

ExecutiveMemo

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A newsletter of the Illinois Manufacturers' Association

September 23, 2009

BRIEFLY

Mark your calendar for the second annual
NAM Manufacturing Summit
April 14-15, 2010

Hyatt Regency Hotel, 400 New Jersey Avenue, NW, Washington, DC
Last year, more than 300 manufacturers from across the United States gathered in Washington for the first National Association of Manufacturers (NAM) Manufacturing Summit. NAM members visited over 130 Congressional offices to emphasize the need for policies that will spur vigorous economic growth and improve our country's competitiveness.

The event was a great success, but the stakes are getting higher. Please join the NAM this year and share your voice. Legislators need to understand the critical role of manufacturing in our nation's economic security.

Mark your calendar for the second annual NAM Manufacturing Summit in Washington, D.C., April 14-15, 2010. For more information, please contact Tara Smith, the NAM's Director of Public Affairs, at 202-637-3014 or email tsmith@nam.org.

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Employee training opportunities at no cost to employer — ACT NOW . . . deadline is September 24

The Illinois Manufacturers' Association is preparing a response to a Request for Funding Proposal from the Illinois Department of Commerce and Economic Opportunity (DCEO). If the IMA is awarded this funding, the program will enable the IMA to offer free training to production workers to earn a Manufacturing Skill Standards Council (MSSC) Certified Production Technician (CPT) certification. This training focuses on the incumbent workforce and is designed to ease critical skills shortages.

To prepare our response to the RFP, we need critical information from IMA members, including: (1) your interest in this certification training; (2) your preferred method for receiving it; and (3) if you would be interested in a new MSSC logistics certification program for material handling and inventory control workers. This information is essential in determining the number of trainees and the scope of training that will be identified in our proposal.

It's very important that you take time TODAY to visit www.ima-net.org/trainingsurvey.cfm

and complete a short, nine-question survey. The deadline is September 24. The survey includes additional details to help determine whether or not MSSC courses and training options would be valuable for your company. Again, it is very important that you **complete the online survey no later than Thursday, September 24, 2009.** This will allow us to process your reply and integrate the survey responses into our final proposal, which must be submitted to DCEO on September 28.

"If our bid is successful, this program will help participating IMA members increase their training capacity and take advantage of MSSC's training, testing and certification system," according to IMA President and CEO Gregory Baise.

"Last September, the IMA Board of Directors adopted a resolution recommending that IMA members take MSSC certifications into account in their recruitment and hiring practices. This could be our opportunity to move closer to that goal," Baise continued.

For more information, contact Janie Stanley at 800-875-4462, ext. 3020, or email jstanley@ima-net.org.

Liquidity stress test helps manufacturers assess working capital needs

Complimentary tool from Plante & Moran assists manufacturers in preparing for anticipated economic upturn

Plante & Moran, PLLC, one of the nation's largest accounting and business advisory firms, has launched a liquidity stress test designed to help companies understand their cash requirements so they can more effectively manage cash flow during the downturn and plan for profitability when the economy turns around. The complimentary liquidity stress test can

be downloaded at www.stresstest.plantemoran.com.

"With the current recession, the focus of most manufacturers has been on survival. The good news is those who have survived have an opportunity to increase profitably during the next economic upturn," said Tim Weed, leader of Plante &

See **STRESS TEST**, page 2

IMA'S EXECUTIVE MEMO IS UNDERWRITTEN BY:

plante
moran

EXPERIENCE RESPONSIVENESS.

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

Moran's restructuring practice. "In order to seize this opportunity, manufacturers need to ensure they maintain adequate working capital and liquidity to fund inventories and receivables when increased production schedules are issued to meet rising customer and market demands."

Plante & Moran's Liquidity Stress Test gathers and interprets a variety of data related to an organization's revenue and costs. It then forecasts the organization's growing cash needs which enables the company to take action to improve its cash position. The Liquidity Stress Test helps companies project a variety of metrics, including:

- Monthly cash disbursements
- Monthly cash flow
- Line of credit requirements
- Calculated collateral for line of credit
- Monthly cash plus availability
- Projected cash cushion

"For many companies, the forecasted increase in product demand will be every bit as challenging to manage as the scale down period they experienced during the winter and spring of 2009," added Weed. "By determining strategies to increase cash flow now, manufacturers will be positioning themselves to thrive through the next upturn."

Plante & Moran (www.plantemoran.com) is among the nation's largest certified public accounting and business advisory firms. Plante & Moran has been recognized by a number of organizations, including Fortune magazine, as one of the country's best places to work.

What manufacturers need to know about amendments to the Illinois Equal Pay Act

Recent amendments to the Illinois Equal Pay Act of 2003 (IEPA) make it easier for employees to file complaints with the Illinois Department of Labor (IDOL) and place heavier burdens on employers to preserve records. As a result of the amendments, which became effective August 14, 2009, employers should be even more careful when making compensation decisions.

The IEPA applies to all employers in Illinois with four or more employees. It prohibits employers from paying unequal wages to men and women doing the same or substantially similar work, requiring equal skill, effort and responsibility, and under similar working conditions. Employers found liable for pay discrimination are required to make up the wage dif-

ference to the employee, as well as pay civil fines and the employee's legal fees.

Under the IEPA, employees now have more time to file a complaint with the IDOL. Previously, an employee had only 180 days from the date the employee learned of the violation to file a complaint. Now an employee may file a complaint with the IDOL within a year of the underpayment. Additionally, the amendments extend the time that employees have to file a lawsuit. An employee now has four years (rather than three) from the date of underpayment to file suit. These changes put the employer at greater risk for lawsuits under the IEPA.

The amendments also change the method for determining when a wage violation has occurred. Previously, the limitations period began running from the date the employee learned of the underpayment. The amendments change the start of the limitations period to the date of underpayment, which occurs every time an employee is underpaid. Therefore, an employee may sue an employer based upon a compensation decision made many years before as long as that decision has affected the employee's paycheck within the past four years. This amendment adopts the paycheck standard utilized in the Lilly Ledbetter Fair Pay Act, a federal law passed in January, 2009. Employers who are not affected by the federal Equal Pay Act may still have to comply with the IEPA because it applies to smaller employers.

In addition, the recent amendments to the IEPA impose greater record-keeping requirements on employers. Employers now must, for at least five years, "make and preserve records that document the name, address, and occupation of each employee, the wages paid to each employee, and any other information the [IDOL] Director may deem necessary and appro-

priate for enforcement." Before the amendments, employers had to maintain records for only three years. Moreover, employers who have documents or records that relate to an investigation may not destroy those records without permission from the IDOL.

Employers should take proactive steps to ensure compliance with the IEPA, including making well-documented compensation decisions and implementing sound record-keeping practices. Employers must not make compensation decisions on the basis of gender. If an employer is considering different pay for two employees who do the same or substantially similar jobs, the employer should assess the reasons for the pay disparity. If the employer has legitimate, non-discriminatory reasons to proceed with the pay disparity, the employer should carefully document those reasons. Moreover, to comply with the amendments, employers must now make and preserve records regarding each employee's wages and other information for at least five years.

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IMA's Annual Luncheon & Meeting Friday, December 4, 2009 Hotel InterContinental, Chicago

Honoring "Women in Manufacturing"
Contact Kimberly McNamara at 800-875-4462, ext. 2109, email: kmcnamara@ima-net.org, for additional information.

Webinars for manufacturers: "Topics 4 the times" from PlanteMoran — Prepare for the upswing . . .

IFRS: Is simpler better?

Thursday, October 22, 2009, 9:00-10:00 am CT

For more information and to register, visit <http://www.plantemoran.com/topics-4-the-times/ifrs-is-simpler-better/Pages/home.aspx>

A team of accounting experts will discuss the pros and cons of the newly introduced international accounting language (IFRS) for small- and medium-sized companies. Could it be the answer to increasing demand for little GAAP? IFRS is the financial reporting language in 100 countries.

What's new on the tax front?

Thursday, November 17, 2009, 1:00-2:00 pm CT

For more information and to register, visit <http://www.plantemoran.com/topics-4-the-times/whats-new-on-the-tax-front/Pages/Home.aspx>

A team of experts specializing in federal, state, local, and international tax law will cover issues that will affect your business profits and your personal income. You can depend on them to take the mystery out of year-end tax planning and explain the impact of emerging legislation. They have been watching the tax code evolve and will talk about amending old strategies to reflect the changes and adopting new strategies in response to new laws.

For additional "Topics 4 the times" Webinars from PlanteMoran, visit http://www.plantemoran.com/topics-4-the-times/Pages/home.aspx?WT.mc_id=topics4thetimes

NAM welcomes White House review of export controls

National Association of Manufacturers (NAM) Vice President for International Economic Affairs Frank Vargo recently responded to the President's decision to launch a broad-based review of the U.S. export control system, including both defense trade controls and dual-use controls.

The President is right in recognizing that the existing export controls system is rooted in the Cold War era, and does not meet today's security threats or global technological realities. A new system is needed that will provide both better national security and economic security.

While the export control system has remained essentially the same for 60 years, the threats to our security and global competitive realities have not. We need an export control system that can keep genuinely sensitive technologies out of the hands of those who seek to harm the U.S. Unfortunately, our obsolete export control system is not providing the degree of security needed for today's threats, and is harming our ability to compete economically.

The present system restricts too many technologies, is costly, creates delays and uncertainties for foreign customers, impedes defense cooperation with our allies, and dissipates the government's export control resources in areas no longer relevant to our security. In controlling technologies freely available from other countries, our export control system is an effective export promotion program – but for our competitors, not for us.

The ability to innovate and to develop new technologies is key to our country's future. This ability is being needlessly compromised by an out-of-date export control system. This issue is vital not just to a few large defense and technology firms, but to all U.S. manufacturing.

We cannot afford to keep shooting ourselves in the foot like this. An efficient export control system that carefully focus-

es on truly sensitive and unique technologies without hampering other exports is essential as America competes in an increasingly crowded world market for high technology goods and services.

Guidelines for state energy grants

Over \$100 million in Federal recovery funds available to boost state's energy efforts, grow Illinois economy

The Illinois Department of Commerce and Economic Opportunity (DCEO) recently released guidelines for individuals and businesses interested in applying for state energy grants. Governor Quinn has announced that the U.S. Department of Energy had approved Illinois' State Energy Plan (SEP), which will make over \$100 million in federal recovery funding available for grants in Illinois.

"This application process is the first step in using federal recovery dollars to build on Illinois' reputation as a leader in sustainability and 'green practices,'" said DCEO Director Warren Ribley. "This funding will not only provide a boost to the state's energy efforts during a critical time, but will also create greater opportunities to put more people to work and grow Illinois' economy."

Following are just a couple of the areas in which organizations can apply for grants.

- **Green Industry Business Development:** Supports the development or expansion of renewable energy and energy efficiency component manufacturers, and the manufacturers of recycled content products, and recycling processing centers, among others.
- **Large Customer Energy Efficiency:** Provides incentives for projects that reduce operating expenses through energy efficiency improvements for Illinois companies that use large amounts of energy.

For additional information, including how to apply for SEP grants, interested parties should visit:

www.illinoisenergy.org.

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

October 2, 2009

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

Complaints to Better Business Bureaus and state regulatory agencies are at an all time high, and growing! Statistically, a dissatisfied customer will tell on average 12 people about their negative service experience and 91 will stop doing business with the company altogether. Study after study indicates that World Class Customer Service will provide the most valued differentiator between your organization and the competition.

October 16, 2009

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

Identify the essential personal effectiveness skills needed in today's fast paced environment, and focus on applying these key skills utilizing the process you choose: paper-based, e-tools or both. This powerful combination of skills and tools will help you succeed.

October 21, 2009: Top 10 Ways Manufacturers Can Avoid Liability for Employment Claims Northern Illinois University—Naperville campus 1120 E. Diehl Rd., Naperville, 9:00 am–Noon

Avoiding liability for employment claims is even more critical for manufacturers in this challenging economy. This interactive workshop led by Daniel Kaufman, Michael Best & Friedrich LLP, will begin with an overview of the top ten ways to avoid such liability. The best practices discussed in this interactive format will highlight the practical steps manufacturers can take to reduce and manage the risk of employment liability. 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.

November 5, 2009: Illinois Sales & Use Tax Northern Illinois University—Naperville campus 1120 E. Diehl Rd., Naperville, 8:30 am–12:30 pm

The Manufacturers Purchase Credit, Graphic Arts Machinery & Equipment exemption, and Investment Tax Credit will be available through 2014. Join your peers and find out more about Illinois taxes specific to manufacturing. Joe Bigane, Wolf & Co. will once again lead an informative and up-to-date discussion. 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.

November 10, 2009

IMA-MIT Event: Sales Skills for Non Sales Professionals — DePaul University O'Hare Campus, 3166 S. River Rd., Des Plaines

This one-day workshop has been specifically designed to help non-sales personnel realize, and take advantage of, sales opportunities as they occur. Determine when it is appropriate to "sell" and how to avoid being perceived as "pushy."

NEW from the IMA . . . you won't believe the convenience, let alone the savings

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zero downpayment • expanded eligibility • minimized audit exposure

For a no-obligation quote, please visit www.insurelinx.com/IMA
For more information, contact Mark Frech at 800-875-4462, ext. 3022 or email mfrech@ima-net.org