

ExecutiveMemo

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A newsletter of the Illinois Manufacturers' Association



April 22, 2010

BRIEFLY

EPA announces new Regional Administrator for Region 5, Chicago

On April 21, 2010, U.S. Environmental Protection Agency Administrator Lisa P. Jackson announced President Barack Obama's selection of Susan Hedman to be the Agency's Regional Administrator for EPA's Region 5. This region encompasses Illinois, Indiana, Michigan, Minnesota, Ohio, Wisconsin and 35 Tribal Nations.

Regional Administrators promote state and local environmental protection efforts and serve as a liaison to state and local government officials. In addition, they are tasked with ensuring EPA's efforts to address environmental crises.

Susan Hedman has extensive experience in the environmental protection field dating back to the early 1980's when she taught environmental policy courses at Northland College in Ashland, Wisconsin. Since 2005, she has served as Illinois Attorney General Lisa Madigan's Environmental Counsel and Senior Assistant Attorney General, playing a role as chief negotiator for litigation and legislation relating to environmental protection, energy efficiency, renewable energy, carbon capture technology and associated consumer issues. Dr. Hedman earned her BA in Politics and Government from Ripon College in Ripon, Wisconsin, before earning her MA from the La Follette Institute of Public Affairs at the University of Wisconsin-Madison in 1979. She obtained her JD from the University of Wisconsin Law School in 1987 before earning a PhD from the Gaylord Nelson Institute for Environmental Studies in Madison two years later.

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Financial health checkup – from your bank's perspective

In the midst of the "Great Recession," many businesses faced the harsh reality that the nature of their banking relationship had changed dramatically. Tightening credit markets have affected businesses in a number of ways, including:

- Higher interest rates and fees
- Lower line of credit caps
- Demands for collateral enhancement
- Demands for personal guarantees
- Tighter loan covenants
- More frequent reporting
- Difficulty borrowing new money to buy equipment

Unfortunately, many businesses have been further surprised recently to find that their year-end numbers are causing unforeseen problems with their banks. Even businesses with strong balance sheets and consistent profitability are encountering challenges. It's important that all businesses anticipate potential issues with their banks and address them proactively, rather than reactively.

Interpret your performance level

Plante & Moran's complimentary Financial Health Checkup (view a sample: <http://www.plantemoran.com/services/operational-effectiveness/turnaround-and-restructuring/Documents/Financial-Health-Checkup-From-Your-Banks-Perspective-SAMPLE.pdf>) will help you assess your performance in the quantitative areas that are typically important to banks. Download it today, and complete the form in minutes. Then use the results to engage your bank in a proactive dialogue about your business.

For more information and to download the tool, visit <http://www.plantemoran.com/services/operational-effectiveness/turnaround-and-restructuring/Pages/financial-health-checkup-from-your-banks-perspective.aspx>.

Webinar from Plante & Moran, PLLC . . .

Responding to Health Care Reform: Have You Formed a Strategy? Thursday, May 6 from 1:00-2:30 pm CDT, On the Web

Now that Congress has passed health care reform, it is time for employers to examine the significant aspects of the legislation, including the tax implications, employer responsibilities, and welfare benefit plan design issues. Our tax, employee benefits, and health care consultants will discuss the law and its implementation over the next 10 years. They will help you put health care reform into perspective, so that you can begin to develop a strategy for your business and yourself. Presenters: Ed Murphy and Michael Krucker, health and welfare plan experts; James Minutolo, tax consultant; and Tony Colarossi, institutional health care consultant. Moderated by Frank Audia, Group Managing Partner. To register for this event, visit <http://click.plantemoran.info/?qs=01d3bf3c57bb37cb527b841ace0efe75da3ed04258c7799135f5fac12e1da9>. For more information, contact Jason Carano, 312-602-3519, email jason.carano@plantemoran.com.

IMA'S EXECUTIVE MEMO IS UNDERWRITTEN BY:



EXPERIENCE RESPONSIVENESS.

Of 838 clients surveyed, 98% say Plante & Moran is responsive to their needs.

IDC, LLC protests monopoly on Defense Department contract to protect U.S. troops

Troop safety concerns raised after DOD declines purchase of superior protective barriers

Infrastructure Defense Technologies, LLC (IDT), on April 21st, announced that it has submitted a Bid Protest with the Government Accountability Office (GAO), to try to reverse the Defense Logistics Agency's (DLA) award of a U.S. government contract for critical military force protection to a foreign company.

The DLA, a combat support agency of the Department of Defense, requested bids in 2008 for Expeditionary Earth Filled Protective Barriers, which provide perimeter security against likely threats such as bullets, RPGs, IEDs, and VBIEDs at U.S. military bases in Iraq and Afghanistan. Although the IDT protective barrier received the best protective and technical ratings (as tested by the U.S. Army Corps of Engineers), the DLA curiously awarded the contract to a foreign competitor.

In repeated Government evaluations of the technical characteristics of IDT's products, even DLA has concluded that IDT's products are technically superior overall to the products of its foreign competitor.

Since 2003, the DLA has sole-sourced this critically important protective equipment from a foreign company, and has paid them in foreign currency.

"U.S. soldiers who put their lives on the line every day deserve the best protection available. Giving them anything less is unacceptable and inexcusable," said Kenneth Carlton, Vice President of IDT. "Given the broad range of needs that exist in Iraq and Afghanistan, voluntarily engaging in a monopoly with a foreign company

is ill-advised, and potentially dangerous."

IDT is an American company located in Belvidere, Illinois, where the unemployment rate is among the highest in the United States. An award of this contract will create 250 skilled manufacturing jobs. In addition, IDT estimates an additional 1,000 jobs will be created regionally in support of the contract.

"We are ready to hire American workers and provide the best possible protection to the war fighter," concluded Mr. Carlton.

IDT has received tremendous support from Illinois Governor Pat Quinn, U.S. Senators Richard Durbin and Roland Burris, U.S. Congressman Donald Manzullo, the Illinois State AFL-CIO, and the United Steel Workers.

2010 IMA Benefits Survey now available . . . You're invited to participate

RSM McGladrey and the Illinois Manufacturers' Association (IMA), in partnership with the Valley Industrial Association (VIA), invite you to participate in the 2010 Benefits Survey. Your responses to this survey will provide important benchmark information to organizations across Illinois when the report is released this summer. This report will serve as a useful tool when establishing or updating your employee benefits package. All participants will receive a FREE electronic copy of the survey report. In addition, association members will receive significant discounts on custom reports only available to those who participate in this survey. If you need to know whether your employee benefits package stacks up favorably with other companies, then don't miss this opportunity to submit your data for this survey! Data collection will be administered through a web-based survey.

This comprehensive survey covers a variety of benefits topics including:

- Car Allowances
- Dental, Vision, and Life Insurance
- Health Care (Medical) Insurance
- Health Care Cost Control
- Miscellaneous Work Practices and Policies
- Paid Time Off
- Part-time Employee Benefits
- Retirement Benefits
- Safety Equipment Reimbursement
- Severance Pay
- Short- and Long-Term Disability
- Training and Employee Development

RSM McGladrey, a third-party consulting firm, will be responsible for analyzing and reporting the survey results. All data will be kept strictly confidential and only aggregate results will be reported. No individually submitted data will be disclosed to any other organization.

Participants will automatically be enrolled to receive their free electronic copy of the survey results. To order additional/custom reports, visit: www.ima-net.org/ben_report_order.cfm. To ensure the timely analysis and processing of survey results, the survey will close on Wednesday, May 12, 2010.

To participate in the 2010 Benefits Survey, visit <http://www.keysurvey.com/survey/293737/16aede5a/>.

IMA members will need to input your IMA member number (or a non-member number). If you do not have a record of this number, please contact Janie Stanley at jstanley@ima-net.org or 800-875-4462 x3020.

Manufacturing technology consumption up 22 percent through February

February U.S. manufacturing technology consumption totaled \$163.96 million, according to AMT — The Association For Manufacturing Technology and AMTDA, the American Machine Tool Distributors' Association. This total, as reported by companies participating in the USMTC program, was up 28.8 percent from January and up 22.1 percent from the total of \$134.34 million reported for February 2009. With a year-to-date total of \$291.27 million, 2010 is up 22.3 percent compared with 2009.

These numbers and all data in this report are based on the totals of actual data reported by companies participating in the USMTC program.

"Manufacturing technology orders start off 2010 up 22 percent through February, showing that the market has turned and is

See **TECHNOLOGY**, page 3

Illinois Manufacturers' Association
2010 Business Day at the Capitol
Wednesday • May 5, 2010 • Springfield
Register today at: <http://www.ima-net.org/bizday10.cfm>

Seminar from IMA member Vedder Price PC . . . Employment Law Update: Practical Advice for In-House Counsel and Human Resource Professionals

Two dates and locations to choose from . . .

Tuesday, May 4, 2010, The Standard Club, 320 South Plymouth Court, Chicago

Thursday, May 6, 2010, Rosemont Hotel (formerly Sofitel Hotel), 5550 North River Road, Rosemont

8:00 am–Noon. Topics covered include: Navigating the Bermuda Triangle of ADA, FMLA and Workers' Compensation Leaves of Absence; Wage & Hour Update: Threat Level Raised to Orange; Best Practices to Promote and Maintain a Union-Free Workplace; Healthcare Reform: What Employers Need to Know Now; and Closing Pandora's Box: How to Prevent and Respond to Employee Misuse of E-Mail and Social Networking Sites. To register for this event, visit www.vedderprice.com/index.cfm/fuseaction/seminars.home/seminars.cfm.

slowly recovering from the worst single year downturn in our industry's history," according to Douglas K. Woods, AMT president. "That increase could be twice as large if banks would ease credit restrictions. Our banks have a tenth of our GDP and nearly 24 times the required reserve in the Federal Depository when that money should be working to rebuild America."

The United States Manufacturing Technology Consumption (USMTC) report, jointly compiled by the two trade associations representing the production and distribution of manufacturing technology, provides regional and national U.S. consumption data of domestic and imported machine tools and related equipment. Analysis of manufacturing technology consumption provides a reliable leading economic indicator as manufacturing industries invest in capital metalworking equipment to increase capacity and improve productivity.

With a total of \$43.06 million, Midwest Region manufacturing technology consumption in February was 19.7 percent higher than January's \$35.96 million and

up 9.0 percent when compared with last February. The year-to-date total of \$79.02 million was 16.2 percent above the comparable figure in 2009.

The fight against corruption: Government and business step up to the plate

New allegations of corporate fraud make headlines almost weekly, but global anti-corruption efforts in both public and private sectors are finally intensifying, says a report issued by The Conference Board, the global business research and membership association.

Two decades after passage of the U.S. Foreign Corrupt Practices Act (FCPA) of 1977, government and business in the United States and elsewhere are getting much more proactive about curbing corruption, states A New Era in Global Anti-Corruption: Governments Get Serious about Enforcement. The report, co-authored by Andrea Bonime-Blanc and Mark Brzezinski,

See **CORRUPTION**, page 4

DATES OF NOTE

More information/events may be found at <http://www.ima-net.org/calendar.cfm> and <http://www.ima-net.org/MIT/open.cfm>
Email: jstanley@ima-net.org

April 27, 2010

IMA-MIT Event: Time Management and Personal Effectiveness Skills, DePaul University O'Hare Campus, 3166 S. River Rd., Des Plaines

Companies are asking less people to do more work and do it faster at a higher level of quality. There is no easy or simple solution for those employees dealing with this ever increasing workload. The bottom line for most organizations is; the work "must" get done. Increasingly, organizations are looking to provide a "lifeline" for their employees to dramatically improve their productivity while coping with the resulting stress.

April 28, 2010

IMA EVENT: Buying and Selling Companies Mon Ami Gabi—Oak Brook Center, Oak Brook, 8:00-11:00 am

(See ad, lower left, this page)

May 5, 2010

IMA Business Day 2010 Abraham Lincoln Hotel, Springfield

(See ad, lower left, page 2)

May 12, 2010

IMA EVENT: Defending ADA Cases Ditka's Restaurant, Two MidAmerica Plaza, Oakbrook Terrace, 8:00-11:00 am

(See ad, lower left, this page)

May 14, 2010

IMA-MIT Event: Customer Service Skills and Excellence, DePaul University O'Hare Campus, 3166 S. River Rd., Des Plaines

Customers are more demanding today than ever before! Complaints to Better Business Bureaus and state regulatory agencies are at an all time high, and growing! Study after study indicates that World Class Customer Service will provide the most valued differentiator between your organization and the competition.

May 18, 2010

IMA Breakfast Briefing: Social Media in the Workplace, Ditka's Restaurant, 7:30-10:00 am, Two MidAmerica Plaza, Oakbrook Terrace

(See ad, lower left, this page)

May 25, 2010

IMA-MIT Event: Essential Leadership Skills for Front Line Managers and Supervisors, DePaul University O'Hare Campus, 3166 S River Rd., Des Plaines

This one day program will prepare your supervisors for a complete change of responsibilities and offer a plan for the challenges ahead. They will come away with a better understanding of what the boss, peers, staff and company expects of them. The invaluable set of tools in this program will prepare supervisors for their important new role providing greater confidence and success.

Breakfast Briefings 2010 . . . Buying and Selling Companies

APRIL 28, 2010 • 8:00-11:00 AM

Mon Ami Gabi—Oak Brook Center, Oak Brook

Presented by Gabrielle Buckley, Guy Snyder and James Spizzo from Vedder Price PC

Join experts Gabrielle Buckley, Guy Snyder and Jim Spizzo from Vedder Price PC as they discuss buying and selling manufacturing businesses in 2010; business immigration issues and the labor implications of such. To register visit <https://www.ima-net.org/breakfast.cfm>.

Successfully Defending ADA Cases

MAY 12, 2010 • 8:00-11:00 AM

Ditka's Restaurant, Two MidAmerica Plaza, Oak Brook
Presented by Gregory H. Andrews, Esq., Dykema Gossett, PLLC

Claims brought by employees under the ADA in 2010 are up 30 percent since this time last year. In January of 2009 The ADA amended the ADA in ways that have made it easier for employees to file ADA lawsuits. At the same time the ADA, also took away many of the defenses that employers had relied on in the past. Gregory Andrews, of Dykema, will walk attendees through the anatomy of a successful defense to an ADA case and contrast this with recently published cases which were unsuccessful for the employer. Participants will get the benefit of lessons learned by others during this interactive 2.5 hour meeting. The briefing will also provide useful checklists to propose realistic and practical solutions to real life problems from manufacturing-based workplaces so that the risk of lawsuits for employers can be reduced. To register, visit: <https://www.ima-net.org/breakfast0512.cfm>.

Social Networking in the Workplace: Guidelines for Employers

MAY 18, 2010 • 7:30-10:30 AM

Ditka's Restaurant, Two MidAmerica Plaza, Oak Brook
Presenter David B. Ritter chairs the Neal Gerber Eisenberg Labor & Employment Practice Group.

Employers must face the fact that their employees do access and use social networking sites and they likely do so at work. This presentation will help you implement smart measures to deal with this reality and explore some additional aspects of the topic of social networking sites. Cost: \$60 IMA members, \$85 Non-members. Cancellations must be made IN WRITING by May 12, 2010 in order to receive a refund. Refunds will not be made after May 12, 2010. To register visit: <https://www.ima-net.org/breakfast0518.cfm>.

Cost per session: \$60 IMA member ♦ \$85 non-members

Questions? Contact Kimberly McNamara at kmcnamara@ima-net.org or 630-368-5300, Ext. 2109

is part of The Conference Board Executive Action series, in which authors are invited to educate and provoke thought and debate on current business issues. Executive Action reports are exclusively for The Conference Board member companies. Their content reflects the views of the authors and not necessarily those of The Conference Board.

"Governments and private companies are now battling corruption with the critical help of the non-governmental community, think tanks and academia," says Paul DeNicola, director of The Conference Board Governance Center. "The Internet has become a game-changing factor in the growth of anti-corruption awareness and accessibility to information, especially via social networking tools."

An Obama Administration surge in FCPA enforcement has produced a buzz among corporate executives that the old ways of doing business with "a wink and a nod" are over, and that business decisions taken years ago may result in serious liability now, the report states. Meanwhile, countries such as China, Switzerland, and the United Kingdom are also increasingly launching anti-corruption investigations and prosecutions.

As examples of progress, the report cites the OECD's "Good Practice Guidance on Internal Controls, Ethics, and Compliance," private-sector group initiatives such as the World Economic Forum's Partnering against Corruption Initiative (PACI), and, within companies, a proliferation of corporate compliance programs and global codes of conduct in the last decade.

Source: *A New Era in Global Anti-Corruption: Governments Get Serious about Enforcement, Executive Action #325, April 2010, The Conference Board*

Study on international business competitiveness underscores need for U.S. corporate tax reform

KPMG Guide to International Business Location ranks U.S. 8th out of 10 Countries

The release of a KPMG study on international business location ranking the United States near the bottom of the pack highlights the need to lower the federal corporate tax rate, according to a Tax Foundation report.

KPMG's "2010 Competitive Alternatives" study, the firm's guide to international business location, ranks the

U.S. eighth out of 10 countries, ahead of only Germany and Japan. U.S. border nations Mexico and Canada rank first and second, respectively, with the lowest overall costs of doing business.

"U.S. lawmakers who are worried about the economy's slow recovery and weak job growth should take special note of America's low ranking among countries that are cost-effective places to do business," said Tax Foundation President Scott Hodge, who authored Tax Foundation Fiscal Fact, No. 221, "New KPMG International Location Study: U.S. Is Falling Behind; Taxes Are a Major Fault." The Fiscal Fact is available online at <http://www.taxfoundation.org/publications/show/26187.html> <<http://taxfoundation.org/publications/show/26187.html>.

"Cutting the federal corporate tax rate would immediately improve U.S. competitiveness while setting the stage for long-term economic growth," Hodge said.

The KPMG study compares the business-cost competitiveness of 112 cities in 10 countries, including 15 in Canada and 60 in the U.S. Considering every factor, the most cost-effective city was Monterrey, Mexico, while Montreal was the top-rated Canadian city and Tampa the top-ranked American city.

On the tax side, KPMG considers corporate income taxes, capital taxes, sales taxes, property taxes and local business taxes. KPMG compares both statutory corporate tax rates as well as effective corporate tax rates after accounting for various credits and deductions that each country in its corporate tax code.

On top of the 34 percent average federal rate faced by U.S. firms, state and local corporate income taxes are factored in as well. Of the sample U.S. cities selected by KPMG, effective corporate income tax rates ranged from 26.49 percent in Seattle to 37.8 percent in Honolulu. By contrast, St. John's, Canada, has an effective corporate come tax rate of 9.62 percent.

"Many of the cost components measured by KPMG are beyond the control of lawmakers or can't be quickly improved with policy solutions," Hodge said. "Tax policy, however, is one factor that federal and state lawmakers can change immediately, resulting in dramatic short- and long-term benefits. Lowering corporate tax rates would go a long way in improving U.S. competitiveness abroad."

The Tax Foundation is a nonpartisan, nonprofit organization that has monitored fiscal policy at the federal, state and local levels since 1937.

ITP announces 2010 industrial utility webinar series

The U.S. Department of Energy's Industrial Technologies Program (ITP) has partnered with Western Area Power Administration (WAPA), the American Public Power Association (APPA), and APPA's Demonstration of Energy-Efficient Developments (DEED) to present a six-part series of industrial Webinars that will cover a variety of important sector energy topics relative to utilities and their industrial customers. The series kicked off with a general open session held in January, a second open session on public power in February and a session on March 10. Future topics include:

- Public Power Financial Incentives (May 12)
- Combined Heat and Power Case Studies (June 9)

Slides from previous Webinars will be available for download on the Utility Partnerships' Training page of the Save Energy Now Website (<http://www1.eere.energy.gov/industry/saveenergynow>).

Register at: <http://www.acteva.com/booking.cfm?bevalID=198477&CFID=22713028&CFTOKEN=6-9615751>. \$45 per session. For more information, contact Salvatore Rinaldi, Energy Resources Center, University of Illinois at Chicago, email: samr@uic.edu, telephone: 312-996-2554.

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For more information, contact Mark Frech at 800-875-4462, ext. 3022 or email mfrech@ima-net.org