

Brattleboro Development Credit Corporation Newsletter

Number Four

Autumn 2000

Sonnax An Automotive Industry Leader

If you've ever had part of your car's transmission fixed, it probably contains a part made by Sonnax in Bellows Falls.

So good is the transmission aftermarket that Sonnax grows at 20 to 30 percent per year. For fiscal 2000, the company did \$23 million in sales while employing 145 people and making 4000 different parts.

"Every car with automatic transmission we make parts for," said company president Neil Joseph.

Sonnax has the look of success. It's main office, situated just off RT 103 north of Bellows Falls gleams. Inside, visitors are greeted with a sophisticated security system that includes coded door locks and video cameras. Joseph, somewhat tongue-in-cheek, says the coded doors are much easier to maintain than a handful of keys.

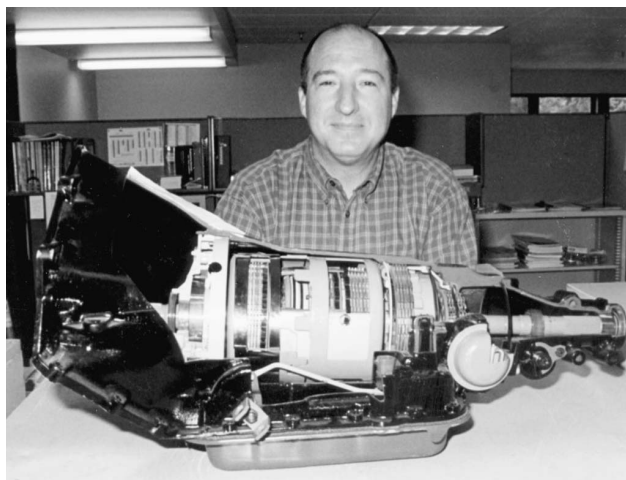
Sonnax' corporate office is a modern workplace where employees can hold a conference in an enclosed glass-walled room. Those with children have a safe childcare area to bring their offspring. Others on break can take advantage of the physical training area.

Joseph's personal office is a spacious second story room overlooking the Connecticut River.

While the building emanates corpo-

rate America, Joseph is a no frills executive. His preferred work costume is blue jeans.

Sonnax started in Cleveland, Ohio,



Sonnax president Neil Joseph.

where Joseph, 46, grew up. The business was originated by Joseph and his father, Max, in 1978.

Joseph, said he decided to move to Vermont in 1982, for personal reasons and did not envision moving the company here. "I didn't know I'd bring the business here," he said. But move he did when he bought out his parents.

Although Sonnax is an engineering firm that markets and manufactures transmission parts, Joseph is not a trained engineer. He calls himself a "seat of the pants engineer."

He said many of his early successful designs were the result of youthful experimentation. Today, his staff includes trained engineers.

Since moving to Vermont, Joseph has built his company into the primary aftermarket transmission parts company in the country. Beside the Vermont location, there is a sourcing office in India, a testing office in Grayslake, Ill., a satellite engineering office in Atlanta, and a California warehouse. Soon a sales office will open in Miami to meet the demands of the Latin American market.

While the main 60,000 square foot building in Bellows Falls was constructed in 1997, the company is already "busting at the seams," said Joseph.

Joseph said he has been successful, in part, because he has managed to get the transmission industry aftermar-

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News From BDCC

By *Bill McGrath*

There has been considerable concern for the economy in the Brattleboro area as the result of the recent job losses. In the past few months 550 people have been laid off. However, most of these workers have found jobs with existing companies. That says something very positive for the local economy because these workers were able to find jobs so quickly. What we have learned is that the local economy, job wise, is not maxed out.

Actually, there is a worker shortage in the area. All the manufacturers I talk with say they are looking to hire workers. In the manufacturing and distribution sectors of our economy there are, I believe, currently 300 to 400 jobs unfilled due to the labor shortage.

Sonnax, who you read about in this issue, is a good representation of the companies we have. They are looking to expand their workforce but are having difficulty finding workers.

The doomsday prognosticators were incorrect in their predictions. I think the job market shows itself very stable, and the remaining companies seem to be very stable themselves financially.

From my perspective employers seeking new employees need to remember that it is currently an employee's market. For the foreseeable future, the employee has the choice of companies he or she will work for. For example, a CNC operator can find employment in several companies in the area.

To make your company the most attractive one for this employee, you need to seriously look at how you hire. You should look at your wage scale and benefit package. I would put these on an equal par. You should be looking at flex time and be giving more leeway to employees in allowing them to choose



their work hours.

Also, look at the retirement package you are offering to employees.

Yes, it will cost your company more in the short term to raise wages and increase benefits but, the longer you hold back in these areas the harder it will become to attract good employees and retain your existing employees. In the long run this will hurt your company's growth.

You may also want to consider day-care for employee children as well as other amenities. These might include a physical training room, a cafeteria, and attractive surroundings. These are the inducements many companies are adding to attract and retain their employees.

Currently we're working with the largest number of out-of-state firms in three years looking to relocate to the area. Currently seven firms are considering some type of relocation. About 250 jobs could be added to the region. Even with a tight job market, we here at BDCC feel it is important to continually recruit new companies to the area to add to the production and job mix. By doing this we continue to revitalize the local economy and keep it strong, healthy, vibrant and forward looking.

Area Job Market Healthy says Local DET Manager

“The job market is quite good,” says Deb Carpenter at the Brattleboro office of the Department of Employment and Training. Expect some tightening up of the market as fall gets into full swing, she adds.

Carpenter, a 25-year veteran of DET, is optimistic about job prospects and the worker pool as 2000 winds down.

Although the first half of this year saw a slew of worker layoffs, predominantly at Quebecor Book Press and the recent bank mergers of Vermont National into the Chittenden, the local economy remains healthy.

While over 500 workers in the area have been dislocated by the moves at Quebecor, (350 jobs lost) the banks, (50 to 60 positions), and the closing of the Brightside tie dyed T-shirt company at the Cotton Mill in June, (50 jobs lost) many of these workers have found other jobs.

“The majority of people have been successful in obtaining employment,” says Carpenter. As of late September, 70 percent have found other jobs, and most have not had to leave the local area for their new positions.

However, notes Carpenter, “those whose positions put them at higher salary levels are having more difficulty finding positions.”

Workers from Quebecor have found similarly paying positions but are seeing a rollback in the amount in their pay envelopes because they are not collecting the unlimited overtime pay at their new jobs that was offered them at the book press company.

For people who were at the banks, it is a bit more difficult finding a similarly paying position. The number of jobs in this field available in the local labor market area is not as plentiful as in manufacturing-related jobs, Carpenter explained.

The diversity of the Brattleboro labor



Strong employment has kept the Brattleboro economy booming.

market however, is working in favor of the dislocated workers. By not relying on any one industry to fuel jobs, the employment picture will remain strong.

“We’re also within close proximity to Keene and Greenfield,” said Carpenter. “Job seekers can extend their commute and still have less than 20-25 mile radius to drive while looking for work in three different labor markets.”

Carpenter said several sectors of the economy are growing. She points to the optical industry with Omega Optical, Omicron and Janos Technology in Townshend as growing companies.

GS Precision continues to expand its facility to accommodate additional work and employees.

The area’s three food distribution companies are also doing well. Northeast Cooperatives with 200 employees has expanded and is looking toward even more expansion.

There could be a worker crunch in this industry as competition between this company and United Natural Foods in Chesterfield, NH and C&S Wholesale Grocers (employing 1000 or more workers the area’s largest employer) heats up.

According to Carpenter, the Marlboro Graduate Center is taking off. Marlboro is in the process of purchasing the Holstein Association building.

The center will offer training oppor-

tunities for people in the area to upgrade computer skills, and will attract more technology-oriented workers. Carpenter sees this as “a great boost to the area.”

On other job fronts, Carpenter said the demand for people in the service area is enormous, adding, “we are feeling the crunch and the lack of job seekers.”

With the current (August) unemployment rate at 2.9 percent, Carpenter is pleased. “It sounds healthy from the economist perspective.”

As for the rest of 2000, Carpenter made this prediction: “Things will pretty much continue as they have with the exception of the seasonal jobs. I don’t see too many drastic changes on the horizon. We’re looking pretty good.”

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Sonnax

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ket repair companies to collaborate on solving problems that occur with these devices. Sonnax is then able to manufacture top quality parts.

He also attributes his success to his relentless nature. "I don't give up," he admitted. "I dig deep into things."

"I learned to let go so as to not become the bottleneck to growth," he said of his management style.

Joseph said he believes in hiring the best and brightest people he can find. "I've hired people from very large companies who wanted to come to a smaller company to have a bigger say, and who wanted to be in Vermont."

He said his philosophy is to hire people "who know how to work in a big, successful company."

Joseph said the Brattleboro Development Credit Corp. has been a great source of information for him. "Bill McGrath has kept us abreast of tax saving opportunities in Vermont."

"Bill has been a sounding board for various problems," he added.



Attention to detail and quality control is important at Sonnax.

Joseph said the growth of his company has left him in left field when trying to find others in the region to discuss business problems with. "There are not enough business people to compare notes with."

Joseph said he would like to see a business roundtable of similar-sized companies in the area.

Also, he said, his company must do a lot of out-of-state recruiting. "The local labor pool doesn't have enough trained professionals. We do have to hire from without and that is more expensive."

However, Joseph said the negatives of owning a business in Vermont are also the positives. "Vermont is less populated, there are less strip malls. We like it here. There's a price to pay for beauty."

On the subject of Act 250, Joseph is philosophical. "It's well intended but makes things more expensive and difficult. On the other hand, it's why Vermont has stayed nicer than New Hampshire."

Reflecting on his success and corporate offices Joseph smiled. "I built my Taj Mahal; it will be here long after I am gone."

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