation that will allow sensible development to occur while substantive steps are taken to further clean Vermont's impaired waterways. Addison County House members supported the legislation as originally drafted, and then worked hard to maintain the integrity of the bill when negotiations began. Addison Senator Gerry Gossens was instrumental in assuring that final legislation addressed concerns from all sides while reaching a final compromise that would work well in the future. Our great thanks to the now former Secretary of Commerce & Community Development, Molly Lambert and her staff for pulling the key players to a

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Research Innovation and Vermont's Economy

Report Highlights Vermont's High Tech Sector

MONTPELIER – A new report by the Department of Economic Development finds that high-tech firms in Vermont employ almost 15,000 with a payroll of \$722 million and workers earning more than \$21,000 more per year than other private sector employees.

Highlights of the report include:

- ⇨ High tech jobs grew 30% in Vermont between 1994 and 2000 with over 3,400 new jobs
- ⇨ Vermont has the 2nd highest concentration of technology exports in the nation
- ⇨ High-tech job growth outpaced overall job growth for 5 of 6 years from 1995 to 2000
- ⇨ From 1994 to 1999 208 new high-tech firms were created, a 59.8% increase
- ⇨ Technology exports account for \$3.4 billion of Vermont's \$4.1 billion in annual exports

"Vermont's high-tech growth is astounding," said Molly Lambert, Secretary of the Agency of Commerce and Community Development. "More and more, Vermont is developing a reputation as a place where innovation is nurtured – and that means more quality jobs for Vermonters."

The report also examined new business start-ups, research, patent activity and venture capital investment and found that:

- ⇨ From 1997 to 2001 over 12,000 new firms were created
- ⇨ In the same period, new corporate registrations outstripped bankruptcy filings 26 to 1
- ⇨ Between 1996 and 2000 patents issued annually grew by 49%
- ⇨ Vermont is 2nd in the nation for patents issued per million inhabitants
- ⇨ 792 of the 1571 patents issued from 1996 to 2000 were semi-conductor related
- ⇨ From 1996 to 2001 over \$100 million of private equity capital was invested in Vermont

The report examined Vermont's residents for education attainment and overall use of computers and the Internet. Among the findings were the following:

- ⇨ Vermont is 2nd in New England for percentage of residents with PhD degrees
- ⇨ Vermont is 5th in the nation in 8th grade math and science attainment in 2000
- ⇨ Vermont is 7th nationally for high school grads and 10th for B.A. degrees or higher
- ⇨ Vermont awarded 325 engineering degrees in 2000 and was the only state in New England with an overall increase in science and engineering graduates
- ⇨ Vermont's SAT scores were 9th in the nation in 2001
- ⇨ Vermont is one of only three states to have all schools wired to the Internet by 2000
- ⇨ The Census Bureau ranks Vermont 10th for Internet access with 46.1% of households online
- ⇨ From 1998 to 2001 Vermont .com domains grew by 31,000 an 819% increase

"This report confirms that the high-tech sector is becoming increasingly more important to Vermont's economy," commented Janice St. Onge, Director of Technology Development. "High-tech companies encourage venture capital investment and promote higher paying jobs, and we're working hard to maintain that momentum."

The report was facilitated by Fresh Tracks Capital and the Digital Bridges program at Middlebury College.

FROM THE DIRECTOR'S DESK
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table to initiate meaningful dialogue that led to the compromise. Hopefully this same process can yield even greater rewards in other areas of impasse.

The Commissioner of Economic Development is on tour in Addison County. Chris D'Elia has been maintaining an energetic schedule of visits with companies throughout the State for the past several months. This has included multiple trips to Addison County. These visits have served to re-introduce company executives with support services available, and to identify specific needs that State resources may assist. ACEDC greatly appreciates his dedication to his job, support for business, and his attention to our region. If you and your business have issues or questions you would like to discuss with the commissioner, please contact the ACEDC office and we will arrange a time to meet on a future visit.

★ **CALLING ALL INVENTORS** ★

Vermont inventors are coming together in a new group called InventVermont to provide assistance for Vermont inventors. The group meets the second Thursday of every month at Montpelier High School from 7 – 9:30pm. Contact Norm Etkind at 802-472-8741 or e-mail Netkind@att.net.

ACEDC's Latest

NEW FACES

The office of Addison County Economic Development Corporation would like to welcome and introduce two new members of our staff. Frank Smead, Small Business Development Counselor and Karen Gallott, Administration and Special Projects Coordinator.



Karen will administer special projects for the development corporation, greatly enhancing our ability to service the local business community. Karen comes to us with over 20 years of administrative experience and successfully operating a retail/wholesale apple orchard in New Haven, the past 11 years.

With the Small Business Development Center, Frank has enjoyed helping a number of local businesses during the start-up or expansion phase. He has an extensive business background involving both small and large corporations, plus his own consulting business, which specialized in marketing and start-up operations, primarily for "high-tech" businesses. He is a grad-

uate of Stanford University in California, where he earned degrees in Engineering and Business. Frank is available for one-on-one consultations every Tuesday and holds a Pre-Business Seminar on the first Monday of every month. Call 388-7953 to schedule an appointment or to sign up for the free seminar.

COMMUNICATIONS UPDATE

Addison County Economic Development Corporation is please to announce that our new website is now up and running. You can now find us at www.addisoncountyedc.org. In addition to a new website, there have been changes in the e-mail addresses as well. Individual contacts are:

Jamie Stewart, Executive Director –
jstewart@addisoncountyedc.org

Karen Gallott, Administrative Assistant –
kgallott@addisoncountyedc.org

Margaret Camara, Financial Operations –
mcamara@addisoncountyedc.org

NATIONWIDE DISASTER LOAN DEADLINE EXTENDED FOR SMALL BUSINESSES HURT BY SEPT. 11 ATTACKS

WASHINGTON - The U.S. Small Business Administration has extended to September 30, 2002, the nationwide filing deadline for small businesses affected by the Sept. 11 attacks to apply for Economic Injury Disaster Loans (EIDLs).

The previous deadline was May 22, 2002. "The devastation caused by the Sept. 11 attacks was far reaching, and small businesses all over the country are making progress towards economic recovery," said SBA Administrator Hector V. Barreto. "With this extension, more companies will have access to the working capital they'll need to rebound and stay in business."

The SBA administrator urged business

owners to file their applications as soon as possible.

The EIDLs are available to eligible small businesses that suffered substantial economic injury as a direct result of the September terrorist attacks or a federal action taken in response to the attacks. EIDLs provide eligible small businesses with the working capital needed to pay ordinary and necessary operating expenses they can't cover because of the disaster. These expenses may include fixed debts, payroll, accounts payable and other bills.

Small businesses may apply for a working capital loan of up to \$1.5 million. The interest rate on these loans is 4 percent with

a maximum term of up to 30 years. The SBA determines the amount of economic injury, the term of each loan and the payment amount based on the financial circumstances of each borrower.

Since Sept. 11, SBA has approved more than \$800 million in disaster loans nationwide to businesses affected by the terrorist attacks. Of that total, more than \$405 million in loans went to business owners and residents in New York City and Northern Virginia.

For an online application and instructions on how to complete it, go to <http://www.sba.gov/disaster/eidl.html> on the SBA Web site.

PART 1

Using the Internet as a Marketing Channel

by Bud Reed, Vice President of Timberline Interactive, Inc. located in Middlebury, VT.
The company specializes in database-driven web sites and web marketing

In my work as an Internet consultant to businesses, I have seen many companies attempt to use the Internet as a marketing channel, but few of them have been as successful in that endeavor as they could be. In order to help you in this arena, I will cover some basics about the ownership and business uses of a web site, then I would like to convey my thoughts on the top four things you should be doing to use the Internet as an effective marketing channel.

I begin with the assumption that if you already have a site, it complies with "best practices" in terms of information architecture (how the information is structured and presented on the site) and interface design (how a visitor interacts with and navigates through the site). My experience is that "home grown" sites rarely meet the test in this department, so if you have built your own site, you would do well to have it evaluated by a professional. It's likely you are due for a re-design.

If you are planning a new site, in addition to the best practices mentioned above you should follow the "one-third/two thirds rule", which says that one third of your budget should be allocated to getting the

site launched, and two thirds of your budget should be devoted to marketing and ongoing refinement of the site after launch. Web sites need to be refreshed with new content regularly, and they need off-line (traditional) media advertising to drive traffic to them, otherwise they will surely fail. You can spend lots of money building a wonderful web site, but if no one knows how to find it, you will have the equivalent of a billboard in a basement.

You should also understand that marketing to Internet users requires a different mindset than with traditional media. Here are some ground rules:

- Internet users are goal oriented. About 83% of Internet users are looking for information; it is only the remaining 17% that may be willing to buy things or mentally acknowledge your promotional message.

- Users are in control. The Internet is a "pull" medium versus a "push" medium, so you cannot mislead or trick them, waste their time, or expect them to have patience while your wonderful photos download. One click and they are gone.

- You must get permission and provide value. Use "opt-in" methods for collecting e-mail addresses, and when you do send something to your list, make sure the customer will perceive it to be valuable, useful information.

Part 2 of this article will appear in the Fall 2002 Newsletter.

VMEC Workshops Offered

Vermont Manufacturing Extension Center, through a working partnership with the Vermont Training Program of the Department of Economic Development, is pleased to offer a \$100 discount to Vermont manufacturers, reducing the \$250 workshop registration fee to \$150.00 per person. For information or to register for the workshops contact: VMEC, PO Box 500, Randolph Center, VT 05061-0500, (802) 728-1432 or e-mail: vmec@vmec.org or check out their web-site: www.vmec.org.

9/16 & 10/8 - Principles of Lean Manufacturing 101

9/25 - Essential eBusiness Tools

Business Improvement Assessment

Steve Dobrin, Business Development Manager, KPMG

With ever changing technologies, and fierce competition between companies there is an increasing demand on directors, owners and shareholders to evaluate their current operations. It is essential for companies to focus on their strategy and business concerns, intermediate and long range business plan, financial needs and capabilities, cash management procedures, and inventory and overall control environment. An excellent method of achieving these tasks is to have a CPA firm perform a business management review.

Meetings and interviews with company managers and directors would allow the company's strengths and weaknesses to be evaluated and suggestions for improvement developed.

The assessment would most likely include:

- ✓ Understanding the company strategy and how management defines the success of the company
- ✓ Determining how management controls the key business and financial risks
- ✓ Understanding the flow of information used in key decision making
- ✓ Evaluating the internal control environment
- ✓ Reviewing the adequacy and timeliness of key internal and external financial information
- ✓ Analyzing cash flows and cash management procedures
- ✓ Reviewing various external relationships.

The benefit to company management is an "outsiders" review of the decision making process including a review of the key information used by the decision makers, comments on the company's business plan and suggestions to increase the efficiency of operations, as well as cash flow.

WELCOME!

ACEDC would like to welcome and introduce our new members:

Bowles Corporation,

dia, Ltd.

and

Specialty Filaments, Inc.

For those of you that haven't joined yet, contact Jamie Stewart, Executive Director of ACEDC. For more information on how you can participate in the healthy development of Addison County call today – 802-388-7953
E-mail: info@addisoncountyedc.org

Patricia A. 
Hannaford Career Center

51 Charles Avenue
Middlebury, VT 05753

COMING TO ADDISON COUNTY IN THE WINTER OF 2003

**Machine Skills Training
Blue Print Reading
Dimensions & Tolerancing
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and more...**

PROGRAMS CURRENTLY OFFERED

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and more...**

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For further information contact Nancy at (802) 382-1005.

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