

Talking the Talk

Roundtable Panelists Note Opportunities, Challenges for Year Ahead

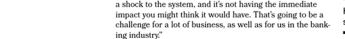
"We really track consumer sentiment, and what we're expecting is a really soft Q1, but then when Q2, Q3, and Q4 hit, we're expecting that consumer sentiment will increase slightly, and that we're going to have some recovery of the back half of the year."



Tom Senecal notes that the Fed's actions to boost interest rates have not yielded much improvement on the inflation front, something to watch in 2023.

hit — we're starting to see those issues become isolated, and opportunities for us to create some guidance and counsel about preventive measures. On the employment side, instead of seeing people float from job to job, I think we're going to see a little more staying power."

"For us, it's the same old, same old — trying to get people into manufacturing. We've dealt with the generation gap for years, and are getting more involved with the vocational schools and getting parents to understand that manufacturing is a viable option for young people."



Harry Dumay says COVID provided many important lessons that are serving Elm College well as it moves on from the pandemic.

A part of its annual Economic Outlook, *BusinessWest* put together a roundtable of area business leaders to discuss the issues facing the region and its business community and the outlook for the year ahead. The panel represents several sectors of the economy, and both small and large businesses. It includes: Harry Dumay, president of Elm College in Clarksburg; John Falcone, director of Manufacturing for Rocky's Ace Hardware; Sparro Hatziras, president and CEO of Holyoke Medical Center; Susan Kana, president of Boulevard Machine in Westfield; Tenziana Cannon-Eckle, an attorney with the Royal Law Firm and co-owner of Brew Practitioners; and Tom Senecal, president and CEO of Peopleshack. They were candid and, overall, cautiously optimistic in their answers to a series of questions about the economy and what comes next.



Susan Kana says the war in Ukraine, while bringing hardship to many, has helped the fortunes of her company, Boulevard Machine, which specializes in work for the defense, military, and aviation industries.

Falcone: "We really track consumer sentiment, and what we're expecting is a really soft Q1, but then when Q2, Q3, and Q4 hit, we're expecting that consumer sentiment will increase slightly, and that we're going to have some sort of recovery come the back half of the year."

Hatziras: "With APRN funding drying up, we're going to have pull ourselves up by our bootstraps. So our emphasis is on closing the staffing gap. If we can do that, and not bleed money on the expense side, I think we'll be OK. I think we're poised to have a good year, as long as we're able to attract nurses here."

BusinessWest: What are the major challenges facing businesses in the year ahead?

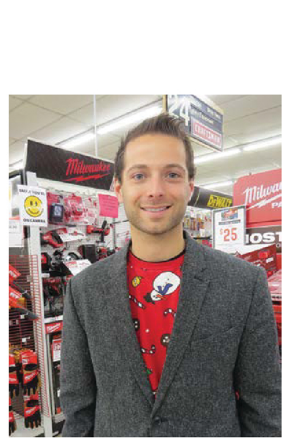
Kana: "For us, it's the same old, same old — trying to get people into manufacturing. We've dealt with the generation gap for years, and are getting more involved with the vocational schools and getting parents to understand that manufacturing is a viable option for young people. It's not just manufacturing; they can be their own entrepreneur in plumbing or electrical, whatever it might be. Also, holding onto folks; ever since COVID came through, it just seems harder and harder to find people who want to work, and want to work for the extra hours that we're giving them. Workforce is key for us — building on the workforce."

Hatziras: "In healthcare, there is a great deal of concern, and the most concerning part is the continuing shortage of personnel, which has created this market for temporary staffing at rates that are truly outrageous. To put things in perspective, we have about 20 nurses on temporary staff that we get through agencies. Those 20 nurses, on an annual basis, cost \$5 million; each nurse costs us \$250,000, because the rates are exorbitant — the nurses get a lot of money, but there's also a midlife crisis that makes untold amounts of money from this crisis. As a nation, the federal government is doing a lot of things — they



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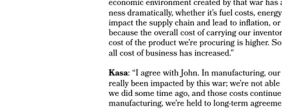
Dumay: "I see two things. One is supply chain; I think the pressure seems to be coming off, and if that trend continues, that will have a really positive effect on the economy. Two, I think higher energy prices are not going to go away. With the war in Ukraine and Russian energy and what is being supplied to Europe and all... many people don't think it impacts us. I think it will have a huge impact going into 2023. When you look at the supply of energy in Europe, they have enough to get through the winter to sustain themselves. What they don't have is the ability to replenish those supplies by next winter, and I think Russia knows this, and I think their strategy is to put a huge amount of pressure on us to get to next year, because when you get to next winter, there's not going to be any energy-supply reserves, and that's going to have a huge impact worldwide on energy supplies, and that trickles throughout the economy."

Falcone: "I very much agree with Tom. The overall political and economic environment created by that has affected our business dramatically, whether it's fuel costs, energy costs that directly impact the supply chain and lead to inflation, or interest rates, because the overall cost of carrying our inventory is higher, and the cost of the product we're producing is higher. So with that, our overall cost of business has increased."

Kana: "I agree with John. In manufacturing, our supply chain has really been impacted by this war. We're not getting raw material. We did some time ago, and those costs continue to rise. Being in manufacturing, we're held to long-term agreements, master agree-

pricing and courses accordingly; there is a trend in higher education to look for shorter types of certificates to help make the credentialing needs of the workforce. I expect we'll see that. But also, the workforce issues are providing a lot of opportunities for institutions to partner with businesses to address some of these workforce issues, and I expect that we'll see more collaborations and partnerships between higher-ed institutions and businesses to address some of these workforce challenges."

Senecal: "We're doing OK because we had to respond to what was going on in the market by creating even more attractive reasons for coming here — we raised our rates, we're enhancing benefits, and at the same time, we're looking at economic assistance for the lower-earning employees. Where it's more difficult is with the professionals, because the dollars are significantly more, so competing just on price is difficult. The key for success — what keeps people here and makes them come here — is the culture of the place, so we put a tremendous



Sparro Hatziras says the "truly outrageous" cost of agency nurses is one of the many stem challenges facing all hospitals today.

Dumay: "We had a Christmas party at the college recently, and everyone was shaking hands with no one was fist-bumping, no one was fist-aping. It's easy to forget where we were a year ago. I'm encouraged when I look at what happened during the past semester, when students were hit with one another; this is the generation where students finished their high school on Zoom and already had some social difficulty with social skills. This ability to come back together... people are appreciating each other."

ments, and it just continually squeezes the small guy."

BusinessWest: How has your business or institution coped with the recent workforce challenges? Do you have a success formula?

Senecal: "Before COVID hit, we would never let an employee work from home from a security perspective, from a collaborative perspective, it just wasn't an option. Two weeks into the pandemic, we had 80% of workforce working from home without a hitch. I still think the collaboration, or culture, side of it is what occurred within the office, but we pivoted from that perspective, and we're pushing the ability to work from home a whole lot more."

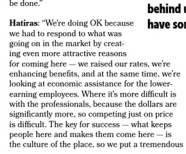
"To tackle the workforce issue and spread our wings and look outside of New England and Massachusetts, we're advertising positions as 80% work from home; something you would have never thought of or heard of in years past. We have an employee who works 100% out of temporary city. As a local community bank, we would have never considered that. It increased our ability to attract talent, and we've found some success, but I know it's still going to be a challenge moving forward."

Kana: "We're looking for exposure, and being in our bright new building certainly helps. So does using social media to attract young machinists; we're using Instagram and Facebook... it really does work with the young people that follow you. And being a family-owned business also resonates with many people; there have been so many capital acquisitions in recent times in this area."

"We spend a lot of time talking to parents about manufacturing and the opportunities that are available to young people. Manufacturing is coming back, and now parents are realizing that not everyone is meant for a college degree, and they don't have to spend \$100,000 or \$200,000 on education; they are coming into machining and electrical and plumbing. The parents are really starting to see us as a viable option."

Dumay: "We're paying a lot of attention to employee morale and employee satisfaction, and being flexible where we can. Part of the promise of Elm College as a small, liberal-arts institution is that students will be in contact with people and one another, so having a presence on campus is important. But we're trying to work creatively to include flexibility for employees in terms of where they can work and the time they can work, to the extent that this can be done."

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Tenziana Cannon-Eckle says many converging forces will bring change to the employment-law scene in 2023.

Hatziras: "One of the good things for Holyoke, and this is one of the reasons I'm optimistic about our path here, is that we have that silver lining with Medicare; we have a five-year waiver with Medicare, which puts a lot of emphasis on our students. So, despite the many challenges I mentioned — and we're going to have to meet those challenges — I think we didn't know what a future would be in our area to provide the services we do at Mass and even better. It's a good deal for Massachusetts and safety-net hospitals."

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amount of effort in the 10 years I've been here on creating a good culture. Now it's become a differentiator, and we're pushing it even more. We're an employer that listens to employees, responds to their needs, and cares. That's what people want."

Falcone: "We put a big focus on our company culture. Right in our strategic plan, as a security 'invest in people, personally grow, and have fun.' There's no doubt about it... the people we have seen our biggest asset, so we're working to make sure that we're taking care of them. In three consecutive job market reports, it's only easy to jump jobs for an extra dollar or two an hour; but for us, we really want to focus on training and employee engagement and employee satisfaction."

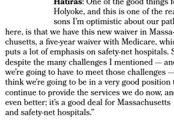
BusinessWest: Provide us with at least one, and maybe a few, reasons for optimism regarding the economy?

Falcone: "The supply chain is becoming more normal. Two years ago, our fill rates as a company were about 60%. December marked the first time our fill rates recently broke the 80% mark. They're still not back to 100%, but levels of roughly 90%, but it's slowly getting better, and I think the numbers will continue to increase. For the consumer, it's the availability of product at a reasonable price. Also, we're starting to see a little bit of deflation, but I think we're going to have inflation, but it is going to level off."

Kana: "The war, which is terrible for the world, and the politics going on are not only going to make more work for us because we're military and defense-based. Meanwhile, space is another huge one for us, because it's been years since the U.S. has gone to space. And with all the competition going on for space travel now between Blue Origin, SpaceX, and others... it's a market the U.S. hasn't been involved in for years, and it's back well for us."

Cannon-Eckle: "Now that COVID is a little bit behind us — we have that clarity. I think there was a period of time when employees, people who don't work, everyone in this world went through a period of time when they just didn't know what the future would be. Now, people can start making decisions and moving forward, in whatever direction that might be. Also, green technology. I think that technology is getting a huge boost, even more so than I had before, and I think we're going to see a lot of big strides in green technology and I'm really excited about that."

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