"We really track consume 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 Seneral: "Increased business confidence is the biggest thing going to have some sort of recovery come the

back half of the

s part of its annual Economic Outlook, BusinessWest put together a roundtable of area business leaders o discuss the issues facing the region and its busi-ness community and the outlook for the year ahead. The panel represents several sectors of the econom and both small and large businesses. It includes: Harry Dumay, president of Elms College in Chicopee; John Falcone, director of Merchandising for Rocky's Ace Hardware; Spiros Hatiras, presi-dent and CEO of Holyoke Medical Center; Susan Kasa, president of Boulevard Machine in Westfield; Tanzania Cannon-Eckerle, an attorney with the Royal Law Firm and co-owner of Brew Practitioners; and Tom Senecal, president and CEO of PeoplesBank. They were candid and, overall, cautiously optimistic in their answers to a series of questions about the economy and what comes next.

RusinessWest: What is your outlook for 2023?

Kasa: "We're excited for 2023; we've really seen an uptick in military and defense work, so we're really excited about where our

I think, with all the negative press we hear on the economy. ncreased confidence is big, and in my industry, and with the ople we do business with, lower interest rates will have a sig nificant, positive impact on our environment."

Cannon-Eckerle: "We're excited about some of the fallout that we got legally from COVID; it has started to settle down a little



Susan Kasa 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,

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 cor ent will increase slightly, and that we're going to have some sort of recovery come the back half of the year."

Hatiras: "With ARPA funds 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

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

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 entrepr 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 the extra hours that we're giving

concerning part is the continuing shortage of personnel, which has created this market for temporary staffing at rates that are truly outra geous. To put things in perspective, we have about 20 nurses on tempo rary staff that we get through agencies. Those 20 nurses, on an annual basis, cost us \$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

"As a nation, the federal government is doing a lot of things — they

bit - we're starting to see those issues become isolated, and opportuni ties for us to create some guidance and counsel about prev sures. On the employment side, instead of seeing people float from job to job. I think we're going to see a little more staving power

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.

"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."

did some things with railroad workers, they're helping Ukraine, they're talking about a lot of things. They she have stepped in and regulated this and said, 'the pandemicreated a tremendous amount of shortage; we cannot allow private companies to go out and profit from that shortage of staffing and bring hospitals to their knees.' With all this it's going to be very difficult for hospitals to cope, and that's why all our strategy centers around finding a way to attract

Falcone: "Number one would be interest rates; we keep seeing interest rates increase, and not increasing at a rate that we would expect compared to supply chain. The supply chain is still not fully intact, so we're still struggling to find those products that we want to make strategic invest-ments in. Also, the job market is going to be difficult for us, primarily on the service, retail, restaurant industry. We ver nuch struggle with our workforce."

Senecal: "I would agree with Susan on the labor force We're all in different industries, but we're seeing the sam challenges, whether it's manufacturing, skilled labor, retail labor, banking and financial services ... COVID killed the participation rate of how people want to work or, quite frankly, don't want to work. It seems like it's across all industries — the participation is so low, and people just don't want to work. That's a huge challenge for next year.

"Another one is inflationary pressures; the Fed has raised rates at unheard-of levels, and it's having very little impact, which is kind of scary. The last increase wasn't as high as the others, but it's still unprecedented. They used to be a quarter-point; three or four 75-basis-point raises is a shock to the system, and it's not having the immediate impact you might think it would have. That's going to be a challenge for a lot of business, as well as for us in the bank



"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."

them. Workforce is key for us - building on the workforce

Hatiras: "In healthcare, there is a great deal of concern, and the mosmiddleman that makes untold amounts of money from this crisis



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

John Falcone says supply-chain issues have improved in recent months, one of many reasons for optimism heading

Dumay: "In higher education, there are many challenges related to enrollment and finances; we've been talking for a while about what is known as the 'demographic cliff,' which is the fact that there are fewer high-school graduates, fewer 18-year-olds that are ready to enroll in college, and this has been exacerbated during the COVID years. This is creating enrollment challenges for all higher-ed insti-tutions. On the finance side, everyone here has mentioned the chal lenge of inflation, as well as the tight workforce. Higher education is also challenged by the fact that some of the stimulus funding that has helped during COVID is no longer available. All of these are going to create challenges for the higher-ed sector in general, and Elms College in particular. But they also present opportunities.

nessWest: What are the forces that will determine what will we're all talking about a year from now?

"For us, what's happening in the world politically and the war in Ukraine; we're really seeing an increase in military spend-ing and orders for the military and defense. That's going to be very helpful for us, and I do see that continuing. There's a tremendous amount of talk about upgrades to engines, the F-35 ... and being in the aerospace alley and having so many of these large OEMs right in the corridor, in the Hartford area, is beneficial for us. I do foresee things continuing to move up and onward for us."

Cannon-Eckerle: "One of the things bubbling up in the legal sphere is something they call 'litigation investment,' which is essentially large companies investing in litigation against larger corporations that normally they wouldn't be able to afford. It's like a venture capital-like investment, and we're starting to see large companie spread their wings. I think that might have an effect on litigation

Dumay: "I think some of those challenges that I spoke about that are related to enrollment will lead to some of the forces and trends that will shape things in 2023. I expect institutions to tailor their

in perspective, we have about 20 nurses on temporary staff that we get through agencies Those 20 nurses. on an annual basis, cost us \$5 million: each nurse costs us \$250,000. because the rates are exorbitant - the nurses ge

"To put things

a lot of money, but there's also a middleman that makes untold amounts of mon from this crisis."

essWest: How has your business or institu ion coped with the recent workforce challenges: Do you have a success formula?

eal: "Refore COVID hit we would never let an employee work from home; from a security perspective, from a collaborative perspective, it ouldn't work. Two weeks into the par ic. we had 80% of workforce working from home without a hitch. I still think the collaboration, or ulture, side of it has to occur within the office, but we've nivoted 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 beyond Western Mass., we are advertising positions as '80% work from home,' something you would have never thought of or heard of in years past. We have an employee now who works 100% out of Chicago. As a local community bank, we would have never considered that. It's increased our ability to attract talent, and we've found some suc cess, but I know it's still going to be a challenge moving forward

Kasa: "We're looking for exposure, and being in our bright new building certainly belos. 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

"We spend a lot of time talking to parent 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."

mployee morale and employee satisfaction, and being flexible where we can. Part of the promise of Elms College as a small, liberal-arts institution is that students will be in contact with people and one another, so having a presence on cam-pus is important. But we're trying to work creatively to include flexibility

for employees in terms of where "Now that COVID they can work and the time they can work, to the extent that this can is a little bit

behind us ... we Hatiras: "We're doing OK because we had to respond to what was going on in the market by creatfor coming here — we raised our rates, we're enhancing benefits, and at the same time, we're ooking at economic assistance for the lowe 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 the culture of the place, so we put a tremendous

ments, and it just continually squeezes the small 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 onds to their needs, and cares. That's wha Falcone: "We put a big focus on our company

culture. Right in our strategic plan, it says 'invest in people, personally grow, and have fun.' There's no doubt about it ... the people we have are our biggest asset, so what we want to do is make sure that we're taking care of them. In this ever-competitive job market, it's really easy to jump jobs for an extra dollar or two an hour but for us, we really want to focus on employee engagement and employee satisfaction

"We're paying a BusinessWest: Provide us with at lot of attention to least one, and maybe a few, rea employee morale sons for optimism regarding the war ahead and employee

satisfaction, and Falcone: "The supply chain is becoming more intact. Two years being flexible ago, our fill rates as a company were about 60%; December where we can." marked the first time our fill rates recently broke the 80% mark. They're still not back to 2019

lovels 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 ... I think we're still going to have inflation, but it is going to level off"

Kasa: "The war, which is terrible for the world, and the politics going on are only going to make more work for us because we're military and defense-heavy. 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 comp going on for space travel now between Blue Orin, SpaceX, and others ... it's a a market the U.S. sn't been involved in for years, and it bodes

Cannon-Eckerle: "Now that COVID is a little bit behind us ... we have some clarity. I think there was a period of time when employers, 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 hold. Now, people can start making decisions and mov

ing forward, in whatever direction that might be.

Also, green technology. I think that technology is getting a huge boost, even moreso than it had before, and I think we're going to start making some big strides in green technol-ogy, and I'm really excited about

Hatiras: One of the good things for Holyoke, and this is one of the rea sons I'm optimistic about our path here, is that we have this new waiver in Massa chusetts, a five-year waiver with Medicare, which puts a lot of emphasis on safety-net hospitals. So, despite the many challenges I mentioned — and we're going to have to meet those challenges – I think we're going to be in a very good position to continue to provide the services we do now and even better; it's a good deal for Massachus



lege recently, and everyone was shaking hands
— no one was fist-pumping, no one was six feet
apart. It's easy to forget where we were a year ago. I'm encouraged when I look at what hap-pened during the past semester, when studen were happy to be with one another; this is the generation where students finished their high school on Zoom and already had some difficulty with social skills. This ability to come baci together _ people are appreciating that.

"Another reason for optimism is that we "Another reason for optimism is that we learned a lot of lessons during COVID. We endured considerable

> students with maximum flexibility." learned a lot of lessons during COVID. We endured considerable hardships, but we also learned some valuable lessons as well. In higher education, for example, we learned about online learning and providing students with maximum flexibility. This is something we were forced into by COVID, but now, those lessons are set tling down and providing both flexibility and eff ciency in terms of teaching and learning. From a human-relations perspective, we've learned some

lessons that are becoming part of our operations

hardships, but we also learned some

education, for example, we learned

about online learning and providing

valuable lessons as well. In higher

Dumay: "We had a Christmas party at the col

"Before COVID hit. we would never let an employee work from home; from a security perspective, from

of workforce

working from

home without a

hitch."

issues, and I expect that we'll see more collaborations and partner ships between higher-ed institutions and businesses to address some of these workforce challenges." Senecal: "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 collaborative 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 Rus perspective, it just sian energy and what is being supplied to Europe and all ... many wouldn't work. 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, Two weeks into they have enough to get through the winter to sustain themselves What they don't have is the ability to replenish those supplies by the pandemic, we had 80%

> ply 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 nent created by that war has affected our business dramatically, whether it's fuel costs, energy costs that directly impact the supply chain and lead to inflation, or interest rate cause the overall cost of carrying our inventory is higher, and the

pricing and courses accordingly; there is a trend in higher educa-tion to look for shorter types of certificates to help max the creden

tialing needs of the workforce. I expect we'll see that, But also, the

workforce issues are providing a lot of opportunities for instituti to partner with businesses to address some of these workforce

Kasa: "Lagree with John. In manufacturing our supply chain has really been impacted by this war, we're not able to get material as we did some time ago, and those costs continue to rise. Being in manufacturing, we're held to long-term agreements, master agre

is to put a huge amount of pressure on to get to next year, because when you get to next winter, there's not going to be any energy-supcost of the product we're procuring is higher. So with that, our over

next winter, and I think Russia knows this, and I think their strategy