

ExecutiveMemo

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A newsletter of the Illinois Manufacturers' Association

October 8, 2008

BRIEFLY

Drive Safely Work Week observed October 6-10

Sharing the road requires mutual respect by all road users. You share the road with drivers of various ages and skill levels. You also share the road with pedestrians, bicyclists, motorcyclists, and vehicles of varying sizes. It is important to be mindful of the special needs and limitations of other drivers and roadway users. For more information, visit

<http://www.trafficsafety.org/index2.asp>.

Number of job openings down again

On October 3rd, the Bureau of Labor Statistics released data showing there were 3.3 million job openings in August, down 24 percent from the high in January of 2007. The number of job openings was well below the number of unemployed workers, which stood at 9.4 million. There are now over six million more job seekers than job openings — an average of 2.9 unemployed workers per available job. This is the highest ratio of jobless to job openings since January of 2004, according to Heidi Shierholz, an economist with the Economic Policy Institute.

Source: Economic Policy Institute,

<http://www.epi.org>.

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Young leaders network, gain skills and confidence in Galena



YLC conference participants (left to right): Jason Yorton, Alberto Culver; Susan Vaessen, Caterpillar, Inc.; Josh Swank, Philippi-Hagenbuch and Duane Diehl, Illinois River Energy.

Twenty-four of Illinois' up-and-coming industrial leaders met at the Eagle Ridge Resort and Conference Center in Galena October 3-5. Issues addressed at the first annual IMA Young Leaders Council (YLC) Fall Conference included managing in a multi-generational environment and the future of manufacturing. The group spent two and a half days networking, learning and exchanging ideas on the issues that confront them in the workplace every day. Gregory W. Baise, president and CEO of the Illinois Manufacturers' Association, offered opening remarks on Friday evening.

"From the executive suites to the shop floors of IMA member companies statewide, these young professionals truly are the future of manufacturing in Illinois," said Baise. "I'm impressed with the desire and dedication these men and women display to be willing, and even anxious, to spend a weekend exploring how they can more effectively manage operations in their companies."

Earlier this year, Leroy Hagenbuch, president of Philippi-Hagenbuch, Inc. of Peoria, made a proposal to the IMA Board of Directors to create a Young Leaders Council to help prepare tomorrow's industrial leaders for the challenges they may face. The Board agreed with Hagenbuch and a resolution creating the council was adopted. This year's YLC event was the first, and by all accounts a renowned success.

"The conference was excellent, I thought that the speakers were very knowledgeable and interesting. I found the information on

the different generations especially useful, particularly the cultural climate and events that occurred during each generation's "Coming of Age Years" that influenced their common traits across the entire generation. I am looking forward to applying this knowledge within my workgroup," said participant Ryan R. Hess, Operations General Supervisor, HEX Value Stream-2nd Shift at Caterpillar, Inc. in Aurora.

Tom Murphy, Executive VP, Manufacturing & Wholesale Distribution for RSM McGladrey, delivered the keynote address on "The Future of Manufacturing" during Saturday's luncheon. Mark Denzler, IMA VP of Government Affairs & Membership, offered a legislative update in the afternoon. Also offered on Saturday was a presentation by Suzanne Lane, JD, MBA, of Avant Consulting, on the topic of "Managing in Multi-Generational Environments."

Attendees unanimously agreed that they would not only attend next year's conference, but also recommend the YLC to others. In one evaluation, the attendee said, "If my company sends me next year, I hope they'll send other supervisors, as well."

The YLC Steering Committee, chaired by Philippi-Hagenbuch's Josh Swank, is planning for a YLC event to be included at the IMA's Annual Meeting and Luncheon scheduled for December 5 in Chicago.

For more information on the YLC, contact Jim Nelson, IMA's VP of Communications and Marketing at 217-522-1240, ext. 3023, email jnelson@ima-net.org.

Evaluating your energy spend for next year

The time is upon us once again to examine our operating budgets with a critical eye. It's time to identify what has been working and what has not, as well as point out inefficiencies and strategize on how to help increase the bottom line. For managers tasked with outlining a budget for 2009, the tumultuous state of our financial markets won't make this process any easier. Fortunately, for manufacturers that have teamed up with a competitive energy supplier, this burden may be lightened. Energy experts can help take a close look at the past year's consumption rates and overall spending to help lay out an affordable procurement strategy for next year. As many businesses begin to evaluate their energy budget and renew electricity agreements for 2009, it is in their best interest to select an energy supplier who can work within the confines of a company's budgetary limitations to structure a plan that will meet its needs.

The first step in evaluating an energy plan is to determine the annual or longer-term budget goals. Once established, this provides your energy expert with the information needed to set a threshold and calculate how much risk can be taken with regards to the energy purchasing.

In today's market, the uncertainty surrounding economic and financial stability is causing companies to be more conservative in their spending, valuing predictability and stability over the chance for bigger risk and reward payoffs. For energy procurement strategies, this may mean a shift towards more fixed pricing agreements or combined fixed and market pricing plans that will both offer customers piece of mind and security knowing that energy costs can be locked in at a given rate. Your energy supplier will be able to help you review the best options available for your facility, depending on your peak usage time, hours of operation,

and flexibility in demand. These factors can all play a role in helping you to lock in a price at the best rate.

In looking back on last year's energy consumption patterns, manufacturers and energy suppliers will be able to calculate efficiency improvements that have made significant impacts, and determine what can be done for next year to leverage these cost savings and further improve operations. Those who have the ability to reduce or shift their electricity consumption during times of high usage, may be eligible to enroll in Load Response programs and earn financial incentives. Many manufacturers may begin experimenting more with shifting demand to off-peak hours of the day or night, especially under market pricing plans, to avoid peak daytime prices and trim the budget back even further. Additional cost saving measures to be explored for next year should include more upfront investments in efficiency equipment. While spending may be limited, the measurable difference in efficiency equipment today can have a very short pay-back window and could potentially add valuable dollars to the bottom line in the next year or two.

If your company is not already enrolled in a load response program, this could be the single most beneficial option to explore for next year's energy strategy. Load response programs are available through your competitive supplier or utility, who works with the regional grid operator. Manufacturers that choose to participate in a load response program commit to curtailing their energy usage on days of the highest peak demand, usually the hottest days of the summer. Grid operators will call on load response participants (usually large energy consumers) to cut back their energy usage, which preserves power on the grid and alleviates the need to fire up expensive and often older, dirty backup generators. In essence, participants act as virtual peak time

See **ENERGY SPEND**, page 3

Don't miss these Energy Load Response Webinars from CNE . . .

See how Constellation's NewResponseSM Program can help your organization achieve economic, environmental and social goals. Featured speaker Kevin Bellamy, Vice President of Technical Sales for Constellation Energy, will help you understand the fundamentals of Load Response and how your business can earn economic incentives by reducing your electricity load (i.e., curtailment) at times when the electric grid is under stress. Learn first hand how other manufacturers are successfully implementing their Load Response programs. Learn the fundamentals of Load Response. How does Load Response work? Who can enroll? What are my curtailment options? How do I get paid?

DATES AND TIMES:

WEBINAR 1

Tuesday, October 28, 2008—8:00am CST

WEBINAR 2

Wednesday, November 5, 2008—1:00pm CST

Register now at:

<http://constellationenergy.webex.com/mw03051/mywebex/default.do?siteurl=constellationenergy&md=0.1400441876650147&cid=>

Space is limited so register today to reserve your complimentary spot!

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>

For IMA-MIT events, contact Judy Parker, phone: 800-875-4462, ext. 3036, or email jparker@ima-net.org

October 17

IMA-MIT Event: Advanced Business Writing DePaul University's O'Hare Campus, 3166 River Road, Des Plaines

In today's demanding business environment, the difference between success and failure is COMMUNICATION. The ability to construct an easily understood message and to communicate it effectively can make the difference. Advanced Business Writing will substantially improve your ability to create effective, winning business correspondence. If you've ever heard that your writing is unclear, ambiguous, wordy or ineffective, this one day seminar is designed for you.

IMA-MIT Event: Kanban/Pull System/ Inventory Reduction

November 3 — Decatur Conference Center & Hotel, US Highway 36, Decatur
**November 4 — DePaul University,
150 W. Warrenville Road, Naperville**

A key component of most Lean Manufacturing strategies, this one-day Kanban workshop incorporates basic skills necessary to participate in Kanban implementation. Designed for individuals who may use or facilitate the use of Kanbans to move material and reduce waste. Kanban automates manufactured and purchased parts inventory cycles to reduce unwanted inventory and create waste-free processes.

November 4

IMA EVENT: Annual Sales Tax Seminar NIU - Naperville Campus, 1120 E. Diehl Rd, Naperville — 8:30 a.m. - 12:30 p.m.

The IMA and Wolf & Company partner again to present the most recent information on sales and use tax specific to manufacturing. This half-day seminar will cover the Illinois tax structure, how manufacturers are impacted by the sales and use taxes and recent tax law changes. Issues relating to sales taxes in other states will also be addressed. If you are an accountant, accounts payable professional, controller, CFO, or tax manager this seminar is for you. Cost: \$125 IMA members, \$100 each additional attendee — \$200 Non-member. Contact: Kimberly McNamara, 630-368-5300, Ext. 2109, Email: kmcnamara@ima-net.org. To register, visit www.ima-net.org/tax_seminar.cfm.

November 13

IMA EVENT: Privacy Law Primer NIU-Naperville Campus, 1120 E. Diehl Rd, Naperville, 8:00-11:00 a.m.

According to the 2008 Information Security Breaches Survey, 96 percent of large businesses had a data security breach in the last year. The experts from CyberSecurity Specialists at Chubb Insurance and the Vedder Price data privacy attorneys will update you on how to navigate a data security breach. Cost: \$85 IMA member; \$100 Non-member.

generators that provide electricity by giving power back to the grid rather than generating it on their own. Benefits are twofold, participants will pay less for using less, and the electrical grid will financially reimburse each participant at the market price of the electricity they curtailed during the event. If not already enrolled, Illinois manufacturers should contact their energy supplier about the benefits of participating in a load response program in 2009.

As you begin to outline a budget for 2009, it is important to remember that experts in energy procurement strategies can help re-evaluate your energy spend, and help your organization seek out viable options to make your facility and its operations more energy efficient and cost affordable.

Author Scott Lewis is Great Lakes Region Sales Director for Constellation NewEnergy, a leading competitive supplier for commercial and industrial customers that serves the Illinois manufacturing industry. For more details on Constellation NewEnergy and its electricity purchasing programs, please visit our website at www.newenergy.com or call 312-704-9200.

President Bush meets with Bison Gear Chairman and business leaders on Economic Rescue Package



In his role as business owner, a Director of the National Association of Manufacturers (NAM), and Chairman of the Illinois Manufacturers Association (IMA), Ron Bullock and 12 other business leaders met with President Bush at the White House on October 2nd to personally discuss the state of the economy and the vital importance of the passage of the then pending Economic Rescue Package by the House.

Bullock, owner and Chairman of gear-motor manufacturer Bison Gear & Engineering Corp., expressed concern for how tightening credit markets affect not only the ability of his customers to buy Bison

products, but also how his customers' customers were finding it difficult to finance new equipment, in addition to the difficulties Bison Gear might face in its growth plans and the security of its 275 employees.

"At Bison Gear, we always put lubrication in our gearboxes — otherwise, gears would seize and stop working," said Bullock. "Capital and credit are lubrication for the financial markets, and we need to get them smoothly flowing again."

In thanking the job creators who came to the White House October 2nd, President Bush said, ". . . the bill that's before the House of Representatives . . . is a bill that has the best chance of providing liquidity, credit and money so small and medium-sized businesses can function." The President added, "And I want to thank you all for going up and telling these members of Congress what's on your mind and how this affects your businesses at home, and how it affects the communities in which you live. This thing — this issue has gone way beyond New York and Wall Street."

SBA introduces new online resource for the baby boomer generation of entrepreneurs

The U.S. Small Business Administration has unveiled a new Website geared to the 50-plus entrepreneur, providing useful information, links and resources vital to starting, growing and expanding a small business.

The new Web site at www.sba.gov/50plusentrepreneur features interactive information and links to help 50-plus entrepreneurs consider the benefits and rewards of business ownership, and to help them make informed choices about business ownership.

"The SBA is working hard to increase opportunities for small businesses of the baby boomer generation at every stage of their business development through better technology tools and effective services through the agency's district offices and resource partners," SBA Acting Administrator

Sandy K. Baruah said. "We believe 50-plus entrepreneurs will drive significant new business growth in the coming years."

Components of the new Web site include a self-assessment feature to help the aspiring entrepreneur determine his or her business readiness, information on borrowing and credit, and inspirational success stories from baby boomer entrepreneurs. The Web site will help users evaluate the reasons for business ownership after age 50, the risks involved, and how to devise a plan of action at every phase of business development.

This is the first new offering under the structure of the re-launched Office of Entrepreneurship Education (OEE). OEE combines SBA's online education programs, business and community initiatives, and outreach to underserved markets under a single umbrella.

As baby boomers consider career and lifestyle shifts that extend beyond their work careers, tapping into the world of business ownership can allow them to leverage their flexibility, know-how and business acumen to go into business for themselves. Many have already joined the ranks of the nation's self-employed and small business owners.

The SBA provides financial, management and technical assistance to thousands of small business owners throughout the country. The Web site can be accessed at all times, as well as the SBA's other online resources and free online training at www.sba.gov.

Neal • Gerber • Eisenberg Business Law Seminar Series . . . Appropriate Protections for Your IT Contracts in a Recessionary Economy (BLSS)

WHEN: October 14, 2008, 8:00–10:00 a.m.
WHERE: Neal Gerber Eisenberg Conference Center, 19th Floor, Two North LaSalle St., Chicago • **Speaker:** Milton L. Petersen

The current recessionary climate raises particular risks and concerns regarding information technology (IT) contracts and their provisions. For more information, visit <http://www.ngelaw.com/news/events.aspx>.

NOW AVAILABLE . . .

IMA's 2008-2009 Benefits Report

Order yours today at www.ima-net.org/ben_report_order.cfm

Compiled by the Illinois Manufacturers' Association with assistance from RSM McGladrey. Questions? Call Janie Stanley at 800-875-4462, ext. 3020, email: jstanley@ima-net.org

COMING SOON: IMA's 2008-2009 Compensation Report