

Testimony By: Jeff Clark, Chroma Technology

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My name is Jeff Clark and I am the Director of Operations at Chroma Technology, a 100% employee owned company in Rockingham, Vermont. Chroma Technology is a manufacturer of precision optical filters. These optical filters are used in applications such as Biomedical imaging, DNA sequencing, and Fluorescent microscopy by hospitals, universities and research facilities.

In 1991 Chroma Technology was formed by a group of six people. These founders of wanted to work for themselves so they started Chroma Technology and modeled it like a law firm; it was a partnership and everyone was equal.

Initially, their salary was a flat \$30,000/yr, which was a good salary for someone living in Brattleboro, Vermont in 1991.

Each founder purchased and received 1000 shares of stock. They had equal vacation, health benefits and split any profits equally twice a year.

When the company started to grow and they added more people, they continued with the same approach. New employees were partners as well, with the same salary and benefits. The company also paid for the 200 shares of stock per person that were allocated each year. Profits continue to be split equally amongst the owners.

In 1996, there were adjustments to the salary structure. The adjustments changed the flat \$30,000/yr to a range of \$35,000 to \$55,000/yr over 5 years and all the other benefits remained the same.

In 2000, the salary range increased to a maximum \$75,000/yr over ten years regardless of the job position.

In 2007, because of market forces, Chroma instituted 4 "tiers", with different salary ranges within each "tier", based upon the skill sets needed for the different positions. No one's salary was cut and most people at Chroma continue to earn above market rate.

Today Chroma's benefit package includes:

- Salary
- Company funded health care plan
- Profit Sharing twice/yr
- Company funded SEP IRA
- Stock distribution

-Dividends on stock if declared

-Vacation: 3 weeks after 1 year, 4 weeks after 5 years and 10 Personal/Sick days

Being an employee owned and operated company allows Chroma to have a unique approach to management. Since we're responsible to ourselves, we need to work within the system we create. This means that we are not forced to take the "text book" approach to management. Our business structure is a little different than most. We try to minimize management. When the company was smaller, it was easy to meet as a group, discuss problems and make decisions. No, "one" person was in charge. However, as we grew to 30, 40 and 50 employees, it became more difficult to meet as a group. Decisions in departments were made by the departments, but no one was looking after the company as a whole. So, in 2005, the company developed the steering committee. The committee facilitates information and makes sure the decisions that need to be made within each department are made. It works with the departments; not as managers, but as collaborators. It's a fine line to walk, but when done correctly, it's the best way.

Since we do not have direct supervisors, we spread some of the burden of running the company to all employee/owners. This allows us to minimize the amount of peoples we need to employ, which in turn, keeps our costs and prices down.

Our turnover rate is also extremely low in comparison to other companies in our industry. Chroma's turnover in FY 2010, was 6.74% while the 2009 department of labor statistic for our industry is 24.1%.

In recent years, Chroma has expanded its footprint. In 2007 we opened our first sales office in Germany which is staffed by an Applications Scientist. In 2009 we opened two sales offices in the United States; one in North Carolina and one in Oregon. They are staffed with OEM Sales Engineers. In July of 2009 we also opened subsidiary in Burlington, Vt., name is 89 North. It is employee owned and has 5 engineers, one microbiologist and an office manager. They design, manufacture, and sell fluorescent-based light sources. Finally, in February of 2011 we will be opening a representative office in Xiamen, China. It will be staffed by an OEM sales engineer and an Applications Scientist.

Over the past two years Chroma has also won multiple awards

- 2009 and 2010 Inc Magazine: Named Chroma as one of the Fastest Growing Private Companies in the US.
 - o (Aug. 2009 and Aug 2010)
- 2009 and 2010 WorldBlu: Listed Chroma as one of Most Democratic Workplaces Worldwide
 - o (April 13, 2010)
- 2010 Inc Magazine/Winning Work Places: Named Chroma as One of the Best places to work in the country
 - o (June 2010)

Prior to coming to Chroma, I worked for some other large corporations. They were very efficient at manufacturing products, cutting costs and keeping an eye on the bottom line which was good for their stockholders. Chroma has these same concerns, but we also consider the impact of our decisions on our employee owners and local communities.

Over the past 13 years at Chroma, I've seen something special. You can see it in the data and hear it in the stories. I'm proud to have been given the opportunity to own and work at such a company. I am hopeful that the WORK Act and the US. Employee Ownership Bank Act bills are passed so other employees will have a chance to learn about employee ownership options and the funds will be available to make it happen.

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