

ExecutiveMemo

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A newsletter of the Illinois Manufacturers' Association

October 20, 2011

BRIEFLY

Market videos — Explore and export!

Fifty-eight percent of U.S. exporters export to only one market, mainly Canada. Many small and mid-sized companies that work with the U.S. Commercial Service have found new customers in dozens of markets. Among the emerging markets for U.S. companies are Vietnam, India, Indonesia, China, Taiwan and Thailand. Export.gov has created some short videos to give you some insight on why you want to look at these countries as your next export market. To view, visit:

CHINA:

http://export.gov/nei/eg_main_033266.asp#P10_771

INDIA:

http://export.gov/nei/eg_main_033266.asp#P20_1695

INDONESIA:

http://export.gov/nei/eg_main_033266.asp#P30_2667

TAIWAN:

http://export.gov/nei/eg_main_033266.asp#P41_3240

THAILAND:

http://export.gov/nei/eg_main_033266.asp#P51_4115

VIETNAM:

http://export.gov/nei/eg_main_033266.asp#P61_4826

Get your car ready for winter

Our cars and trucks have become so reliable that it's easy to overlook routine maintenance. But with colder weather creeping in to much of the country, this is a good time to make sure your car is set for the coming winter. The checklist should include antifreeze, windshield wiper blades, and tire treads. It's also a good idea to review how to jump-start a car with a dead battery, since an explosion could result if this is not done properly. And, putting on a coat of wax will protect the finish from sand and salt. A well-maintained car not only looks and runs better, it can actually prevent accidents. Each year, there are more than 34,000 fatal highway accidents, 60 percent of them involving just one vehicle. Experts say poor maintenance contributes to many of these accidents.

Source: Profile America, U.S. Census Bureau

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Kirk: Passage of Free Trade Agreements key for Illinois economy

Since 1997, Illinois exports to Colombia, Panama jump over 160 percent

After more than three years of delay, the United States Senate voted to ratify free trade agreements with Colombia, Panama and South Korea. U.S. Senator Mark Kirk (R-Ill.) voted in favor of all three agreements, which will expand exports and create jobs in Illinois, and around the country. All three bills passed with broad bipartisan support with the South Korea bill passing 83-15 (House 278-151), the Panama bill 77-22 (House 300-129) and the Colombia bill 66-33 (House 262-167).

"The Illinois economy depends heavily on passage of these trade agreements to open new markets for Illinois products and create thousands of agriculture, high tech and manufacturing jobs," Senator Kirk said. "Most importantly, these trade deals do not increase borrowing or raise taxes. Congress should build on this bipartisan, job-creating vote and reduce the regulatory burdens on small businesses and reform the tax code so U.S. businesses can better compete globally."

Passage of the free trade agreements have been one of the key policies Sen. Kirk has touted as a bipartisan proposal to create jobs without increasing government borrowing and spending. The agreements also are an important component of Sen. Kirk's regional economic development agendas for Bloomington-Normal, Champaign-Urbana, the Quad Cities, Peoria, Rockford, and Southern Illinois.

Once approved by the President, the free trade agreements with Colombia, Panama and South Korea will profoundly affect the Illinois economy. The State of Illinois is the sixth largest merchandise exporter out of the 50 states and in 2009, exported \$41.6 billion in merchandise to other countries, with \$1.2 billion worth of business in Colombia, Panama and South

Korea in 2010. Opening up new export markets for Illinois products is expected to create thousands of private sector jobs. Illinois-based Caterpillar, which in 2010 exported \$13.4 billion worth of products to other countries, would see tariffs reduced by hundreds of thousands of dollars by enacting the free trade deals. The Panama Canal expansion project alone represents a \$300 million opportunity for Caterpillar. The trade deals are particularly important for Navistar, which is the number one brand truck in Panama and Colombia.

The agribusiness sector of Illinois' economy also reaps a windfall from the pending free trade agreements. The trade deals are expected to create \$2.5 billion in new agriculture exports and 22,500 jobs nation-wide. Expanding export markets for Illinois farmers and the increasing demand for agriculture products and equipment manufactured in Illinois will allow businesses like ADM, John Deere and Caterpillar to reinvest in their companies and hire new workers. Illinois farmers and ranchers are expected to see a \$90 million increase in direct exports as a result of enactment of the free trade deals.

In addition to passage of the three free trade agreements, Sen. Kirk has consistently advocated for reforming the corporate tax code by eliminating loopholes to lower the top rate from 39 to 29 percent and reducing the regulatory burden on small businesses. All three policies are key aspects of Sen. Kirk's 23 Point Plan for Economic Growth.

The free trade agreements with Colombia, Panama and South Korea have now passed both the House and the Senate and will be sent to the President's desk for final approval.

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Constellation Energy offering residential electricity service for your employees

We know that you are always looking for ways to reward your hard-working employees. They are dedicated workers who deserve the best. We have a new opportunity through Constellation Energy that we think you will want to pass along to them.

Constellation, a long-time IMA affinity partner and our endorsed energy supplier, has been providing Illinois businesses cost-effective electric service for more than a decade. They now offer residents in ComEd and Ameren service areas in Illinois the same reliable service and, more importantly, a true choice in electricity providers.

Similar to choosing cellular service, cable or other providers, Illinois residents are now able to comparison shop for residential electrical service. We believe this is a positive development for your employees and their families.

The plans that Constellation is offering to Illinois residential customers include a low home electricity rate, Green energy options and a Constellation Visa® prepaid card. For details and restrictions, interested employees can log onto home.constellation.com and enter member promo code IMAOffer11, or call 866-698-9307. The employee should have a copy of their current electric bill in hand.

Constellation is the exclusive supplier to the IMA for this program, and for every employee who signs up, Constellation will pay a small donation to the IMA to further our efforts on behalf of our members. This donation will not impact the employee's price in any way.

We encourage you to explore this offering and consider sharing it as a benefit for your employees and their families.

For more information on the offering itself, please contact Mark Frech, IMA Executive VP & Secretary, by email at mfrech@ima-net.org, or telephone 800-875-4462, ext. 3022.

IMA Young Leaders hold fourth annual conference in Lake Geneva, Wisconsin



As part of the Fourth Annual IMA YLC Fall Conference, participants toured Ingersoll Machine and Tool in Rockford on October 14, 2011.

The IMA Young Leaders Council (YLC) held its fourth annual fall conference on October 13-15 in Lake Geneva, Wisconsin. The conference offered attendees leadership training through Energized2Lead, led by Academy Leadership, and networking opportunities.

The conference kicked off with a visit to IMA member company Ingersoll Machine and Tool in Rockford, Illinois, home of some of the largest tool making machinery in the world. Ingersoll also offers composite layup systems for composite parts not typically manufactured using automation. Wind energy, construction/infrastructure, and mass transit are a few of the industries which call for a different approach to the automatic layup of composite material.

Following a 45-minute opportunity to meet and talk with president & CEO Tino Oldani about his leadership of the 124 year old company, the group toured the factory facility where they observed major production lines in action.

Presentations at the conference were offered by IMA-member companies McGladrey/Verisight and Constellation Energy. IMA staff delivered a legislative and political update. The main focus of the conference was Academy Leadership's

Energized2Lead, an individual profile designed to uncover the three dimensions of a leader's energy. Prior to the conference, attendees completed a survey that resulted in identifying how a person performs best. Along with the book, *Inspiring Leadership — Character and Ethics Matter*, each person left the event knowing themselves a bit more fully; a key to success in the workplace and career building.

IMA's Young Leaders Council provides educational and social opportunities to help develop industrial leaders aged 40 and under for the manufacturing sector in Illinois. YLC creates opportunities for young professionals to expand their professional growth in preparation for leading their companies and encourages participation as members and leaders of the Illinois Manufacturers' Association.

Plans are underway for the YLC's next event, a tour of Ford Motor Company's Chicago assembly plant on Thursday, December 1, 2011. Watch for an invitation in the next few weeks and register right away as space for the tour will be limited.

For questions concerning the IMA Young Leaders Council, contact Jim Nelson at 800-875-4462, ext. 3023 or by email at jnelson@ima-net.org.

UI taxes: Options for program design and insolvent trust funds

Record high levels of unemployment and record low reserve funds have placed great pressure on the federal-state unemployment insurance (UI) tax and benefit system. Between 2008 and 2011, \$174 billion was paid in unemployment taxes while \$450 billion was paid out in benefits, a gap of \$276 billion. In 2011 alone, employers and employees are projected to pay \$51.8 billion in taxes, while \$131.4 billion is projected to be paid out in benefits for workers recently unemployed. Benefits are drawn for an average of 18 weeks, with many claimants receiving the maximum 99 weeks of benefits.

According to a new study released by the Tax Foundation, over the past two years 34 states, including Illinois, and the U.S. Virgin Islands exhausted their unemployment insurance trust funds and have had to borrow from the federal government to pay unemployment benefits; 27 states have outstanding balances. While four million new hires are made each month, the unemployment rate has stood above nine percent and the number of unemployed per job

See **UI TAXES**, page 3

2011 IMA Annual Luncheon

Friday, December 2, 2011

Hotel InterContinental, Grand Ballroom

505 North Michigan Avenue, Chicago

Keynote speaker: Jeff Thredgold, CSP, Economic Futurist

Register today at:

<http://www.ima-net.org/dec2-2011-annual-luncheon/>

Reception & Exhibits:
11:00 am-Noon
Lunch: Noon-2:00 pm

opening remains high. While some states have repaid their balances and others are no longer borrowing additional amounts, the current outstanding balance of loans is \$37.3 billion. States are not expected to repay their loans fully for several years.

Beginning on September 30, 2011, states must pay approximately \$1.3 billion in interest on those outstanding balances; in many cases, businesses and employees in those states will also face increases in federal unemployment insurance tax rates as a result of those federal loan balances. These new interest obligations and tax increases, if they ultimately occur, come at a time when private sector hiring is already at a low level and states are under significant fiscal pressure. These unemployment insurance fiscal policies may exacerbate negative job growth and tax trends, instead of operating counter-cyclically as the program was intended.

Consequently, the Tax Foundation suggests this may be an appropriate time for the federal government and the states to contemplate significant changes to the structure of unemployment insurance taxation and benefits. Program design alternatives could offer more innovative and more sustainable methods to find jobs for the short-term and long-term unemployed while preserving benefits to support them in the meantime. These options include eliminating the firewall between adminis-

trative costs and benefits, reducing cross-subsidies through greater use of experience ratings, relying more on face-to-face training and advising, adopting elements of state workers' compensation programs, and experimenting with individual accounts to encourage saving. These changes can enhance the program's ultimate goal of ensuring a viable safety net for transition periods between employment.

In Illinois, the IMA and other business groups have been in negotiations at the request of Governor Pat Quinn and legislative leaders with representatives of organized labor. Illinois' UI Trust Fund is forecast to end the calendar year some \$3.2 billion in debt. Business leaders are examining ways that both business and labor can collectively restore solvency to the system. In doing so, the IMA is looking to enact a number of reform measures to help assure that UI benefits are paid only to those out of work through no fault of their own. The IMA is also seeking stricter enforcement for the collection of benefits wrongfully paid, whether by clerical error or by deliberate fraud.

Action on the UI issue could take place during the fall veto session of the General Assembly scheduled to begin next week in Springfield.

The complete Tax Foundation study can be found at: <http://taxfoundation.org/publications/show/27673.html>.

Source: *The Tax Foundation*

Website and Internet marketing tips from IMA member Weblinx, Inc. . . .

How many social media sites do you really have to pay attention to?

If you are just getting your feet wet with social media marketing, if you don't have all day or a fully staffed Internet marketing department, or if you're simply the kind of business owner who doesn't like wasting time or money, then you

See **SOCIAL MEDIA**, page 4

DATES OF NOTE

For information on IMA special events, visit <http://www.ima-net.org/special-events>.

For information on IMA-MIT training events, visit <http://www.ima-net.org/training-events>.

October 21, 2011

IMA-MIT Event: Time Management & Personal Effectiveness Skills — DePaul University O'Hare Campus, 8770 W. Bryn Mawr Avenue, Chicago, 9:00 am-4:45 pm

Don't miss this opportunity to learn the essential skills that support the highest level of individual and group effectiveness in today's fast paced, multi-tasking and chaotic business environment. For more information or to register, visit: <http://www.ima-net.org/oct21-mit-time-management-ski>.

October 28, 2011

IMA-MIT Event: Effective Performance Management & Goal Setting — DePaul University O'Hare Campus, 8770 W. Bryn Mawr Avenue, Chicago, 9:00 am-5:00 pm

Participate in a dynamic and highly interactive workshop to better understand how to maximize the investment in your organization's talent pool and increase the likelihood of business success by implementing an effective performance management and goal setting process. For more information or to register, visit: <http://www.ima-net.org/oct-28-mit-effective-performan>.

November 1, 2011

As the Season Changes, So Does theLaw: What Employers Should Do Before the New Year, 150 N. Michigan Ave., Ste. 2500, Chicago, 8:30-10:00 am.

Presented by IMA member company Jackson Lewis LLP, this seminar is being held to educate on the new labor law landscape. Jackson Lewis attorneys will discuss the recent NLRB developments, how to comply with the new rules, and practical legal strategies for employers to consider that protect an employer's right to free speech and its employee's "right to know." To register, visit http://www.jacksonlewis.com/lpg_locations.php. For more information, contact: Lindsay Baumann, 312-803-2520.

November 4, 2011

IMA Small Manufacturers Council, Double Tree Hotel, 1909 Spring Rd., Oak Brook 8:00 am-12:00 noon.

To register, visit <https://events.r20.constant-contact.com/register/eventReg?llr=6q467ccab&oeidk=a07e4zj3zxn094c3032>. For more information, contact: Jim Nelson, jnelson@ima-net.org.

December 2, 2011

IMA Annual Luncheon — Hotel InterContinental, Grand Ballroom 505 N. Michigan Ave., Chicago

Breakout Sessions: 9:30-11:00 am. Reception & Exhibits: 10:30 am-Noon; Lunch: Noon-2:00 pm; Keynote speaker: Jeff Thredgold, CSP, Economic Futurist. Register today at <http://www.ima-net.org/dec2-2011-annual-luncheon/>.

ANNUAL ILLINOIS MANUFACTURERS' ASSN Sales Tax Seminar

November 10, 2011

Northern Illinois University — Naperville,
8:30 am-12:30 pm

IMA's Annual Sales Tax Seminar presented by IMA-member Wolf & Company. This annual review includes an overview of the Illinois Tax structure and how manufacturers' are affected, Manufacturers' Purchase Credit (MPC), Exclusions, Exemptions and Deductions. For more information, visit <http://www.ima-net.org/storage/Reg%20form.pdf>.

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might be wondering which social media sites you actually have to pay attention to. Since that includes just about 99.5 percent of us, we'll assume it's a question that's crossed your mind.

After all, it only makes sense to pay attention to Facebook, Twitter, LinkedIn, and YouTube. With tens of millions of registered users each, they are outshone only by the major search engines like Google in terms of their power to help you reach new customers. But after that, things get a little murky.

Social media is an evolving field. New players are popping up and disappearing all the time. Some sites, like MySpace, have gone to the forefront only to fade back and be less important; others like Four Square, Google Buzz, and Blippy are attracting smaller crowds — about one million a week or so — but seem poised to explode in the near future, either because of their mobile functionality (in the case of Four Square) or because they have major brands behind them (in Google's case). And that's to say nothing of the dozens of industry-specific sites that are taking shape.

So what's the answer? The best strategy, for lots of small and medium-sized businesses, is to try a bit of "focused dabbling." In other words, spend a little bit of time each week setting up new profiles, trying out new platforms, and especially seeing what your customers and col-

leagues are responding to. You don't want to waste endless amounts of time on sites that offer little potential for your company, but neither do you want to fall behind and miss the latest trend.

About the only thing you can say with any certainty about social networking is that five years from now it will probably look a lot different than it does today, and be at least as important to online marketers. So rather than worrying about what those changes will be, just keep your ear to the ground, try a few things out, and be ready when your customers seem to be looking at a new direction.

If you have questions about your Website or would like to receive a free site analysis, contact IMA member company Weblinx, Inc. at 630-551-0334 or email sales@weblinxinc.com (<http://www.weblinxinc.com>).

The iPad is in business

Since its debut in April 2010, the iPad has quickly become the most popular tablet, outselling all competitors in the market combined. With the faster and thinner iPad2 flying off the shelves, the number of iPad owners continues to soar. New iPad owners are increasingly business users, particularly in industries such as retail, banking, and healthcare. Estimates indicate that 25 percent of tablet sales in 2011 will be made by enterprises, leading some to call 2011 the "year of the enterprise tablet." All estimations aside, the

iPad's ability to engage consumers is irrefutable, and businesses are noticing.

With the introduction of any new technology, however, comes risk. For answers to a few frequently asked questions to help you determine if the iPad makes sense for your organization, read an article from IMA member company Plante Moran at <http://www.plantemoran.com/perspectives/articles/2011/Pages/the-ipad-is-in-business.aspx>.

MSSC launches new 'Green Production Module (GPM)'

The Manufacturing Skills Standards Council (MSSC) recently launched a new credentialing module dedicated to help train and assess the nation's front-line manufacturing workforce against industry-defined national standards related to "green production." Under GPM, workers and students will be able to secure an industry-recognized, nationally portable MSSC "Green Production" Certificate.

GPM was designed to include all manufacturers, not just companies producing "green" goods such as wind turbines and solar panels. For this reason, MSSC defines "green production" as workplace activities across all manufacturing sectors that "require the use of equipment, technologies and processes that will improve the environmental performance of manufacturing companies."

"In developing GPM, we quickly discovered that 'green production' skills will be integral to all manufacturers interested in improving their sustainability performance," said MSSC CEO Leo Reddy. "Front-line production workers who are GPM-certified will be a powerful force in helping manufacturers to gain a competitive advantage in achieving their sustainability goals," he added.

GPM was developed by MSSC under a U.S. Department of Labor American Recovery and Reinvestment Act (Stimulus) grant to the Communications Workers of America/IUE. MSSC is an industry-led, curriculum, assessment and certification system focused on the core skills and knowledge needed by the nation's front-line production and material handling workers. The nationwide MSSC System, based upon industry-defined and federally endorsed national standards, offers both entry-level and incumbent workers the opportunity to demonstrate that they have acquired the skills increasingly needed in the technology-intensive jobs of the 21st century.

For more information, visit <http://www.msscusa.org>.

Available now, order your copy today . . .

IMA's 2011-2012 Annual Compensation Report

How do your benefits and compensation plans compare?

This is what you need to plan for the future.

Compiled by the Illinois Manufacturers' Association with assistance from McGladrey and Verisight, the new Compensation Report contains valuable data specifically relevant to Illinois manufacturers.

Order online at: <http://www.ima-net.org/2011-12-benefits-compensati/>

For information, call Janie Stanley, 800-875-4462, ext. 3020, or email: jstanley@ima-net.org.

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