



Vermont Manufacturing Extension Center **2008 Impact Report**



**“The Best Resource for
Vermont Manufacturers,
Process Improvement and
Growth Strategies”**



IMPLEMENTERS OF STRATEGIC,
MANUFACTURING AND GROWTH
SOLUTIONS *SINCE 1996*



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The VMEC Board is an elected board of experienced manufacturers and other leaders with manufacturing interests who serve without compensation for a minimum of two years. The Board works with the center's director to help set basic policies and directions to enable VMEC to fulfill its mission.

The Vermont Manufacturing Extension Center (VMEC) is a statewide not-for-profit center that provides assistance and training to help manufacturers grow, improve their manufacturing and business strategies and processes, adopt advanced technologies, increase productivity, reduce costs and improve competitiveness.

VMEC's Primary Mission

To improve manufacturing in Vermont and strengthen the global competitiveness of the state's manufacturers.

Additionally, in early 2006, VMEC launched the Process Strategies Group (PSG) as a specialized business unit within the Center to bring its vast Lean process improvement experience and strategy expertise to selected non-manufacturing sectors, including but not limited to: healthcare, higher education, government, and finance. This impact report does *not* include any client project impact results from VMEC PSG.

The VMEC Advantage

- We implement solutions for success and growth.
- Our goal is to improve bottom lines. We look at the whole business.
- Our experienced staff has a proven track record of success.
- As an affiliate of the nationwide Hollings Manufacturing Extension Partnership (MEP), a program of the National Institute of Standards and Technology (NIST), VMEC has access to numerous local, regional, and national resources.



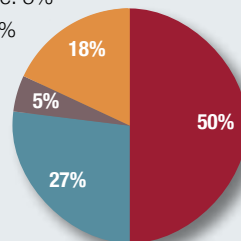
“By aligning with VMEC, our company has consistently improved its processes, and more importantly, has committed to best-practice philosophies. VMEC has helped NRG Systems become a leader in wind measurement worldwide.”

LOUIS PRUE, LOGISTICS MANAGER,
 NRG SYSTEMS, HINESBURG, VT

Partial Impact of VMEC: July 2007 – June 2008

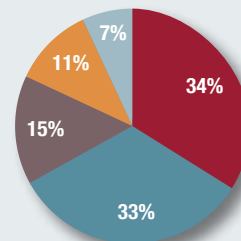
**CLIENT-REPORTED INVESTMENT
 IN MODERNIZATION
 \$6,032,540**

- Plant & Equipment: 50%
- Workforce Practices and Employee Skills: 27%
- Information Systems & Software: 5%
- Other: 18%



**SIZE OF FIRMS SERVED BY VMEC
 (BY NUMBER OF EMPLOYEES)**

- 1–9 Employees: 11%
- 10–50: 33%
- 51–100: 15%
- 101–500: 34%
- Over 500: 7%



TOTAL IMPACT ON VERMONT ECONOMY¹

Includes the direct client impact reported by clients via third-party survey, the indirect impact generated when clients' firms increase their purchases from suppliers, and the induced impact caused by increased household expenditures generated by direct and indirect effects.

\$586,990,985
 January 1997 – June 2008

\$156,026,240
 July 2007 – June 2008

¹ Reported impacts are modeled using IMPLAN Professional 2.0 Software and Vermont 2007 State data package.



We Get Results!

NUMBER OF MANUFACTURERS SERVED: 810

- VMEC served more than 810 of Vermont's approximately 2,000 manufacturers from January 1997 through June 2008.
- VMEC served 113 companies from July 2007 through June 2008.

CUSTOMER SATISFACTION: > 99.5%

More than 99.5 percent of VMEC clients reported being "satisfied" or "very satisfied."

THREE-YEAR AVERAGE ROI PER COMPANY — 120:1

Based on company reported impact data, as a *direct result* of VMEC services, every \$1 invested in VMEC assistance and services returned \$120 to the company on its investment. 120:1 is the three-year, average return on investment for the period July 2005 through June 2008.

PUBLIC & ON-SITE WORKSHOPS AND TRAINING PROVIDED BY VMEC IN 2008

More than 2,995 manufacturing employees from 99 companies participated in public workshops and on-site manufacturing training across Vermont from July 1, 2007 through June 30, 2008.

VERMONT MANUFACTURERS FORUMS

Approximately 362 manufacturing employees from 43 companies participated in 10 Vermont Manufacturers Forums held throughout Vermont at various plant sites of companies committed to continuous improvement, Lean thinking, and/or Lean manufacturing.

PARTIAL VMEC IMPACT

- **Jobs Created/Retained: 146***
- **Additional Jobs Created/Retained: 824** that paid a total of \$32.8 million in employer wages and benefits**
- **Client Investment in Modernization: \$6,032,540***
- **Cost Savings: \$7,048,250**
- **Additional Sales: \$35,590,330**
- **Total Increased Tax Revenues (est.): \$12,219,882** including \$4.4 million at the state and local levels**
- **Additional Labor Compensation: \$36,541,283****
- **Additional Indirect Business Taxes: \$3,180,767****
- **Total Value Added (Gross State Product): \$50,559,932****

This data reflects the results of VMEC client projects from July 2007 through June 2008. The data is from formal surveys conducted by a third party under contract to the National Institute of Standards and Technology (NIST), Hollings Manufacturing Extension Partnership (MEP). Clients surveyed represent only 35 percent of all Vermont clients served by VMEC during the period.

*Client-reported impact as a direct result of VMEC assistance. **Results of input-output analysis (IMPLAN modeling) conducted by Myra Heins, Operations Analyst, MassMEP, based on results from the 35 percent of clients surveyed.

Manufacturing Really Matters in Vermont

VERMONT'S STATE GROSS DOMESTIC PRODUCT (GDP)

		2007 Level (\$ mil)	2007 Share	Average Growth 2001-07
	Total GDP	\$24,543		2.0%
1.	Government	\$3,373	13.7%	0.8%
2.	Manufacturing	\$2,826	11.5%	2.5%
3.	Health Care	\$2,443	10.0%	3.3%
4.	Retail	\$2,031	8.3%	3.8%
5.	Prof/Tech/Admin	\$1,953	8.0%	4.5%
6.	Finance	\$1,442	5.9%	1.7%
7.	Wholesale	\$1,167	4.8%	0.0%
8.	Construction	\$1,111	4.5%	-3.1%
9.	Hotel/Restaurant	\$1,092	4.4%	0.4%
10.	Information	\$997	4.1%	6.7%
11.	Utilities	\$733	3.0%	4.1%
12.	Transportation	\$521	2.1%	2.1%
13.	Private Education	\$527	1.7%	0.9%
14.	Agriculture	\$375	1.5%	1.6%

- Next to Government, Manufacturing contributes more to Vermont economically than any other sector.
- Manufacturing contributed \$2.83 billion to Vermont in 2007.
- Manufacturing provides about 36,000 jobs (12% of Vermont jobs) that are high skill and high wages. Each manufacturing dollar

generates an additional \$1.37 in economic activity.

- Approximately 60% of Vermont's 2,000 manufacturers have fewer than 10 employees, and about 87% have 50 or fewer employees (2007).
- Manufacturing remains the engine of American technology development and innovation.

"Because of our work with VMEC, we have seen our gross profit margin double in less than one year. We have much room for improvement, but it now feels like we are operating a real business, not just managing chaos and making pretty bags."

ALICIA MARCHILDON, CO-FOUNDER, FLASHBAGS, SOUTH BURLINGTON, VT



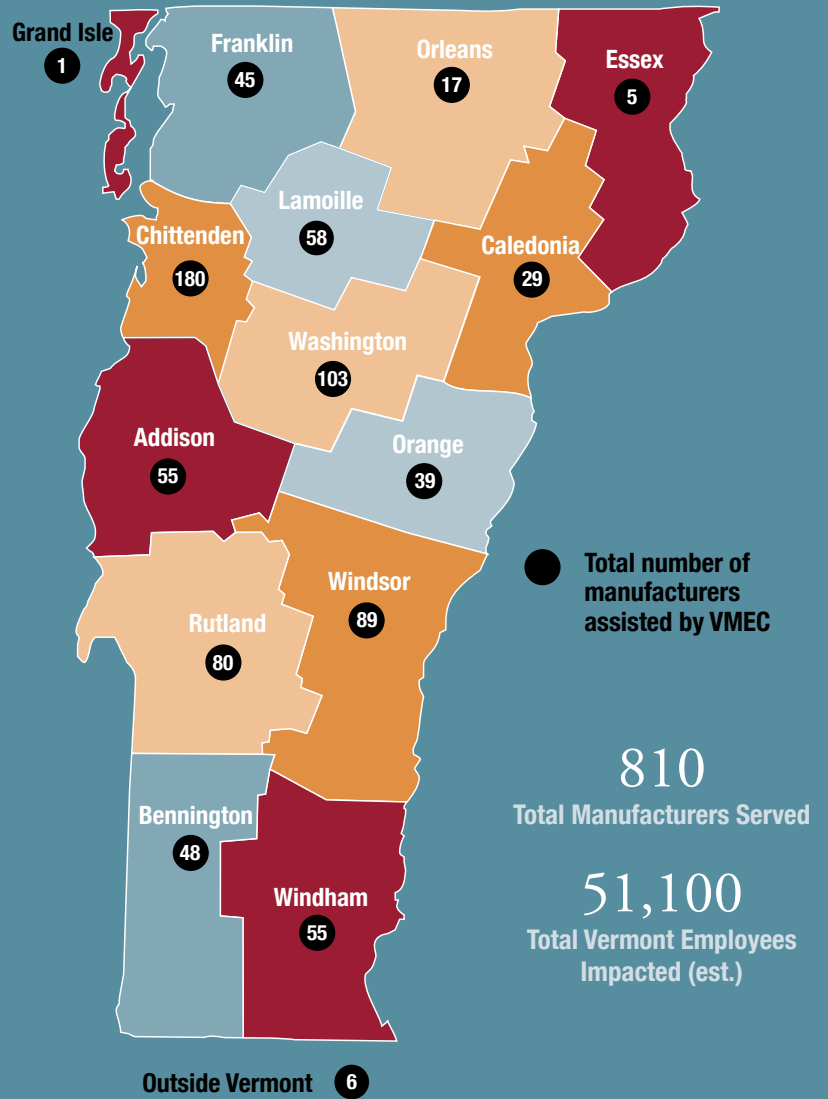
VMEC Assistance by County
January 1996 – June 2008

“Before we started this project [with VMEC], some employees would ‘do it all’ and others were in the dark about how to help. Now we have developed a culture of continuous improvement, and everyone participates.”

TOMMY HARMON, CEO/OWNER, SONNAX INDUSTRIES, BELLOWS FALLS, VT

“As a small, Vermont manufacturer competing on a global basis, we need to capitalize on every advantage and resource available to us, in order to accomplish our goals. VMEC has become a strategic and beneficial partner in a very short time.”

SCOTT ANDREWS, VP SALES, CUTTING EDGE INSTRUMENTS, BRIDGEWATER CORNERS, VT



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VMEC Host Since 1995