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NH Manufacturers Optimistic about Short-term Business Climate

By [Janet Lathrop](#)
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DURHAM, N.H. -- An impressive 66 percent of New Hampshire manufacturing firms say they expect their sales to increase in the coming year and 34 percent expect to add employees, according to a survey conducted recently by the University of New Hampshire Survey Center for the Manufacturing Management Center (MMC).

The news is "very encouraging," says Janice Kitchen, director of the Office of Economic Initiatives, a division of UNH's Small Business Development Center (SBDC) and with MMC, a sponsor of the survey. "What we found is reflective of the strengths of New Hampshire companies. They tend to have close customer relationships. They make custom products and they are very adaptive to the marketplace."

About 22 percent of the 404 manufacturers contacted for the telephone interview said they expect sales to remain at current levels in 2001, according to Andrew Smith, director of the Survey Center, while 9 percent expected sales to decline. Among those who expect sales to grow, 20 percent attributed the projected increase to their attention to customer service and 24 percent said sales would increase because of the high quality of their products.

The MMC's recent survey is a follow-up to a larger study of 674 manufacturing firms that the center conducted last year.

Mary Collins, state director of the SBDC at UNH, noted that most manufacturers here are nimble: they offer a small product line (75 percent) that is supported by efficient, computer-driven machinery, savvy Internet capability and up-to-date computer hardware. She explains, "New Hampshire leads the New England region in manufacturing growth and the percentage of workers employed in that sector" partly because during the recession of the early 1990s, "New Hampshire companies made a successful shift from producing non-durable goods to value-added, high technology production."

Linda Sprague, professor of decision science at UNH's Whittemore School of Business and Economics, agrees. She conducted the New Hampshire Manufacturing Survey of nearly 700 firms last year, which revealed that Granite State companies are "very responsive to market opportunities." Her 2000 survey found that "investments in technology and strong customer relationships were associated with high growth" overall, and particularly in such industries as chemicals, paper and miscellaneous manufacturing.

New Hampshire manufacturers nurture relationships with customers by custom-designing products, helping to develop applications, training staff for product use, consulting on manufacturing processes, and asking for feedback performance, delivery performance and cost, Sprague said.

"New Hampshire companies are active in exporting, as well," she added. Her study for the MMC found that more than 43 percent have international customers.

Kitchen, reflecting on the most recent survey results, found it interesting that New Hampshire manufacturers "seem to think that the other guy is doing worse than they are." Forty-two (42) percent of those surveyed expect that their competitors will see sales stay the same (21 percent) or decrease (21 percent) in the next year, due to a general slowdown in the economy.

If anything looked as if it might cloud the overall rosy economic outlook perceived last year by manufacturers responding to the MMC survey, it was that nearly half of them said labor shortages -- in particular a scarcity of skilled workers -- had the potential to curb growth. The

situation has changed in the meantime, however, according to Kitchen. Now, it seems more likely that the worldwide economic downturn could have an impact on New Hampshire manufacturers, by depressing demand for their products. "We'll just have to hope that the recovery both here and abroad comes quickly," she noted.

All the information gleaned from both surveys will be put to good use, says Collins. "The Manufacturing Management Center's research has added significantly to the body of knowledge we have concerning New Hampshire manufacturers," she notes. "We will use this information to design programs to insure the continued health of this vital sector of our state economy."

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