

# ExecutiveMemo

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A newsletter of the Illinois Manufacturers' Association

July 21, 2010

## BRIEFLY

### IMIP Program Administrator receives top economic developer award

The Illinois Development Council, the States' Association of Economic Development professionals, presented Steve McClure "The Distinguished Economic Developer Award" at their annual banquet. Mr. McClure administers the Illinois Manufacturers' Incentive Program (IMIP) as a select service to IMA members. He received the top honor for his outstanding contributions to economic development in the State of Illinois.

IMIP has assisted numerous IMA-member companies in their location, expansion and consolidation decisions and resulted in these companies saving millions of dollars on their projects. He has successfully negotiated major state and local incentive packages for these companies and can do the same for you. For more information and to start on the road to significant savings, please contact Steve at 217-787-7027 or [stevemcclure@opportunityalliance.com](mailto:stevemcclure@opportunityalliance.com).

### Smart Steps — A guide to greening your business

EPA's Office of Small Business Programs announces the new greening guide resource for small businesses is now available. Smart Steps to Sustainability promises to help your small business in moving beyond compliance and into sustainability.

For a copy of the Smart Steps to Sustainability Guide and other small business greening assistance resources, go to USEPA's Small Business website at: [www.epa.gov/osbp/green-pubs.htm](http://www.epa.gov/osbp/green-pubs.htm).

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## Plante & Moran issues results of New Normal: Cliché or Reality? Survey examining economic outlook

Plante & Moran, PLLC, recently announced results of a survey that revealed while 40 percent of middle-market manufacturing leaders made no wage cuts in 2009, those that did plan on retaining most of the wage cuts into 2010 (with only 15 percent restoring more than 50 percent of the wage cuts). Overall, executives are mostly optimistic, yet believe the economy will take two or more years to return to normal.

Approximately 170 respondents (50 from Chicagoland businesses and 120 throughout North America), generating less than \$50 million to more than \$500 mil-

lion in revenue last year, weighed in about sales growth and recovery, human capital, continued cost reductions, and credit management, for Plante & Moran's New Normal: Cliché or Reality? survey.

"Everyday, we help clients tackle top issues — such as those examined in the survey — that impact profitability and enterprise value, including shrinking margins, escalating structural costs, and supply chain and operational performance gaps," said Jeff Mengel, partner in Plante & Moran's Chicago office and survey author. "We

See **P&M SURVEY**, page 2

## New NAM Election Center now online

The NAM Election Center has the tools employers need to encourage greater and more informed voter participation — from registration information to congressional profiles. Now more than ever, it is essential that manufacturing employees are educated and motivated to participate in the elections. Every voter has the opportunity to tell elected officials how their actions impact manufacturers' ability to do business in an increasingly competitive global marketplace.

The NAM Election Center gives you access to the following resources:

### Education and Get Out The Vote (GOTV) resources

- GOTV Resource Center to help employees prepare to vote
- Sample messages to employees on the importance of voting
- "Manufacturing Matters" messaging documents to educate employees on the top issues
- GOTV posters for the workplace to remind employees that "Manufacturing Means Jobs!"

### GOTV tools and information resources

- EZ Vote buttons for information on voter registration and obtaining absentee ballots
  - Election information, such as primary dates, to make sure your employees get to the polls
  - Congressional profiles and voting records to see where candidates stand on manufacturing issues
  - Election and polling insight and analysis from NAM Executive Vice President Jay Timmons
- Manufacturers need the nation's lawmakers to focus on policies that result in long-term jobs, boost the economy and put the country on a course for growth. Jobs and the economy will be the public's top priority for this year's elections. Much is at stake, and the 2010 elections promise to be the most important in decades. The IMA will launch a similar site in September focussed on Illinois elections. Watch for coming details

Please encourage your employees to exercise their right to vote. Visit the NAM Election Center ([www.nam.org/Get-Involved/Election-Center/Landing.aspx](http://www.nam.org/Get-Involved/Election-Center/Landing.aspx)) and start today.

**IMA'S EXECUTIVE MEMO IS UNDERWRITTEN BY:**



**EXPERIENCE RESPONSIVENESS.**

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

research to stay abreast of industry issues and needs, and to help our clients thrive in the face of difficult economic challenges and increased regulatory pressures.”

#### **Here and now**

The majority (66 percent) of respondents viewed themselves as surviving/maintaining in 2009, had a strong debt to equity ratio of 2:1 or less (56 percent), and a strong, or unchanged, relationship with their bank (72 percent). While they see themselves as relatively stable now, the vast majority (72 percent) believe the economy will take two or more years to get back to normal.

#### **Cause and effect**

The domino effect of the credit freeze caused customers to reduce purchase volumes and to start shopping around for better deals in order to preserve cash — 66 percent of respondents have reported moderate to high levels of new quoting activity. In order to counteract the loss of revenue, manufacturers began their own round of cost cutting, with the largest reduction (approximately 33 percent) achieved by cutting the headcount of direct hourly labor.

While some of the concerns of respondents were predictable (high priorities for 2010 included sales at 91 percent, continued cost cutting at 60 percent, and talent retention at 46 percent), the surprising finding is that most executives are not currently concerned about their access to capital — 60 percent viewed this as a low to moderate priority.

#### **Planning ahead**

In addition to wage cuts, ways companies are looking to address lower sales, remain cost competitive, invest in new assets, or deal with recalcitrant lending institutions were as follows:

**Sales** — approximately 37 percent of companies are anticipating a healthy rebound from 2009 with sales greater than 15 percent in new product/service in 2010.

**Capital investment** — most companies have substantial available capacity, making additional investments in equipment the lowest priority for 2010.

**Capital availability** — even though 63 percent felt capital was a low priority, only 44 percent believe there are no credit limitations.

According to respondents, the recession has served to force managers into carving away as much excess as possible to contain costs but also to remain viable as a highly functioning entity. They have become more streamlined and efficient, and are more timid in deploying their capital and view its availability as a competitive differentiator driving most to conserve

cash and build reserves.

“For those surviving the recession with both feet on the ground, there does appear to be a new normal,” said Mengel. “It’s a time for boldness and taking action if a company needs talent or equipment to meet strategic goals, given lower costs. First, however, a company must verify its health — such as with the Plante & Moran Liquidity Stress Test to assess working capital needs — and ensure the strength and an understanding of its banking relationships.”

The Plante & Moran Liquidity Stress Test is a tool to help companies forecast their cash flow needs. The tool can be an effective planning aid to determine how much cash you will need and when you will need it — [www.plantemoran.com/industries/Manufacturing/pages/thriving-in-the-upturn.aspx](http://www.plantemoran.com/industries/Manufacturing/pages/thriving-in-the-upturn.aspx).

View a results summary ([www.plantemoran.com/industries/Manufacturing/Documents/MD-New-Normal-Cliche-Reality-Survey-5-24-10.pdf](http://www.plantemoran.com/industries/Manufacturing/Documents/MD-New-Normal-Cliche-Reality-Survey-5-24-10.pdf)) of Plante & Moran’s New Normal: Cliché or Reality? survey.

Plante & Moran conducted the New Normal: Cliché or Reality? survey between January 15, 2010, and March 1, 2010. Responses to the Web-based survey were received from executives from 172 middle-market manufacturing organizations.

*Plante & Moran (www.plantemoran.com) is among the nation’s largest certified public accounting and business advisory firms with a staff of more than 1,600 professionals in 21 offices throughout Illinois, Michigan, and Ohio, and with international offices in Shanghai, China; Monterrey, Mexico; and Mumbai, India.*

## **IMA Young Leaders Council plans third Annual Fall Conference**

The IMA Young Leaders Council is planning its third Annual Fall Conference, October 1-3, 2010, at the Eaglewood Resort & Spa in suburban Itasca. The IMA Young Leaders Council is open to those under 43 years of age.

“This year’s conference theme is ‘The Leader’s Compass’” says YLC Steering Committee Chair Andrew Cretors, President of Chicago-based Cretors Company. “We’ll be studying and creating personal management philosophies with the help of leadership trainer Jim Nalepa and Academy Leadership.”

Academy Leadership was formed by a group of Service Academy graduates who became successful business leaders following their military careers. Academy Leader-

ship trainers bring to the table those principles learned at Annapolis and West Point, and a passion to lead others such that people can identify with the mission and see a clear relationship between their daily duties and accomplishment of the overall goals.

Studies show followers expect their leaders to show them the standard expected and train them to reach it. They expect leaders to lead by example. If leaders have trained their people to a standard, inspired their willingness, and consistently looked after their interests, they will be prepared to accomplish any goal, anytime, anywhere.

Publishing a leadership philosophy helps create an environment for these things to happen. It enables leaders to discover what they stand for, what’s important to them, and articulate this to followers. Followers know the leader’s expectations and how the leader is most likely to act. This process leads to mutual trust and confidence and builds a stable foundation upon which long-term relations can be built and organizational effectiveness achieved.

Every Academy Leadership trainer has experience in the business world where they have learned that these same principles are valuable in leading any organization. Academy Leadership knows, and has demonstrated, that leadership is a set of skills that can be taught and further developed through training and practice.

Along with leadership training, attendees will also hear presentations from Tom Murphy, Executive Vice President of Manufacturing and Wholesale Distribution for McGladrey and Mark Denzler, Vice President and Chief Operating Officer for the IMA. Murphy will be presenting the annual IMA/McGladrey sponsored, “State of Manufacturing” briefing, a detailed study of current trends in manufacturing both nationally and in Illinois. Denzler will be providing a legislative and political update as Illinois heads towards the November elections where key races for U.S. Senate and Illinois Governor hang in the balance. The two presentations are among the most popular presented by the IMA.

In addition, attendees have been invited to tour VANEE Foods in nearby Berkeley, Illinois. VANEE products are well known throughout the food industry.

“It promises to be a full weekend of learning with ample opportunities for networking and relaxation,” Cretors said. “And because we believe that no one can truly be successful in their professional life without the complete support of their spouse or significant other, we hope every attendee will bring their spouse along for

See **YLC FALL CONFERENCE**, page 3

the entire weekend. All of our meals and many of our activities are planned to include spouses."

The YLC Conference registration fee is \$299 per person and \$125 for spouses. A block of rooms is being held at Eaglewood Resort & Spa for \$99 per night. Call 877-285-6150 for hotel reservations or visit [www.eaglewoodresort.com](http://www.eaglewoodresort.com). For more information and to register, visit <https://www.ima-net.org/ylc10.cfm>.

## ASME issues the 2010 edition of the Boiler and Pressure Vessel Code

The 2010 edition of the ASME Boiler and Pressure Vessel Code, including updates and revisions to meet changes in industry practices, is available from ASME.

The code establishes rules of safety relating to the design, construction, operation, testing and maintenance of boilers, transport tanks, nuclear power plant components and other pressure systems.

Previously issued in 2007, the new code incorporates many changes that reflect advancements in design, materials, construction methods and applications. The 2010 edition contains changes and revisions in eleven of its twelve sections, including new specifications and rules addressing nondestructive evaluation, nuclear components, welding and brazing, and ferrous and nonferrous materials.

The ASME Boiler and Pressure Vessel Code is referenced by purchasers, regulators, inspectors, insurers and municipal authorities worldwide. A volunteer group of more than 800 engineers drawn from varied industries develops and maintains the code. More than 92,000 copies of the

### IMA Breakfast Briefing . . .

#### Wage & Hour Laws September 22, 2010

Ditka's Restaurant, Two MidAmerica Plaza, Oakbrook Terrace — 8:00-11:00 am  
Presented by Vedder Price PC

Wage and Hour litigation continues to explode in all segments of American business. At stake are complicated, large dollar litigation verdicts for back pay, attorneys' fees and other damages. Find out the latest trends in one of the most vexing areas of employment law today. Costs: \$60 IMA members, \$85 Non-members  
More Information:

<https://www.ima-net.org/breakfast0922.cfm>

Boiler and Pressure Vessel Code are in use around the world.

Further information regarding the 2010 edition of the ASME Boiler and Pressure Vessel Code is available on the Website, <http://go.asme.org/bpvc10>. To order the code, call ASME at (800) 843-2763.

ASME is a not-for-profit professional organization that enables collaboration, knowledge sharing and skill development across all engineering disciplines. For more information visit [www.asme.org](http://www.asme.org).

## Governor Quinn announces new initiative to control Asian carp population

On July 13th, Governor Pat Quinn announced a new initiative to stop the spread of invasive Asian carp species into the Great Lakes. Illinois is entering into a public-private partnership that will reduce Asian carp populations where they have been discovered in Illinois waters. This first-of-its-kind partnership will help enhance the commercial fishing industry, create approximately 180 jobs and relieve pressure on the U.S. Army Corps of Engineers Electric Barrier System designed to stop fish from moving further towards Lake Michigan.

"Protecting the Great Lakes is vital to millions of people from Illinois and throughout the Midwest who rely on these waterways for their livelihoods," said Governor Quinn.

Illinois is entering into an agreement with Chinese meat processing company Beijing Zhuochen Animal Husbandry Company and Big River Fisheries located in Pearl, Illinois, to harvest 30 million pounds of carp from Illinois rivers. Big River will process, package and ship the fish to Zhuochen for resale in international markets where the fish is a delicacy. The company is expected to harvest at least 30 million pounds of fish for the purpose of this agreement by the end of 2011.

The state, through the Illinois Department of Commerce and Economic Opportunity, will invest \$2 million in capital funds to help Big River retrofit its existing facility, increase its processing capacity and expand to new production facilities in Pittsfield, which will create 61 new jobs and 120 indirect jobs. Commercial fishermen, contracted by the Illinois Department of Natural Resources, have already started removing Asian carp in the Illinois River where populations exist.

"The high quality and taste of the wild

See **ASIAN CARP**, 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: [jestanley@ima-net.org](mailto:jestanley@ima-net.org)

July 27, 2010

**IMA-MIT Event: Assertive Communication Skills: Communicating with Authority & Impact, DePaul University O'Hare Campus, 3166 S. River Rd., Des Plaines**

In today's fast-paced work environment, any professional or manager dealing with people needs effective assertive communication skills. Responding assertively is positive and effective, showing leadership skills and self-confidence. Professionals having effective assertive communication skills are most often seen as trust-worthy, credible, direct, and results-oriented. They are better able to generate desired outcomes. Workers today need to be able to communicate effectively in order to increase their credibility and effectiveness in dealing with coworkers, clients, customers and management. Assertive communication provides the speaking and listening skills necessary to productively relate in today's complex work environment.

August 6, 2010

**IMA's Small Manufacturers Council  
Ditka's Restaurant, Route 83 and 22nd Streets, Oak Brook, 8:15 am-12:00 noon**

Contact: Jim Nelson, 800-875-4462, ext. 3023, email: [jnelson@ima-net.org](mailto:jnelson@ima-net.org)

August 10, 2010

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

One day program that 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. More Information: <https://www.ima-net.org/MIT/els0810.cfm>

August 31, 2010

**IMA-MIT Event: Project Management Skills for Non Project Managers, DePaul University O'Hare Campus, 3166 S. River Rd., Des Plaines**

Objectives: To provide non-project managers with the project management knowledge, skills, tools and techniques to make the transition to a project leadership role and ensure optimum project execution; To increase the competence to manage a project through all project stages: initiating, planning, delivering, monitoring and completing. A basic overview approach to be adopted that will allow first time project managers to practice their project manager role with confidence. More information: <https://www.ima-net.org/MIT/pmsnp0825.cfm>

### MARK YOUR CALENDAR . . .

**WEDNESDAY, NOVEMBER 10, 2010**

**IMA Annual Sales & Use Tax Seminar**

Presented by Joe Bigane, Wolf & Co.

NIU-Naperville Campus

\$125 IMA members and \$200 non-members

Asian carp from Big River Fish far exceeded our expectations. We see a tremendous market in China for the wild Asian carp," said Mr. Liang Chang, Chairman, Beijing Zhuochen Animal Husbandry.

Today's announcement builds on the state's existing efforts to stop the spread of Asian carp. The Illinois Department of Natural Resources, in conjunction with the Asian Carp Regional Coordinating Committee (ACRCC), has established an Asian Carp Control Strategy Framework, which includes both short- and long-term actions intended to keep Asian carp from establishing populations in the Great Lakes. To view the entire control framework, or to learn more about the efforts of the ACRCC, visit [www.asiancarp.org](http://www.asiancarp.org).

In June, a Bighead Asian carp was found in Lake Calumet along the Chicago Area Waterway System (CAWS). This is the first physical specimen that has been found in the CAWS above the Electric Barrier System. Since the find, Illinois, along with the U.S. Fish and Wildlife Service and commercial fishermen, officials have intensely sampled both Lake Calumet and the Calumet River leading to Lake Michigan. No other Asian carp have been found in the Chicago area waterway system to date.

## New podcasts help small businesses break into the global market

The U. S. Small Business Administration is now offering a new set of three export-oriented podcasts offering valuable information on issues and challenges small business exporters may find when dealing with specific countries.

The podcasts, featuring interviews with business representatives from Uganda, Cameroon and Bahrain, are part of a comprehensive effort by SBA to promote and support the President's National Export Initiative. The interviews focus on what

U.S. companies can expect when exporting to those countries and provide information relevant to their respective business and import environments.

The podcasts are available online at <http://www.sba.gov/tools/audiovideo/Podcasts/index.html> and include transcripts. They provide valuable information on country infrastructure, types of U.S. products and services in demand, cultural tips on how to do business, and other relevant issues.

In his State of the Union Address on Jan. 27, 2010, President Obama announced the National Export Initiative, as part of an effort to promote and achieve long-term, sustainable economic growth for the United States. The president has a goal of doubling exports over the next five years, an increase that will support two million American jobs.

There are 19 U.S. Export Assistance Centers located in major metropolitan areas throughout the United States. USEACs are one-stop shops ready to provide small- or medium-sized businesses with personalized local export assistance by professionals from the U.S. Small Business Administration, the U.S. Department of Commerce, the U.S. Export-Import Bank and other public and private organizations. For more information on USEACs, visit <http://www.sba.gov/aboutsba/sbaprograms/internationaltrade/useac/index.html>. To find your local counseling resources please visit [www.sba.gov](http://www.sba.gov).

## AMT & NAM announce historic partnership to promote the importance of manufacturing in the U.S. economy

The Association For Manufacturing Technology announced recently that it is joining forces with the National Association of Manufacturers (NAM) to promote the importance of manufacturing and innovation in the U.S. economy. This historic partnership will bring the organizations together

in support of the premier manufacturing technology show in the Americas — IMTS 2010 — The International Manufacturing Technology Show, sponsored by AMT and held at Chicago's McCormick Place, September 13-18, 2010.

"AMT and NAM are two of the most important voices in the world of manufacturing today," says Douglas K. Woods, President of AMT. "Collectively, our members represent every stage of the production process — from the mind of the design engineer to the shop and factory floor to the global marketplace. Together, we want to underscore the importance of a strong manufacturing sector to long-term economic growth and national security. IMTS 2010 is an ideal launching pad for our industry partnership."

NAM's President and CEO John Engler will give a keynote address in the Emerging Technology Center on day two of IMTS, September 14, 2010. Mr. Engler will highlight how investment in innovation, technology and technical skills are critical to a strong U.S. manufacturing sector.

"We are pleased to partner with AMT on IMTS 2010, where companies will see the latest breakthroughs in manufacturing technology. Innovation along with research and development has long helped manufacturing in the United States maintain its global leadership," said John Engler, President and CEO of the National Association of Manufacturers. "But while we continue to stand strong as the number one manufacturing economy in the world, we face strong competition from other countries. We've recently released "A Manufacturing Strategy for Jobs and a More Competitive America" which provides a vision and clear plan for what policies lawmakers can adopt and advocate in order to keep manufacturing successful and competitive in an ever growing global marketplace."

For additional information on IMTS 2010 and registering to attend, visit [www.IMTS.com](http://www.IMTS.com).

## IMA's 2010-2011 Annual Compensation Report is available now . . .

Compiled by the Illinois Manufacturers' Association with assistance from RSM McGladrey, this Report contain valuable compensation data specifically relevant to Illinois manufacturers.

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