

# ExecutiveMemo

www.ima-net.org



A newsletter of the Illinois Manufacturers' Association

August 20, 2009

## BRIEFLY

### Energy efficiency grant

If your combined electricity and natural gas bill is at least \$500,000 annually and your company is located outside of the ComEd and Ameren service territories, you may be able to take advantage of funds from the federal stimulus package to reduce your energy costs.

The Large Customer Energy Efficiency Program, a partnership of the Illinois Department of Commerce & Economic Opportunity (DCEO) and University of Illinois-Chicago, allows large industrial energy users to receive a grant of up to 30 percent of eligible project costs designed to improve natural gas efficiency. The grant aims to create or retain jobs, save energy, increase energy generation from renewable sources and reduce greenhouse gases. Grant awards will range from \$250,000 to \$2 million. Applications are due by September 30, 2009 and all projects must be completed by February 17, 2012. To learn more about the grant, contact Katy Khayyat at the Illinois Entrepreneurship Network Business Information Center via e-mail at [Katy.Khayyat@Illinois.gov](mailto:Katy.Khayyat@Illinois.gov), or call 800-252-2923 or 217-785-8020.

### Midwest Industrial Energy Efficiency Exchange: Connecting Industrial Manufacturers with Finance & Technology Resources

WHEN: September 9-10, 2009

WHERE: Detroit Marriott at the Renaissance Center, Detroit, Michigan

The Midwest Exchange aims to connect industrial manufacturers seeking to make energy and environment improvements with the wide-ranging finance and technology resources, provided by government, private, and non-profit entities. The event is hosted by the U.S. Department of Energy, Michigan Governor Jennifer L. Granholm, and the National Association of State Energy Officials. For more information or to register, visit the Midwest Exchange's Website at <http://www.midwestexchange2009>.

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## New Rule for sellers or manufacturers of consumer products and architectural coatings in Illinois

The Illinois Pollution Control Board recently adopted new rules that govern the amount of volatile organic material (VOM) in a wide range of consumer products. This new rule, Standards and Limitations for Organic Material Emissions for Area Sources (35 Ill. Adm. Code 223) affects anyone who sells, supplies, offers for sale, or manufactures consumer products on or after July 1, 2009, for use in Illinois.

The list of products that are covered by the rule is extensive and includes architectural and industrial maintenance coatings, charcoal lighter material, cooking sprays, aerosol air fresheners, cosmetics, automobile products (waxes, cleaners, sealants), glues, polishes, beauty care products, fingernail polish, bug sprays, and cleaning solutions. A full list of the covered products are included in the rule, the full text of which can be found online at <http://www.ilga.gov/commission/jcar/admi/ncode/035/03500223sections.html>.

Any company who manufactures or

does any mixing or combining of individual products that is covered by this rule will have to evaluate the VOM emissions of the product to ensure that the product is in compliance. Covered industries must also include VOM information on the product label. Anyone who offers these materials for sale in Illinois should ensure that products manufactured after July 1, 2009, are properly labeled. In addition to the restrictions on VOM emissions from consumer products, the rule includes recordkeeping and reporting for manufacturers. However, the rule does not mandate regular reporting; it only specifies that a company must respond to the Illinois Environmental Protection Agency within 90 days after the Agency requests information.

For more information, contact Rory Davis (Illinois Environmental Protection Agency) at 217/254-4343 or call the Small Business Environmental Assistance Hotline at 800-252-3998.

## Manufacturing companies bullish yet unprepared for recovery

International business performance consultancy McKinney Rogers recently announced findings from its Driving Future Growth: Thought Leadership Research report. Conducted by global research firm Ipsos MORI, the Report surveyed leadership team members from large and mid-sized manufacturing companies in the U.S. and Great Britain.

"This report is intended as a wake-up call to those many manufacturers who, like many of our respondents, have successfully hunkered down — cutting costs and scaling back investments — and are waiting for the storm to pass before returning to their

old strategy," commented Damian McKinney, CEO and founder of McKinney Rogers. "They are confusing surviving the recession with being ready for the recovery and they will emerge surprised to find stronger competitors with improved products. It's imperative that they take steps now to deal with this likelihood."

Among the key findings from the report are:

- Firms are largely confident given the economic circumstances. Nearly four in five state it offers significant opportunities, with more than nine in 10 feeling long-term plans will remain unaffected

See **BULLISH**, page 2

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



#### EXPERIENCE RESPONSIVENESS.

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

- Many are seeing an opportunity to cut supplier costs (39 percent), improve market share (33 percent) and strengthen the brand (18 percent).
- Companies are bullish and plan to develop new markets (32 percent) or take market share from competitors (30 percent) over the next 18 months. Almost four in 10 feel it is the ideal time to develop or launch new products.
- Reasons for this confidence may stem from the foresight many claim to have had over the last two years. The majority (56 percent) say that they predicted and saw the recession coming at least before Summer 2008, with most taking initial measures such as cost-cutting and redundancies.
- However, for all the 'fighting talk,' it has to be noted relatively few have taken steps so far. Only around one in seven have invested in new technology and products (12 percent) and R&D (12 percent), and only four percent have addressed strategic goals/programs.
- 'Clearly written', 'detailed' and 'succinct' are the main ways respondents view their business plans — which serves to highlight the strength of feeling towards them overall.
- Adapting to changes was seen as the biggest challenge currently. Aligning the whole organization is seen as vital, and over eight in 10 feel senior management is doing an effective job in communicating the message.
- There are also substantial numbers that see further difficulties ahead — one third (32 percent) see working in silos and gaps in the skill sets of operational management (40 percent) as issues.

All interviews were conducted over the telephone between March and May 2009 by global research firm Ipsos MORI. Large firms consist of 20,000+ employees, mid-sized

firms consist of 5,000-19,999 employees.

"For many businesses, when the upturn happens it will still be a very different and tougher market characterized in the West by chastened banks, indebted governments, wary investors and poorer customers. Competition from emerging markets will continue to become ever-more sophisticated, while the opportunities will continue to grow rapidly," McKinney concluded. *McKinney Rogers is a global business performance consultancy, with operations in the UK, Europe, Africa, Asia and the US. Visit McKinney Rogers' website at [www.mckinneyrogers.com](http://www.mckinneyrogers.com).*

## **FACTA Red Flags rules will impact small businesses**

Beginning on August 1, 2009, millions of small businesses that extend credit or defer payments for goods and services were subjected to a new set of rules under the Fair and Accurate Transaction Act aimed at helping curb identity theft. The new rules — known as the FACTA Red Flags Rules — are federally mandated precautions certain businesses must take to protect customers from identity theft crimes.

Many small businesses are unaware of this regulatory issue. The FACTA Red Flags Rules now require covered businesses to create a process for detecting so-called "Red Flags" in identity verification, such as:

- discrepancies in address history,
- fraud alerts on credit reports,
- suspicious use of SSN,
- inactive accounts that suddenly become active,
- credit-freeze notifications,
- credit reports with suspicious activity patterns, and
- notices from identify theft victims or law agencies, among others.

For more information on the FTC's "Red Flags Rules," go to the FTC website: [www.ftc.gov/opa/2009/04/redflagsrule.shtm](http://www.ftc.gov/opa/2009/04/redflagsrule.shtm).

## **"Basic Guide to Exporting" Webinar series**

Learn valuable skills for growing your business by selling to international buyers. These Webinars are based on the popular Department of Commerce book, *A Basic Guide to Exporting*. Register online now for one, or all seven interactive and authoritative sessions at [http://www.export.gov/basicguide/eg\\_main\\_020109.asp](http://www.export.gov/basicguide/eg_main_020109.asp). Register for two or more webinars and get a complimentary copy of the book, *A Basic Guide to Exporting*.

**September 9, 2009**

Export Basics: How to Identify Potential International Markets for Your Products

**September 23, 2009**

Export Basics: Trade Financing and International Payments

**October 7, 2009**

Export Basics: Cashing In with U.S. Free Trade Agreements

**October 21, 2009**

Export Basics: Understanding Export Controls

**November 4, 2009**

Export Basics: Finding International Partners and Conducting Due Diligence

**November 18, 2009**

Export Basics: Understanding Documentation

**December 2, 2009**

Export Basics: Protecting Your Intellectual Property Rights

## **Elevate Illinois — A State of Illinois and Microsoft partnership**

The Illinois-Microsoft Elevate America program is a public-private partnership between the State of Illinois and Microsoft. The purpose of the program is to provide a no-cost opportunity for individuals to increase their technology skills. This is a national program and, for Illinois, Microsoft is providing 51,000 vouchers to be redeemed by individuals to complete Microsoft online courses and Microsoft business certification exams.

The distribution of vouchers takes place between July 31 and October 31, 2009. Individuals who are assigned online learning vouchers during that period must "redeem" their vouchers online before October 31st, but then have 12 months to complete the online learning courses. Individuals who are assigned certification exam vouchers during the distribution period must complete their exam by October 31, 2009.

See **MICROSOFT**, page 3



**MPAC Golf Outing**  
September 11, 2009 • Willow Crest Golf Course • Oak Brook  
Register online TODAY at:  
<https://www.ima-net.org/mpacgolf09.cfm>

**MPAC**

For more information or sponsorship opportunities, contact Kimberly McNamara, 800-482-0462, Ext. 2109, Email [kmcnamara@ima-net.org](mailto:kmcnamara@ima-net.org).

Individuals will choose specific voucher types to either complete select Microsoft online courses in two categories or to take Microsoft business certification exams. In each category there are many courses to pick from.

A voucher is good for one set of courses, called a course collection, for a selected Microsoft product. Individuals may wish to complete more than one course collection and, if so, will need a voucher for each collection. The estimated time to complete a course varies from a few hours to about five hours.

To access information about the program, online courses, and to find certification exam sites, visit [www.illinoisworknet.com](http://www.illinoisworknet.com).

## Caution: Conducting harassment investigations now doubly important

By Daniel A. Kaufman and Farrah N.W. Rifelj

When an employee complains of any form of harassment, most employers know that they need to take the complaint seriously and investigate it in order to reduce their risk of a lawsuit from that employee. Unfortunately, sometimes fear of a lawsuit causes employers to shortchange the process of fairly investigating and evaluating the complaint, and instead to take a “guilty until proven innocent” approach toward the alleged harasser. Some employers may even

go as far as immediately terminating the alleged harasser without any investigation in an effort to avoid litigation. A federal Court of Appeals recently confirmed that this approach has potential pitfalls and might even spark litigation from an unexpected source — the alleged harasser.

In the recent case of *Sassaman v. Gamache*, 566 F.3d 307 (2d. Cir. N.Y. 2009), a federal Court of Appeals upheld a male employee's claim of sex stereotyping (sex discrimination) pursuant to Title VII of the Civil Rights Act, which protects persons in certain protected classes from discrimination in employment, because his employer assumed, without investigation, that he had sexually harassed his coworker. *Sassaman's* female coworker, Brandt, complained to her boss, Gamache, that *Sassaman* had harassed her. Instead of investigating the complaint, Gamache suspended and then terminated *Sassaman*, allegedly stating that he did not have any other choice because the female coworker would sue. Gamache allegedly added that *Sassaman* probably harassed her because he is male.

The employer presented a “damned if you do, damned if you don't defense,” claiming that if it had not terminated *Sassaman*, Brandt would have sued. Despite recognizing the employer's valid concern that disregarding charges of sex-related misconduct put it at a considerable risk of being sanctioned for having tolerated sexual harassment, the Court disagreed with the employer's Catch-22 analysis. Specifically, it stated, “[w]e appreciate that employers who fail to address claims of sexual harassment

See **HARASSMENT**, 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](mailto:jstanley@ima-net.org)

**August 25, 2009**

**IMA-MIT Event: Effective Presentation Skills, DePaul University O'Hare Campus, 3166 River Rd, Des Plaines**

Today's business presenter must know how to create and articulate a clear and concise message, respond to questions in an effective and logical manner, and create and use compelling visual aids. This interactive, energetic workshop will provide the business presenter with all of the necessary skills required to deliver a winning presentation. The workshop will introduce and reinforce these skills by having the participant deliver three videotaped presentations.

**September 1, 2009**

**IMA-MIT Event: World Class Negotiating Skills DePaul University O'Hare Campus, 3166 S. River Rd, Des Plaines**

This interactive, one-day workshop will consider both the selling and purchasing aspect of business negotiations. It will provide effective solutions and settings in which to practice negotiating skills. Attendees will learn how to formulate strategies, overcome potential difficulties and apply proven principles to make business transactions more productive for all involved.

**September 11, 2009**

**MPAC Golf Outing Willow Crest Golf Course, Oak Brook**

Join your peers and support MPAC at the annual golf outing. Spend the day networking with IMA members on Willow Crest's 18-hole championship golf course. Located in Oak Brook at the Oak Brook Hills Marriott Resort. Noon — Lunch; 1:00 PM — Shotgun start; 5:30 PM — Networking reception. Sponsorship opportunities are available. Visit <https://www.ima-net.org/mpacgolf09.cfm> to register. For more information, contact: Kimberly McNamara, 800-482-0462, Ext. 2109, email: [kmcnamara@ima-net.org](mailto:kmcnamara@ima-net.org).

**September 16, 2009**

**IMA-MIT Event: Mentoring Skills for High Performance, DePaul University O'Hare Campus, 3166 S. River Rd, Des Plaines**

Participants will successfully establish mentoring relationships, ensuring optimal development skills for identified growth requirements.

**September 16, 2009**

**IMA EVENT: OSHA Recordkeeping NIU-Naperville Campus, 1120 E. Diehl Rd., Naperville, 8:30am-Noon**

Presenter: Jeff Risch, Partner, SmithAmundsen, LLC Cost: \$125 IMA members; each additional attendee \$100; \$150 Non-members. For more information, contact: Kimberly McNamara, 800-482-0462, Ext. 2109, email: [kmcnamara@ima-net.org](mailto:kmcnamara@ima-net.org).



**It's not too late to join the IMA energy program!**

Visit [www.newenergy.com/ima](http://www.newenergy.com/ima) to:

- ✓ Get additional information about the IMA Energy Program
- ✓ View the previous Energy Program webinar
- ✓ Start the process to find out if this program is right for your business
- ✓ Sign up for the next webinar on Sept. 9, 2009

The IMA Energy Program can help you control electricity costs. Go to [www.newenergy.com/ima](http://www.newenergy.com/ima) to find out more.

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**Constellation Energy**

expose themselves to civil liability. However, fear of a lawsuit does not justify an employer's reliance on sex stereotypes to resolve allegations of sexual harassment, discriminating against the accused employee in the process." Ultimately, the Court reminded employers that while Title VII requires employers to take complaints of sexual harassment seriously, it also requires that they not presume male employees to be "guilty until proven innocent" based on individual sex stereotypes.

So, what are the lessons for employers? First, employers must take affirmative steps to prevent harassment and minimize liability. An employer's first steps should be to develop and implement a clear policy against harassment, communicate the policy regularly and retain documentation of employees' receipt of the policy. It also is important to train employees and their supervisors to make it absolutely clear that the employer prohibits harassment and to ensure that any such conduct is reported and results in appropriate discipline. If an employee complains of harassment, do not simply attempt to clean your hands of the problem by terminating the harasser. Instead, be sure to conduct a prompt, fair and thorough investigation and listen to both (or multiple) sides of the story. In addition, make sure that you document the rationale for any decisions, especially credibility decisions, and assure that none of them are based on stereotypical assumptions. Conducting a fair and transparent investigation, to the extent possible given any confidentiality concerns, will not only reduce the likelihood of a lawsuit, it will put the employer in a better position to defend one. If the employer concludes that harassment occurred, it must take prompt corrective action, including disciplining or terminating the harasser. The employer also should monitor the situation to ensure that the complaining party and the witnesses are not subjected to harassment or retaliation.

Sexual and other harassment claims remain a source of great concern and potential liability for employers in Illinois and across the country. By taking certain key steps, employers can help prevent harassment and minimize their potential exposure if an employee complains of harassment.

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## IMA secures job training grant funding

The Illinois Manufacturers' Association is pleased to announce that it has been awarded a grant from the Illinois Department of Commerce & Economic Opportunity that will help reimburse manufacturing companies for eligible job training expenses conducted during the state's last fiscal year. Companies are eligible to apply for reimbursement for job training activities conducted between July 1, 2008 and June 30, 2009.

While there is a tremendous need for job training money, the grant award provided to the IMA is substantially less than requested because it utilizes funds left over from the previous fiscal year. Therefore, the final grants awarded to companies will likely be prorated based on the total num-

ber of applications and amount of reimbursements requested.

The IMA has a very short time frame in which to collect and remit the requisite forms to the Illinois Department of Commerce & Economic Opportunity. The forms are located on the IMA website and all forms must be completed and submitted to the IMA by the close of business on Friday, September 18.

The IMA is continuing to work with Governor Quinn, members of the legislature, and the Illinois Department of Commerce & Economic Opportunity to secure ETIP job training funds for the new fiscal year that began on July 1, 2009. The FY10 state budget was signed into law in late July and the administration is now in the process of allocating funding for various grant programs. The IMA will continue to keep companies apprised of job training reimbursement opportunities in the future.

RSM McGladrey presents . . .

### Recession Strategies Executive Webinar Series: "What the financial crisis means to your technology plan"

**WEBINAR DETAILS:**  
Thursday, August 27, 2009  
10:00 to 11:00 am (CT)  
You will receive log-in information in a confirmation e-mail after you sign up.  
**COST: FREE**

This is the fifth session in RSM McGladrey's series of complimentary webinars developed to address high-impact functional areas to help manufacturers succeed during the economic downturn.

This session, "What the financial crisis means to your technology plan," will focus on how to assess your technology needs objectively so that the real costs of investment are considered and benefits achieved.

RSM McGladrey's experienced presenters will discuss key areas that must be considered to help ensure your IT investments are strategic and support your organization's business plan.

We hope you will be able to join RSM McGladrey for this educational program. To register, visit <https://www.rsmmcgladrey.com/Events/What-the-financial-crisis-means-to-your-technology-plan?itemid=205&mid=205>

#### WEBINAR DETAILS:

Wednesday, September 16, 2009  
10:00 to 11:00 am (CT)  
You will receive log-in information in a confirmation e-mail after you sign up.  
**COST: FREE**

RSM McGladrey presents . . .

### Human Capital and Compensation Trends During Difficult Economic Times

The economic downturn has caused all organizations to closely examine their workforce and associated costs. Unemployment has reached levels not seen in decades.

**This session will discuss implications of the current economy on the manufacturing industry and preview the**

**results of the IMA's 2009-2010 Compensation Survey.** Covered will be strategies to help you balance the short-term business requirements (such as reducing costs) with the long-term strategic considerations. Our approach will be to present recent trends, highlight client examples of strategies that are working today, and share best practices including emerging trends in human capital management and current and anticipated salary movement and related implications. Register today at: [www.regonline.com/humancapitaltrends](http://www.regonline.com/humancapitaltrends).



October 2-4, 2009  
Eagle Ridge Resort • Galena

## Illinois Manufacturers' Association Young Leaders Council Fall Conference

Sign up today at:  
<https://www.ima-net.org/ylc09.cfm>