

NEW HAMPSHIRE UNION LEADER

And it all starts with 'Dartmouth': Brains, talent, investors key ingredients in Upper Valley success

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Long before his family's egg farm racked up nearly a quarter of a billion dollars in net sales, Jesse Laflamme discovered how scrambled the family finances were.

"My mom had a checkbook, and then the bills would pile up," said Laflamme, who until this month served as CEO of Pete and Gerry's Organic Eggs in Monroe.

At a summer class at Dartmouth's Tuck School of Business two decades ago, he saw how the farm's finances were like "driving a tractor-trailer down the road in the middle of the night with no headlights on."

Laflamme put into practice lessons he learned from Tuck, including using a general ledger and accounting principles, which allowed the family to track company finances and forecast its future for the Monroe farm. Today, 70,000 to 80,000 chickens lay eggs about an hour's drive north from the Hanover campus, and the company also buys eggs from 130 farms around the country.

"It helped us make some critical decisions at a very critical time," Laflamme said in a recent interview.

Pete and Gerry's offices are housed in a Lebanon business incubator partly overseen by Dartmouth College. The company's offerings include Nellie's Free Range Eggs, a premium brand that retails generally for \$4 to \$5 a dozen.

This month, Pete and Gerry's announced that Laflamme and his father were selling a majority stake in the company for an undisclosed amount. Net sales in 2020 were \$241 million — a thousandfold increase from two decades earlier.

The Tuck School connection played a big role in the company's growth, said Laflamme, who recruited his head of marketing after meeting him at a business school panel discussion.

"I genuinely think it had a significant impact on our size," the Bates College graduate said.

The robust Upper Valley economy, featuring the best-paid workers in the state, is blossoming, thanks to heavy reliance on institutions named Dartmouth.

The region, made up of 20 or so communities scattered along a roughly 40-mile stretch of the Connecticut river, employs thousands in biomed, manufacturing and high-tech companies, which often trade on connections with Dartmouth College and Dartmouth-Hitchcock Medical Center, the state's largest private employer.

"It tends to be its own world," said commercial real estate broker Chip Brown. "I call it the island because it truly functions like one.

"I'd say everybody's here because of what has come out of Dartmouth grad schools and DHMC," Brown said. "For a lot of people, that is the magnet."

Without those economic juggernauts, the region would look "a little bit more like the North Country," said Meghan Butts, executive director of the Upper Valley Lake Sunapee Regional Planning Commission.

Researchers and would-be inventors often partner with someone at one of Dartmouth's graduate schools — business, engineering or medicine — and sometimes rent small spaces in business parks that offer an independent address required for federal grants and occasional coaching for businesses in need of nurturing.

Entrepreneurs often rely on people in the area, including Dartmouth College alumni, for funding and guidance.

"It's the two degrees of Kevin Bacon up here," said developer Chet Clem, referring to the actor who supposedly can be linked to anyone by six connections or fewer.

Lab with a view

Oversized windows give researchers inside the Norris Cotton Cancer Center lab in Lebanon a view of the tower of the Baker-Berry Library at Dartmouth College a few miles away.

Dr. Steven Leach, the center's director, said he didn't know about the breadth and complexity of the Upper Valley's economy when he took the job more than three years ago.

"My sense is that it's a pretty closely kept secret," Leach said. "Again, in recruiting a new cancer center director, I wasn't even made aware of it."

Of 51 National Cancer Institute-designated comprehensive cancer centers across the United States, Norris Cotton operates in the smallest metro area yet ranks sixth in the number of startups it has created.

“The secret sauce from my vantage point is the confluence of a great academic medical center, with a school of medicine, a business school, an engineering school and an undergraduate college all existing on a human scale that’s right-sized for interaction,” Leach said.

Thousands of workers

In 1769, John Wentworth, the royal governor of New Hampshire, signed Dartmouth College’s charter.

Two and a half centuries later, Dartmouth’s operating budget totals \$862.26 million — five times what Manchester’s mayor has proposed to spend on city schools next year.

Thousands descend on the area in non-pandemic times. The Ivy League school counted 6,292 students, 931 faculty and 3,213 staff members last fall. Undergraduate tuition, fees, room and board ran \$76,480 this year, with just over half the students receiving financial aid.

Student Megan Zhou of Acton, Mass., was blowing bubbles in an outside dining area at lunch recently. The biology major, who graduates this spring, said she liked that she could experience different interests, including theater class.

After graduation, she knows she can seek advice from past graduates — “mostly a great alumni network I can always reach out to,” Zhou said.

The area hospital dates to the late 19th century.

In 1893, Mary Hitchcock Memorial Hospital opened in Hanover after Dr. Carlton Frost, dean of then-Dartmouth Medical College, talked to a friend, prosperous hotelier Hiram Hitchcock, about building a small hospital, according to the Dartmouth-Hitchcock Health website.

In the 1980s, Dartmouth College offered Dartmouth-Hitchcock Medical Center a large portion of land on Route 120. The 13-acre building site was surrounded by about 200 acres of woodlands. Construction was completed in 1991.

As of December, the medical center had about 6,600 workers in Lebanon, while its umbrella organization, Dartmouth-Hitchcock Health, employed more than 10,500 statewide.

“The cancer center has an unusual situation as part of both Dartmouth’s Geisel School of Medicine and D-H Health,” Leach said. “Many hundreds of people” work in the cancer center, but they also work at Geisel or Dartmouth-Hitchcock to create multi-discipline research teams working on cancer.

“So we’re tightly entangled,” he said.

Life sciences landscape

New Hampshire is home to more than 400 companies in the life sciences arena, said Cindy Conde, co-chair of the biomed-tech cluster at the New Hampshire Tech Alliance.

After Manchester, “I would say currently from a research perspective especially on the bio (med) side, I would say the Upper Valley would be second,” she said.

“The biotech, medtech industry up there is really thriving, and a lot of it is driven by the fact you have startups that have come up from Dartmouth,” Conde said.

For much of the state, she said, “it has been a well-kept secret.”

Out of 29 labor markets across the state, nowhere averages a bigger paycheck than the New Hampshire portion of the Lebanon area. Its \$1,422 weekly pay beat out Nashua and Portsmouth by more than \$160 a week and Manchester by \$272, according to 2019 figures listed on the New Hampshire Employment Security website.

Dartmouth, matchmaker

Jack and Joe both were looking for a partner.

Jack O’Toole, a business school student at Dartmouth College, wanted to bring financial smarts to a tech company.

Joe BelBruno, who had been a Dartmouth chemistry professor for three decades, sought someone with a business background to help commercialize a sensor to detect airborne nicotine.

They met in an introduction to entrepreneurship class at Dartmouth’s Tuck School of Business that required students to pair up.

As they grew more comfortable, they found their company’s first employees at Dartmouth’s engineering school and today continue to rent space at an incubator partly overseen by the college.

FreshAir Sensor, which operates on the same floor as Pete and Gerry’s Organic Eggs, has sold thousands of nicotine sensors to hotels and plans to introduce a new sensor to detect vaping in schools this fall.

“I don’t know how you could have started it up without Dartmouth,” O’Toole said recently at the company’s headquarters at the Dartmouth Regional Technology Center in Lebanon.

“Our first investors were all from the Dartmouth and the Tuck network,” he said. “Like every functional problem I’ve had as I’ve tried to figure out stuff going forward, the people I go to are founders, people who run companies that are Dartmouth and Tuck grads.”

FreshAir makes the sensors and assembles the devices at the technology center.

But within the next two years, the company likely will seek a separate manufacturing facility within 45 minutes of Lebanon, either in New Hampshire or Vermont, said Trip Davis, FreshAir’s CEO and chair of the center’s board.

The center offers companies flexible space to advance their research or products, he said.

“Often, we start with 60-square-foot offices,” Davis said of new arrivals. “They start to build a business.”

Leveraging connections

The region’s ecosystem has assembled key items to support its expansion, said Jamie Coughlin, who heads the Magnuson Center for Entrepreneurship at Dartmouth.

“I do think we have a real unique talent base that is very complementary to the entrepreneurial venture creation process,” Coughlin said. “And by talent, that is the builder talent, the business talent and then the capital talent. And that is often the three ingredients that are required to build ... some of these more technology, growth-oriented companies.”

Making connections is key to bringing an idea to the marketplace, with the college and medical center as important resources, he said.

“Most of the companies in the Upper Valley are tied to these two entities in some way, either as the initial seed of the idea and/or a first co-founder or partner, a first employee,” Coughlin said.

The Magnuson center has a Dartmouth Angels program, where investors quarterly hear pitches from Dartmouth-affiliated startups and consider whether to invest in them.

‘One great big startup’

Hanover-based Hypertherm employs 1,200 workers at multiple locations in the Hanover-Lebanon area.

“I do think there’s a lot of startups that are successful here,” said Matt McKenney, who used to lead Hypertherm’s workforce development program and is now CEO of the Institute for American Apprenticeships.

“If you look historically, Hypertherm is just one great big startup, right?” he said. “It was a spinoff of a technology from a local company with Dick Couch, who was a Dartmouth grad, and here we are a global company.”

As for the region, he said: “There is a pocket of technology, a manufacturing industry that exists here that, I think, surprises people.”

About 40% of the industrial cutting products company’s workers live in Vermont, and some commute up to an hour away.

“I think one of the challenges that we have is transportation and housing availability,” he said.

Small business spillover

On Hanover’s Main Street, Sarah Gilbreath at Farmhouse Pottery noticed new faces during the pandemic.

“We have a lot of people moving here,” the retail sales associate said.

Downtown attracts many people who are in the area for another reason.

Sometimes people are waiting to see a doctor at the medical center, about a 15-minute drive away.

People will say, “I have an appointment, but I feel like killing time,” Gilbreath said.

Dartmouth parents and students stop in as well.

“This is a college town,” Gilbreath said. “This college has been really keeping things going.”

A market for discoveries

Surajit Dhara, a senior research scientist at Norris Cotton, was working to help pancreatic cancer patients on a recent afternoon.

Dhara, a Dartmouth College employee and founder of Episteme Prognostics in Lebanon, said he has developed a test that generates a “molecular prognosis score” to predict “how pancreatic cancer patients are going to respond to traditional chemotherapy.”

The test, which is not yet clinically available, uses needle biopsy material from pancreatic cancers and examines features of the tumor’s genome to predict the benefit of traditional chemotherapy, allowing selected patients to pursue other options.

The cancer center’s Leach said the results will allow doctors to develop potential different courses of treatment, depending on the scores.

The technology to commercialize his work was developed at the Lebanon lab, with support from the Dartmouth College Technology Transfer Office and the cancer center's new innovation accelerator, Leach said.

That accelerator, launched last year, has raised several million dollars in philanthropic gifts to bring new cancer treatments to patients more quickly.

The Cato Institute, meanwhile, recently ranked New Hampshire as having the fifth-lowest regulatory barriers for startup companies in the country, the best in the Northeast. Massachusetts ranked 34th.

More construction

Based on construction plans, the ecosystem is predicted to continue growing.

At least three business parks are planned for Lebanon, including a city-funded effort near the airport slated to be completed in October 2022.

Developer Clem's mixed-use project, River Park, nestled along the Connecticut River in West Lebanon, envisions more than 850,000 square feet of development, including housing. The first building will include laboratory, restaurant, retail and office spaces and is marketed as a seven-minute drive from Dartmouth College.

Part of his clientele will include "that upstart group that is outgrowing the Dartmouth ecosystem," he said. Others will include existing nearby companies and out-of-state firms considering the Granite State, he said.

The region's housing shortage is a "very real concern," Clem said. "We knew that we needed to house people that worked here."