

## Briefly

**Motorola donates emergency radios for state's college campus security effort**  
Schaumburg-based Motorola, Inc. is joining the state effort to strengthen emergency communication on Illinois college campuses. Motorola donated emergency radios worth nearly \$300,000 to college campuses in Illinois. The state is purchasing additional radios with a grant from the Illinois Terrorism Task Force.

Such radios have already been provided to every public safety agency in the state, permitting law enforcement, firefighters, emergency management agencies and public health departments to communicate in emergencies. College campuses will soon be tied into that network as well.

Jack Malloy, a Motorola vice president, said in a statement that the company was happy to help with Governor Blagojevich's campus safety initiative.

### Small Business Week 2007: June 24-30

The President designates one week each year as National Small Business Week to pay tribute to the accomplishments of outstanding small business owners and those who champion their cause.

In Illinois, activities will take place across the state, culminating in a day of training and procurement matchmaking, as well as the statewide Awards Reception, in Chicago on June 27, 2007. The training and matchmaking sessions will be held at Navy Pier and the Awards Reception and dinner cruise will take place aboard the Odyssey II. For more information or to register for any events, visit [www.smallbusinessweek2007.com](http://www.smallbusinessweek2007.com).

### Profile America: Gas rationing

We may grumble about the price of gas when filling up our cars and trucks — but can you imagine what would be said if the government restricted us to three gallons a week? That's exactly what happened in

May 1942 — as some states began rationing gasoline to help the war effort.

By the end of the year, rationing was nationwide and remained in effect until the end of World War II, along with a national speed limit of 35 miles an hour. Now, there are 120,000 gas stations across the country. Each year, they sell a total of 174 billion gallons of gasoline. The average car consumes 560 gallons of fuel a year, while SUVs, vans and pickups use 680 gallons.

Source: U.S. Census Bureau

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# M E X E C U T I V E Memo

A newsletter of the Illinois Manufacturers' Association

[www.ima-net.org](http://www.ima-net.org)

June • 2007

## Illinois legislature heads into overtime

Despite winning substantial majorities in both the House of Representatives and State Senate, as well as all five state constitutional offices last fall, bickering between top Illinois Democrats is pushing the 2007 spring session into overtime. And that means House Republicans will become a key ingredient in determining the final outcome of tax and spending for the upcoming fiscal year when the number of votes needed to pass legislation increases to a super-majority.

This week (May 28–June 1), despite several attempts to negotiate a state spending plan for the fiscal year that begins July 1, the Illinois House passed a limited-growth proposal totaling \$58 billion. The House Democrat plan increases spending by nearly \$1.1 million over the current year and relies on \$800 million in estimated natural revenue growth plus roughly \$300 million from legislation eliminating so-called corporate tax loopholes. House Speaker Michael Madigan (D-Chicago) unveiled his plan on May 30, hours before the scheduled adjournment on May 31. The full House voted 63-53 to approve the legislation along partisan lines.

Meanwhile, Senate President Emil Jones (D-Chicago) asked his veto-proof caucus to approve a scaled-down version of Governor Rod Blagojevich's original budget. That version reportedly calls

for \$4.9 billion more spending over FY 2007 and includes more money for schools and \$500 million for the governor's universal health care proposal. The additional spending would be paid for by a massive expansion of casino gambling, \$450 million in elimination of more loopholes including the Manufacturers' Purchase Tax Credit, R&D Tax Credit, and the Single Sales Factor, and a \$500 million payroll tax on employers. In addition, the proposal would impose a double tax on S-Corporations and LLPs by

makers to come to quick agreement. However, the governor has publicly said that one of his goals is to keep Republicans from gaining a foothold in the negotiations.

House Republican leader Tom Cross (R-Oswego) has outlined a strict no-growth proposal, HB 4010, which he says would fund existing state services and provide a modest increase for education without increasing state taxes. Because the May 31 deadline has passed, the minority proposal could become part of the General Assembly's considerations.

*Legislative deadlock is nothing new . . . in 2004, negotiations . . . lasted into late July before a deal was hammered out between legislative leaders and Governor Blagojevich.*

requiring payments under both the corporate and individual income tax levies. However, at press time, President Jones has not been able to convince 30 of his 37-member majority to support the proposal, and it is unlikely that Jones will support the Madigan plan — one to which neither he nor the governor have agreed.

Legislative deadlock is nothing new in Springfield. In 2004, negotiations on a spending plan lasted into late July before a deal was hammered out between legislative leaders and Governor Blagojevich. And since the fiscal year doesn't start until July 1, there is little pressure right now for law-

The IMA is continuing its fight to ward off crippling tax increases. Our members-only publication, *Springfield Highlights*, will continue to cover and report legislative events in depth. In addition, IMA members can visit our Website, [www.ima-net.org](http://www.ima-net.org) for late breaking news and information as we head into what could be a long summer.

IMA members should continue to contact their elected representatives and senators to express opposition to new taxing schemes. For assistance with addresses and phone numbers, visit [www.ima-net.org](http://www.ima-net.org) and click on the link to The Illinois Prosperity Project.

Reach more than 4,000 Illinois manufacturers with this banner . . .

Either the IMA Executive Memo or the IMA Human Resources Memo reach manufacturers throughout Illinois each and every week. You can too. Place your message here as an underwriter — contact Jim Nelson, IMA Vice President of Communications & Marketing at 217-522-1240, ext. 3023, or email [jnelson@ima-net.org](mailto:jnelson@ima-net.org) today.

# Midwest manufacturing output rises in April

The Chicago Fed Midwest Manufacturing Index (CFMMI) rose 0.6 percent in April 2007, to a seasonally adjusted level of 104.9 (2002 = 100). Revised data show the index increased 0.8 percent in March, to 104.3. The Federal Reserve Board's industrial production index for manufacturing (IPMFG) was up 0.5 percent in April. Regional output in April was 0.1 percent higher than a year earlier, below the 2.0 percent increase in national output.

Three of the four of the regional industry sectors increased in April, while the other sector decreased:

- Regional auto sector output moved up 2.0 percent;
- Regional machinery sector output increased 0.4 percent;
- Regional steel sector output edged up 0.3 percent; and
- Regional resource sector output decreased 0.5 percent.

The Midwest's auto sector production moved up 2.0 percent in April after increasing 0.8 percent in March. The nation's auto output was also up 2.0 percent in April. Compared with a year earlier, the Midwest's automotive output was down 0.7 percent, while the nation's auto output was up 2.2 percent.

The Midwest's machinery sector output increased 0.4 percent in April after rising 1.1 percent in March. The nation's machinery output rose 1.4 percent in April. Regional machinery output in April was 0.8 percent above year-earlier levels, while national machinery output was up 8.5 percent.

The region's steel sector output rose 0.3 percent in April after rising 1.2 percent in March. The nation's steel output was also up 0.3 percent in April. Regional steel output was 1.2 percent above its April 2006 level, higher than the 0.6 percent decrease in the

national steel output.

The Midwest resource sector's output was down 0.5 percent in April after increasing 0.4 percent in March. Two of the five subsectors of the resource sector — food and nonmetallic minerals production — decreased in April, while paper was unchanged, and the other two — wood production and chemicals production — increased. The nation's resource sector's output was down 0.2 percent in April. Compared with a year ago, regional resource output was unchanged in April, while the national resource output was down 0.1 percent.

# Highlights from the advance report on manufacturers' shipments, inventories and orders

New orders for manufactured durable goods in April increased \$1.3 billion or 0.6 percent to \$217.9 billion, the U.S. Census Bureau announced on May 24. This was the fifth increase in the last six months and followed a five percent March increase. Excluding transportation, new orders increased 1.5 percent. Excluding defense, new

orders increased 0.6 percent.

Shipments of manufactured durable goods in April, up two consecutive months, increased \$4 billion or 1.9 percent to \$213.1 billion. This followed a 1.3 percent March increase.

Unfilled orders for manufactured durable goods in April, up twenty-three of the last twenty-four

months, increased \$12.5 billion or 1.8 percent to \$718.6 billion. This was at the highest level since the series was first stated on a NAICS basis in 1992 and followed a 1.8 percent March increase.

Inventories of manufactured durable goods in April, up 14 consecutive months, increased \$1.5 billion or 0.5 percent to \$313 billion.

This followed a 0.1 percent March increase.

This report presents advance information on two key business indicators: durable goods manufacturers' shipments and orders. Revised and more detailed estimates plus nondurable goods will be published in June.

# NAM economist sees positive trend in latest Report on Durable Goods

*Huether says "Storm clouds are starting to part"*

The National Association of Manufacturers chief economist David Huether welcomed May 24's advanced report from the U.S. Department of Commerce on durable goods orders as confirmation that manufacturing is ticking upward.

"Commerce's report shows that new durable goods orders increased by 0.6 percent last month," Huether said. "Coming on the heels of increases both in

March and February, the report shows that the storm clouds are starting to part for manufacturers. Because of sluggish growth in business investment and a sharp downturn in housing, the manufacturing expansion has been stuck in the doldrums over the past two quarters. The May 24th report, however, is a reassuring sign that manufacturing is accelerating out of this slump."

Powered by strong increases in

primary and fabricated metals as well as electronic equipment, core orders, which exclude the volatile transportation sector, increased "an even stronger 1.5 percent last month," Huether said. "Mirroring the previous month's increase, this marks the first time since the second quarter of last year that core orders have increased for two consecutive months.

"Today's report also signals that business investment spending

is beginning to pick up," Huether said. "Over the past two quarters, strong consumer spending helped to offset a slowdown in business and residential investment spending. Now, with high energy prices likely to curtail consumer spending in the near term, an acceleration in business spending is coming at just the right moment to keep the expansion on track."

## Apply now for the IMA's Recycling Expansion and Modernization (REM) grant . . .

*"Manufacturers are finding it increasingly difficult to maintain or increase profits . . ." according to an article on manufacturing.net.*

The IMA can help through the **Recycling Expansion and Modernization (REM)** grant. The grant covers 75 percent of the cost of a Solid Waste Assessment. With a nominal (\$5,000 maximum) cash match, your company can learn to reduce or eliminate solid waste streams and save thousands of dollars.

**For more information, contact Judy Parker, IMA Director of Training, 217-522-1240, ext. 3036, or email [jparker@ima-net.org](mailto:jparker@ima-net.org).**

# Develop a natural gas purchasing plan designed for price risk management

Managing volatile energy prices has become *the* key concern for energy and commodity procurement managers. In a recent poll of its membership, conducted by the Procurement Strategy Council, 82 percent of respondents claimed managing price volatility to be their most urgent energy and commodity procurement issue. Developing a strategic plan can offer you price certainty and budget assurance, key components in today's environment of lean budgets, tight margins and volatile pricing.

So, how do you know what to do and when to act? First, you need to be committed to developing a strategic plan that looks forward and takes action based on market conditions and your business requirements instead of short-term "lowest price" consideration. Changing from a savings-based model to a strategy-based model will offer you a deliberate decision-making process, the ability to mitigate your exposure to market price volatility and give

you long-term budget visibility.

There are several steps to shaping a strategic natural gas purchasing plan. The first is to clearly define your goals and objectives. In today's competitive markets, most manufacturers do not have the luxury of passing high energy prices incurred due to volatility directly onto their customers. Price spikes, therefore, are directly impacting many bottom lines. Second, you need to develop a proactive strategy to meet your goals and that remains consistent with your objectives. Use time as your ally. A prudent supply strategy considers a longer-term view of the market as far out as 24 to 36 months. Develop a diversified portfolio. Use physical gas storage capacity to the extent available to establish a fixed, known cost component prior to winter, and as a means to offset daily and monthly load variances. Use price hedging for additional protection for a portion of your load by purchasing small portions of NYMEX con-

tracts on a diversified basis. Leave some spot market exposure to use volatility to your advantage if prices go down. Diversification will help mitigate price spikes by flattening the price curve. Finally, choosing a partner with financial and credit stability, Illinois market supply experience, regulatory expertise, and the human resources necessary to manage through this difficult environment, will provide you with the information you need to make decisions. There is a better solution that best meets your needs.

To learn more about how you can develop a comprehensive long-term natural gas purchasing plan designed for price risk management, contact Jeff Abeln at 312-704-8527, or via email at [jeff.abeln@constellation.com](mailto:jeff.abeln@constellation.com).

Constellation NewEnergy, the IMA Energy Partner, is North America's #1 competitive wholesale & retail supplier. Visit [www.newenergy.com](http://www.newenergy.com) for additional information.

# Businesses urged to prepare for disaster

With above-average activity predicted for the 2007 Atlantic Hurricane season beginning June 1, the U.S. Small Business Administration is urging homeowners, renters and businesses across the country to take steps now to protect their lives, property and businesses.

"The tornado that devastated Greensburg, Kansas, and the nor'easter that caused flood losses in several Northeast states are reminders that no matter where you live, there's always a possibility of a major disaster," said SBA Administrator Steven C. Preston. "Every threat, from wind storms, floods and wildfires, to power outages and computer system failures remind us to be proactive when it comes to having a plan to survive the disaster and recover quickly."

The SBA stands by, ready to assist in the event of a disaster. During fiscal year 2006, the SBA approved more than \$11 billion in disaster loans. Most of those loans

went to Gulf Coast residents who suffered losses after Hurricanes Katrina, Rita and Wilma.

Preparing for the worst-case scenario will ensure a quicker and less costly recovery.

Following a disaster declaration by the President, non-farm businesses and non-profit organizations of any size may apply for up to \$1.5 million to repair or replace disaster damaged business assets and real property. Small businesses that suffered economic losses as a direct result of the declared disaster may apply for a working capital loan of up to \$1.5 million, even if the property was not physically damaged.

The SBA encourages business owners to prepare for the possibility of a major disaster and offers the following tips:

- Start the disaster plan by identifying what your operation needs to do to protect itself in the face of a natural disaster. Even if you don't own the building where

you do business, take steps to protect your assets.

- Determine what production machinery, computers and other essential equipment is needed to keep your business open. Store extra supplies off-site, and make a plan for a temporary location if your company is forced to relocate after the disaster. Be ready for utility disruptions with a portable generator.
- Find escape routes from the business and establish meeting places. Make sure everyone understands the emergency plan before the storm hits. Designate a contact person to communicate with other employees, customers and vendors.
- Review your insurance coverage to make sure you understand what is not covered. Most policies don't cover flood damage.
- The National Flood Insurance Program provides coverage to

See **DISASTER**, page 4

## Dates of Note

More information/events may be found at <http://www.ima-net.org/calendar.cfm>

July 19, 2007

**IMA-MIT Event: Project Management for Non-Project Managers**  
DePaul University's O'Hare Campus, 3166 River Road, Des Plaines

Learn project management skills, tools and techniques to make the transition to a project leadership role and ensure optimum project execution. This one-day workshop provides increased competence to manage a project through all project stages: initiating, planning, delivering, monitoring, and completing. **Registration deadline: July 3, 2007.** Contact Judy Parker, 800-875-4462, ext. 3036, email: [jparker@ima-net.org](mailto:jparker@ima-net.org), or visit <https://www.ima-net.org/MIT/pmn.cfm>.

July 24, 2007

**IMA-MIT Event:**

**Lean Manufacturing: Quick Start**  
952 E. Eldorado, Suite 102, Decatur  
Designed to help participants quickly initiate team oriented on-going lean activities, this workshop includes instruction on lean terms and definitions, waste identification and analysis, team organization and choosing lean tools for waste-free processes. **Registration deadline: July 10, 2007.** Contact Judy Parker, 800-875-4462, ext. 3036, email: [jparker@ima-net.org](mailto:jparker@ima-net.org).

July 25, 2007

**IMA-MIT Event:**

**Lean Manufacturing: Quick Start**  
DePaul University, 150 W. Warrenville Road, Room 228, Naperville  
(See program description above)  
**Registration deadline: July 10, 2007.** Contact Judy Parker, 800-875-4462, ext. 3036, email: [jparker@ima-net.org](mailto:jparker@ima-net.org).

July 31–August 1

**IMA-MIT Event:**

**Project Management Fundamentals**  
Oak Brook Executive Plaza  
Conference Center, 1225 W. 22nd St., Ste. 140, Oak Brook  
This two-day real-world workshop is perfect for people who are looking to get a solid understanding of project management, and for those who wish to get their current projects back on track. **Registration deadline: July 16, 2007.** Contact Judy Parker, 800-875-4462, ext. 3036, email: [jparker@ima-net.org](mailto:jparker@ima-net.org).

**Order the IMA's 2007-2008 Benefits Report at**  
[https://www.ima-net.org/ben\\_report\\_order.cfm](https://www.ima-net.org/ben_report_order.cfm)

**Order the IMA's 2006 Annual Compensation Report at** [www.ima-net.org/reportorder/login.cfm](http://www.ima-net.org/reportorder/login.cfm)

For more information, go to one of the links above, or contact Janie Stanley at 800-875-4462, ext. 3020, or email: [jstanley@ima-net.org](mailto:jstanley@ima-net.org)

# Countdown to cool savings this summer

The heat of summer may be right around the corner, but consumers and small businesses can stay cool and protect the environment by following five recommendations from the EPA.

"This summer, you don't have to let sweltering temperatures and sky-high energy bills get under your skin," said EPA Administrator Stephen L. Johnson. "By taking a few simple energy-efficient steps, Americans can beat the heat while keeping more money in their pockets."

The average family spends \$1,900 a year on energy bills, nearly half of which goes to heating and cooling. With a few steps like seasonal maintenance of energy-efficient heating and cooling equipment, consumers can save on their energy bills and help reduce the risks of global warming.

Small businesses, as well as consumers, should note the tips

included here. In fact, with energy saving improvements throughout their facilities, small businesses can save up to 25 percent or higher on their energy bills.

EPA started the Energy Star program in 1992 as a voluntary market-based partnership to reduce greenhouse gas emissions through increased energy efficiency. Today, Energy Star offers businesses and consumers energy efficient solutions to save energy, money and protect the environment for future generations. More than 9,000 organizations participate in the Energy Star program. In 2006 alone, Americans, with the help of Energy Star, saved \$14 billion in energy costs and prevented greenhouse gas emissions equivalent to those from 25 million vehicles.

Advice for small businesses: <http://www.energystar.gov/smallbiz>.

**EPA recommends five steps to help consumers and small businesses count down to a cooler planet and a more energy-efficient building or production plant:**

1. Visit [www.energystar.gov/index.cfm?c=business.bus\\_index](http://www.energystar.gov/index.cfm?c=business.bus_index) to learn more ways to make your building or production plant energy-efficient. You can see where you're doing well, find areas for improvement and learn how you can use energy more efficiently to save money and enjoy year-round comfort.
2. Install a programmable thermostat and use your ceiling fans wisely. Turn your thermostat up several degrees when you are away (and your building doesn't need to be kept as cool). And use your ceiling fans only when you are in the room to save even more.
3. Schedule annual, pre-season maintenance checkups with a licensed contractor to ensure that your cooling system is operating efficiently and safely. Be sure to clean or change your system's air filter regularly (generally once a month).
4. Look for the Energy Star when purchasing cooling products. Products such as room air-conditioners and programmable thermostats that have earned the Energy Star operate more efficiently, which saves money and helps protect the environment.
5. Find and seal air leaks that cause drafts and make your cooling system work overtime. Sealing and insulating your building can prevent the loss of cooled air and help save up to 10 percent on your energy bills each year.

## DISASTER

Cont. from page 3

property owners. Go to the NFIP Web site at [www.floodsmart.gov](http://www.floodsmart.gov).

- Consider business interruption insurance. It covers operating expenses, like utilities, and compensates you for the income lost after a temporary closure.
- Make back-up copies of all

tax, accounting, payroll and production records and customer data on computer hard drives, and store the records at an offsite location at least 100 miles away. Important documents should be saved in fire-proof safe deposit boxes.

- To protect your property from wind damage, install impact-resistant windows and door systems, or plywood shutters. Hire a professional to evaluate

your roof to make sure it can weather a major storm.

- Develop a post-disaster communications strategy. Keep current phone numbers for your suppliers, employees, customers, utility companies, local media, and emergency agencies. Appoint a spokesperson to get the word out that your company is still open and on the road to recovery, to dispel rumors of business failure.

- More preparedness tips for businesses are available on the SBA's Web site at the link below. The Institute for Business and Home Safety ([www.ibhs.org](http://www.ibhs.org)) also has information on protecting your home or business. The federal government's preparedness Web site [www.ready.gov](http://www.ready.gov) is another helpful resource.

To learn more about the SBA's disaster assistance program, visit <http://www.sba.gov/services/disasterassistance/index.html>

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