

ExecutiveMemo

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A newsletter of the Illinois Manufacturers' Association

November 20, 2008

BRIEFLY

Corporate Symposium: December 2nd at The Fairmont, Chicago

Managing Climate Change: Business Risks and Rewards, a half-day symposium on December 2nd, will take a look at the topic of climate change, with particular attention to Midwest companies and industries. Climate change has quickly moved up the agenda of American corporations. As public pressure has mounted in a momentous election year, political leaders have responded and companies are grappling with policy uncertainty. The debate on climate change — what it means and what course of action should be taken — has now shifted from the halls of environmental organizations to corporate board rooms. By capitalizing on new global markets in energy development and sustainability, corporations can simultaneously improve their environmental impact and promote growth via emerging industries. Yet, corporations also face the challenge of the long-term nature of the investment and return on climate change initiatives. The challenge is even greater now, with the ongoing financial crisis likely to generate pressure to delay legislation.

John Rowe, chairman and chief executive officer of Exelon Corporation, and Phil Sharp, president of Resources for the Future, will provide keynote addresses. Panel discussions will include representatives from McKinsey & Company, Baxter International, Deutsche Bank, Baker & McKenzie, Chicago Climate Exchange, Johnson Controls, and the Georgetown State-Federal Climate Resource Center.

Location: The Fairmont Chicago, 200 North Columbus Drive, Chicago. Registration: 7:30 a.m., Program will run from 8:00 a.m. to 1:15 p.m. Member Rate: \$75 (applies to members of The Chicago Council on Global Affairs, The Climate Group, and the German American Chamber of Commerce of the Midwest); Nonmember Rate: \$85. For more information, or to register, visit http://www.ccf.org/pa_events.php.

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How to evaluate your opportunities strategically during the economic downturn

With the lingering uncertainty surrounding the recent world market upheavals, many organizations are being forced to think about strategic business planning now more than ever before. "Being strategic is about making choices," says Erica Olsen, founder of M3 Planning, an on-demand strategic planning tools and performance management software company. She cautions, however, that there is no fail-safe method for evaluating strategic choices. Instead, Olsen advises her clients to establish a set of parameters or rules that are specific and unique to their operating environment and use these rules to judge any and all strategic choices out there.

"By establishing a set of rules, you can quickly evaluate whether an opportunity is really an opportunity or just a distraction," says Olsen. She offers the following categories to use as a litmus test:

- Priority rule. With this rule, you prioritize some opportunities over others

based on their connection to reaching your vision.

- Timing rule. This financial rule helps you prioritize opportunities based on how much money you want to see returned within what time period.
- Boundary rule. This rule says that every opportunity is evaluated based on whether it's within your mission.
- How-to rule. If you can't clearly define an action plan for the opportunity, then you know that trying to execute it will also go poorly.

According to Olsen, once an organization has subjected all the possible strategic options to the set of rules, the choices should be divided into two groups — those that have internal implications and those that have external implications — so you can compare similar things when making trade-offs.

Although there are never any guaran-

See **OPPORTUNITIES**, page 2

Gutierrez: Open markets are the best economic stimulus

U.S. Commerce Secretary Carlos M. Gutierrez issued the following statement on the release of the September, 2008, U.S. International Trade in Goods and Services report by the Department's U.S. Census Bureau and the U.S. Bureau of Economic Analysis. The report shows that U.S. exports increased by 8.8 percent compared to September 2007. It also shows that U.S. exports increased by 16.9 percent to \$1,415.2 billion year-to-date (through September) over 2007. Imports increased 12.3 percent to \$1,949.7 billion and the trade deficit rose 1.5 percent during the same time period.

"Although the last two months have been weaker than we like to see, today's trade numbers highlight the strength of American exporters over the last year, whose sales have grown overseas even during this time of economic uncertainty. Without strong exports, America would be facing even bigger economic challenges. Breaking down barriers to

U.S. goods and services and improving global competitiveness are now more important than ever. One of the best ways to boost U.S. exports is by approving the three pending Free Trade Agreements (FTAs) with Colombia, Panama and South Korea.

"American workers win with FTAs given that small businesses, many of which are already exporting, have generated 60-80 percent of net new jobs annually over the past decade and account for half of non-farm private GDP. In the first nine months of 2008, fair and free trade in both directions fueled a \$10.15 billion surplus in manufactured goods with our 14 current FTA partners, up from a \$20.5 billion deficit over the same period last year.

"President Bush has taken bold and decisive action to stabilize our economy. Congress should now act to deliver additional economic growth to our country by approving FTAs that will open new markets to American-made goods and services."

tees in business, developing guidelines can help assure that organizations make the right choices. The important thing is to make a decision. "The one concept that most business owners, executives, and managers forget is that the lack of a decision results in more derailments of the mission than any other cause."

Olsen and her company, M3 Planning, have developed an award-winning online strategic planning system that alleviates the administrative burden of the strategy management process and includes both strategic plan development and implementation features. MyStrategicPlan is an easy-to-use software application that enables any organization, regardless of size and budget, to build a comprehensive plan, effectively and easily track goals, create professional reports for every stakeholder, and monitor implementation all year long.

Erica Olsen has authored several strategic planning books including *Strategic Planning for Dummies* and was named Entrepreneur of the Year by The Business Report of Northern Nevada in 2007. For more information on M3 Planning visit <http://www.mystrategicplan.com>.

Engler calls for trade study

National Association of Manufacturers (NAM) President John Engler recently called for in-depth study of a "Transatlantic Free Trade Area" between either the European Union (EU) and the United States or the EU and the North American Free Trade Agreement (NAFTA) nations.

In an address last month to Voka, the Flanders Chamber of Commerce and Industry in Belgium, Engler said that despite the rise of China, India and other emerging economies, the U.S. and EU together account for 56 percent of Gross World Product. "This gives us tremendous clout, but also tremendous responsibility," he said. "The time has come when we should give serious thought to the Transatlantic Free Trade Area.

"If we were to have such a huge free trade area, a real integrated transatlantic marketplace, it could well be a magnet for other countries wanting to join," Engler said. "We could set a high standard for totally free and open trade and invite others if they agree to our high standard."

Engler pointed out that one third of tariffs on U.S. exports to the world are paid to the EU, even though most rates are low. "A Transatlantic Free Trade Area could make a lot of sense," Engler said. "In the U.S., we already have free trade with Canada and Mexico, and the EU already

has a free trade agreement with Mexico. And, I understand the EU and Canada agreed at their Summit meeting last week in Montreal to launch negotiations on a Canada/EU free trade agreement."

Engler emphasized that the NAM continues to actively pursue an "ambitious, market-opening Doha round agreement," but acknowledged little chance it will be achieved this year. "The reluctance of countries like India, China and to a lesser extent, Brazil, to contribute to a comprehensive, market-opening trade deal concerns me because they themselves are very substantial markets, and they are also increasingly substantial exporters."

Engler said that "it has become more difficult for countries like the United States to accept this growing flow of products without reciprocity. We continue to feel that the (Doha) negotiations must achieve sufficient ambition in terms of improving market access for manufactured goods, especially in the fast-growing advanced developing countries." He said it is still possible to overcome resistance through use of sectorals — negotiations focused on specific industrial sectors — "but we must get past agriculture."

Engler said the NAM does not regard last summer's failure of the July World Trade Organization (WTO) Ministerial to be the end of the Doha Round or the death of the WTO. "The Kennedy Round of the General Agreement on Tariffs and Trade in the 1960s took four years," he said. "The Tokyo Round took six years. The Uruguay Round of the 80s and 90s took eight years. No one should be surprised if the Doha Round — the most difficult yet — would take 10 years."

"Rather than spell the WTO's doom, as some might warn, a U.S.-EU agreement could jog the rest of the world into realizing that they will be left behind unless they adopt a pro-liberalization attitude and press for quicker negotiations in the WTO," Engler said.

As a first step to a possible Transatlantic FTR, Engler vowed to work with NAM's European counterpart, BUSINESSEUROPE, and business leaders on both sides of the Atlantic to review the concept carefully. He said NAM would also press European and U.S. business leaders to actively consider negotiation of a Transatlantic Free Trade Area.

"We must not allow a financial crisis or unfounded political accusations to frighten us into inaction," he said. "Let's instead find what benefit we can in these difficulties, including a renewed appreciation of manufacturing's role in creating prosperity for our citizens."

Illinois Manufacturers' Association

2008 Annual Meeting



Friday, December 5, 2008 ■ Hotel InterContinental, Chicago



Keynote address by University of Illinois President B. Joseph White, the chief executive officer of the University of Illinois and its three campuses in Urbana-Champaign, Chicago and Springfield. White has private-sector executive experience, including six years at Cummins Engine Co., Inc. and a year helping rebuild a Wall Street firm devastated by 9/11. He is a director or trustee of several companies and has served on the boards of two health-care systems. White has written, taught and lectured extensively on leadership, management, higher education and organizational change. He is the author of *The Nature of Leadership: Reptiles, Mammals, and the Challenge of Becoming a Great Leader*.

Schedule of events . . .

8:30 am ~ Registration opens	10:30 am ~ Exhibits & Networking
9:30 am ~ Breakout sessions:	Reception
• Environmental Sustainability	12:00 Noon ~ Luncheon &
• The Future of Manufacturing	Keynote Address
• 2009 Congress & Card Check Legislation	

For more information, visit the IMA Website at www.ima-net.org/annual08.cfm or contact Kimberly McNamara at 630-368-5300, ext. 2109, email kmcnamara@ima-net.org.

Visit www.ima-net.org/annual08a.cfm to register TODAY!

SBA offers new online training for exporters

A new online course will help small businesses explore exporting opportunities in international markets. Global Enterprise: A Primer on Exporting is a free, self-paced course that provides practical guidance on exploring international markets.

The new course is available from the Small Business Administration training Web site at www.sba.gov/training. To access the course, click on "Free Online Courses," and then select the first course listed under International Trade.

The course is a comprehensive training module using script and audio to provide fundamental information about selling in global markets. It illustrates how to identify international markets, develop an export strategy, make and receive international payments, and finance trade operations, plus guidance on determining a firm's readiness and suitability for exporting.

Exporting can be an avenue to tap into the increasing global marketplace. There are some 236,000 small business exporters, representing 97 percent of all U.S. exporters, and they generate some 30 percent of export sales. In 2007, U.S. exports of goods and services amounted to \$1.6 trillion, with small businesses accounting for nearly \$500 billion of those exports.

"The advantages to exporting can mean big opportunity for entrepreneurs that want to capitalize on emerging markets worldwide," said SBA Acting Administrator Sandy K. Baruah.

In addition, the SBA's partnership with the U.S. Department of Commerce and the Export-Import Bank offers federal export programs and services through the U.S. Export Assistance Centers. Small businesses can receive a full range of business export assistance under one roof.

"More now than ever, small business exports play a major role in our economy," said Luz Hopewell, SBA Director of International Trade. "Through the new online

exporting course, the SBA will be able to help more small businesses access new markets, sell more goods overseas, and create new jobs at home."

Course participants completing the 30-minute online training programs can earn a certificate of completion from the SBA, with their name, date and course title. The Export Primer course is one of nearly 30 online tutorials offered by the SBA on its virtual campus, the Small Business Training Network (www.sba.gov/training). SBTN is part of the SBA's Office of Entrepreneurship Education (OEE).

Illinois Manufacturers' Association receives 2008 Best of Oak Brook Award

The U.S. Local Business Association (USLBA) has selected the Illinois Manufacturers' Association for the 2008 Best of Oak Brook Award in the Associations category.

The USLBA "Best of Local Business" Award Program recognizes outstanding local businesses throughout the country. Each year, the USLBA identifies companies that they believe have achieved exceptional marketing success in their local community and business category. These are local companies that enhance the positive image of small business through service to their customers and community.

Various sources of information were gathered and analyzed to choose the winners in each category. The 2008 USLBA Award Program focused on quality, not quantity. Winners are determined based on the information gathered both internally by the USLBA and data provided by third parties.

The U.S. Local Business Association (USLBA) is a Washington D.C. based organization funded by local businesses operating in towns, large and small, across America. The purpose of USLBA is to promote local business through public relations, marketing and advertising.

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>

Contact: Judy Parker at 800-875-4462 x 3036 or email: jparker@ima-net.org

December 5, 2008

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

Learn to delegate with confidence, plan and execute productive meetings, prioritize daily activities for ultimate results, develop techniques for planning and achieving goals.

December 9, 2008

IMA-MIT Event: Essential Internal Training Skills and Techniques, DePaul University's O'Hare Campus, 3166 River Rd., Des Plaines

NOTE: Attendance is limited to 16, so register early to ensure your spot! Essential Internal Training Skills and Techniques is a one-day seminar that will introduce the new internal trainer or subject matter expert to the skills necessary for them to be a successful trainer or facilitator. Not just a re-titled presentation skills seminar, Essential Internal Training Skills and Techniques will cover such core skills as how to create rapport with your learner, how to communicate learning objectives, how to introduce a learning activity, how to ask the right question, and how to engage and re-engage the adult learner.

December 16, 2008

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

The challenging world of sales professionals is constantly changing to address the changing demands of the customer. In order to build business success, the sales professional must view the customer as a "potential partner", and, as we know, successful partnerships are built upon ongoing relationships that need to be nurtured, cultivated and developed. This one-day seminar will provide sales professionals with the skill set to maximize consultative sales relationships. Using lecture, small group discussion, classroom exercises and role play, we will provide and reinforce these critical skills.

January 12, 2009

IMA-MIT Event: Lean Manufacturing: Quick Start, Decatur Conference Center & Hotel, US Highway 36, Decatur

Designed to help participants quickly initiate team oriented on-going Lean activities. Learn Lean terms and definitions, waste identification and analysis, team organization and choosing Lean tools for waste free processes. Participants will leave with the knowledge and confidence to facilitate change; gain support from co-workers and management; and lay groundwork to later implement a Lean manufacturing system that is maintainable.

Benchmark with IMA publications . . .

IMA's 2008-2009 Annual Benefits Report and 2008-2009 Annual Compensation Report

Compiled by the Illinois Manufacturers' Association with assistance from RSM McGladrey, these Reports contain valuable compensation and benefits data specifically relevant to Illinois manufacturers.

This is what you need to plan for the future.

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Questions? Call Janie Stanley at 800-875-4462, ext. 3020, email: jstanley@ima-net.org.

Hynes: State faces unprecedented bill backlog, urges immediate action

Facing an unprecedented bill backlog of nearly \$4 billion that could balloon to more than \$5 billion by March, Comptroller Dan Hynes is urging state leaders to take immediate steps to ease the crisis which is threatening service providers and government units across Illinois.

Hynes said the 12-week payment delay vendors now face is untenable and he noted the uncertainty of the national economy makes it difficult for vendors who are owed money by the state to borrow funds to bridge the gap between the time they provide services and the time they are paid for those services.

"There can be no doubt that these record-setting payment delays pose a serious danger to the solvency and operations of any institutions that depend on state funding," said Hynes, who predicted the payment delays could rise to 20 weeks by spring. "To call this an imminent crisis is an understatement."

In a letter to the Governor and legislative leaders, Hynes urged changes in Illinois law that would provide greater flexibility when the state borrows money and allow the state to establish a revolving line of credit to deal with the current problems.

Hynes characterized the consequences of inaction as grave and warned his call for action should not be casually dismissed. He said due to the magnitude of the problem, his office has very little ability to provide relief to vendors who are suffering financial difficulties because of the payment delays.

"Suppliers who have been threatening to suspend goods and services to the state will have no choice but to make good on those threats," Hynes said. "Payrolls could be missed and some businesses may be forced to close their doors for good."

Events that are already unfolding or are threatening to occur include:

- Categorical and other grants to school districts amounting to over a billion dollars will be delayed by several months causing hardships to schools across Illinois
- Food suppliers may cease deliveries to state prisons and mental health facilities
- State Police vehicles may be unable to obtain gasoline because their fuel cards

will not be honored

- Nursing homes, day care centers, and rehabilitation facilities unable to pay staff or their own vendors and suppliers including utilities providers may be forced to close their doors permanently
 - Local governments, universities, and community colleges may be unable to meet payrolls because of the state's failure to pay cost reimbursements
 - Transit agencies may have to curtail or cease operations
 - Timely payments to pension systems will be jeopardized
 - Additional physicians will refuse to see Medicaid patients because of inadequate or delayed reimbursements
- Last month the Comptroller urged Senators Dick Durbin and Barack Obama to provide federal assistance to Illinois and asked state leaders to join him in that request. But while Hynes said he welcomes federal assistance, the state's problems are too critical to await a rescue from Congress.
- Hynes said he would work with state leaders and their staffs to obtain approval for the changes during the fall veto session this month. He said he is open to any ideas that work to ease the severity of the backlog.

Print version of IMA'S Executive Memo will NOT be available in 2009

Due to escalating costs and a dwindling number of members requesting mailed copies, the IMA will cease publication of the monthly printed version of the Executive Memo following the December, 2008, issue. The IMA publishes all newsletters in multiple formats for the convenience of members. IMA's Executive Memo will continue to be published in email summary, PDF and text versions.

If you are currently receiving the Executive Memo through USPS mail and do not have an email address on file with the IMA, please contact Janie Stanley before January 1, 2009, to provide an email address where we may send future IMA newsletters.

Janie Stanley can be reached at 800-875-4462, ext. 3020 or by email at jstanley@ima-net.org.

Additional IMA newsletters include the Human Resources Memo, Healthcare Memo and Tax Policy Memo.

If you'd like to sign up for another IMA newsletter, let Janie know.

Watch for new IMA newsletters on critical business issues in 2009.