

THE ILLINOIS MANUFACTURER

FIRST QUARTER 2020



WELCOME TO THE IMA'S FIRST AFRICAN-AMERICAN CHAIR:
LINDA MCGILL-BOASMOND, PRESIDENT OF CEDAR CONCEPTS CORPORATION



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**ILLINOIS
MANUFACTURERS'
ASSOCIATION**

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MISSION STATEMENT

The Illinois Manufacturers' Association is the only statewide association dedicated to boldly moving Illinois' makers forward. The IMA is the oldest and largest state manufacturing trade association in the United States, representing nearly 4,000 companies and facilities.

CHAIRWOMAN

Linda McGill-Boasmond

PRESIDENT & CEO

Mark Denzler

EDITOR

Anastasia Lowenthal

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If you have any questions, please contact Anastasia Lowenthal, Editor and Manager of Publications at alowenthal@ima-net.org, or (217) 718-4207.

Share Your Company News with the IMA . . .

News information, press releases and articles may be sent to Anastasia Lowenthal, Director of Publications, Illinois Manufacturers' Association (IMA), 220 East Adams Street, Springfield, IL 62701, or alowenthal@ima-net.org



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BOLDLY MOVING MAKERS FORWARD

MARK DENZLER, PRESIDENT & CEO



The IMA's new tagline reflects our promise in a simple phrase.

A promise to be a trusted champion for manufacturers of all shapes and sizes across Illinois. A bold advocate shaping public policy to help industry grow. A valued resource providing information and knowledge elevating manufacturing and keeping it on the cutting edge. A reliable partner and proactive leader empowering 4,000 IMA member facilities. A strong leader working with manufacturers to curate a diverse 21st century workforce through best-in-class programs and training.

Our new logo unites the important themes of connectivity, advocacy, leadership, diversity, and sustainability that all reflect our promise, purpose, and perception.

One year ago, the Illinois Manufacturers' Association began a rebranding process to ensure that the IMA's public profile reflects our role as Illinois' most influential advocate and most effective resource for our state's manufacturers. Today's manufacturing landscape is markedly different than it was decades ago, and we have a fantastic story to tell the public. Illinois manufacturers are innovative, advanced, and moving forward every single day to address the world's challenges. We need to erase the antiquated belief that manufacturing is "dark, dirty, and dangerous" in order to attract the next generation of manufacturing workers.

Our new IMA brand is a unique and visual identity with broad appeal that showcases modern and advanced manufacturing. With a nod to our rich 126-year legacy and eye on the future, the IMA is poised to lead the Illinois manufacturing sector to even greater heights. We are stronger today than we have ever been because of the time and treasure that Illinois manufacturers have committed to speaking with one unifying voice.



I'm incredibly proud of our 2019 accomplishments. We released *Manufacturing Matters* and toured the state touting the economic impact of manufacturing. The IMA launched a new set of programs held across the state that broke records by more than tripling attendance. We launched a new IMA Health Plan for small manufacturers saving time and money. Our Education Foundation passed a new apprenticeship tax credit and nearly doubled the number of Manufacturing Day events (252) in Illinois – the second most of any state in the country. Finally, our government affairs team successfully championed \$300 million in tax cuts for manufacturers while working to pass a new capital infrastructure bill so that people and product can move efficiently across the world.

And we are only getting started! Linda McGill-Boasmond's selection as the new Chairwoman of the IMA represents another historic first for the IMA as the first African-American female to lead the Association. A passionate voice for STEM education, Linda's talents and skills will move the IMA forward.

We're launching a brand new program called *Makers Madness – The Coolest Thing Made in Illinois* that will further showcase great manufacturing companies and wonderful careers that are available today for young people, dislocated workers, returning veterans, and former offenders.

I'm very proud to lead this wonderful organization that advocates for 4,000 member companies and facilities that employ 592,000 women and men on factory floors today. We are your partner and we look forward to working side-by-side with the state's manufacturing sector as you continue to solve our challenges, envision the future, and make the world a better place to live every single day. ♦



ILLINOIS
MANUFACTURERS'
ASSOCIATION

**BOLDLY MOVING MAKERS
FORWARD**

ARTIFICIAL INTELLIGENCE IN FACTORIES OF THE FUTURE

HUSCH BLACKWELL LLP

The economic and social structures of our society have been profoundly transformed by industrial revolutions. The First Industrial Revolution used steam engines to power a then mostly agrarian society and mechanize production in factories. During the Second Industrial Revolution, electricity and innovations in science allowed for mass productions in factories. This was followed by the Third Industrial Revolution in which the digital technologies and computers were used to automate production. We are now currently in the next phase of a dramatic technological expansion – the Fourth Industrial Revolution or Industry 4.0.

Fierce global competition and rapidly changing customer demands require industrial environments to constantly redesign their products and reconfigure their manufacturing systems. The industrial sector is realizing that conventional approaches to manufacturing are unable to provide the flexibility and efficiency needed to cope up with such increasing volatility. As such, the industrial sector is currently incorporating technology such as Artificial Intelligence (AI) to realize productivity and efficiency and deliver higher-quality customized products at lower costs.

The rise of the Fourth Industrial Revolution is evolving the manufacturing industry by converging the digital and physical worlds. The use of AI is providing intelligent interconnectivity, transparency, intelligent learning analysis, and autonomous sensing and decision-making in different phases of the manufacturing process. AI is transforming the manufacturing industries in a multitude of ways.

Predicting Demands

Manufacturing environments are looking towards AI systems to help improve demand forecasting. The AI systems are being used to analyze a constant stream of data to perceive and predict demand and future need. The AI devices have the potential to tap into

their market segments and obtain customer sentiments that are being projected onto social media and household AI devices such as Alexa and Echo, while taking into account macroeconomic cycles, weather, and news developments. By predicting demands efficiently and quickly, industries can optimize the sourcing of materials, human staffing, and inventories in a manner to efficiently meet the projected demands resulting in a shorter lead-time.

Quality Analysis

AI-based systems are being used to inspect and detect precise quality problems in products during manufacturing. These systems are using sensitive cameras and sensors to scan through massive amounts of data to find anomalies such as microscopic defects that are well beyond the capability of human vision. These systems are improving productivity and production yields. One prediction shows that product defect detection and quality assurance have the ability to increase manufacturing productivity by 50 percent or more.

Equipment Maintenance

AI is playing an important role in predictive maintenance for equipment which can allow for major cost savings by alleviating downtime and improving effectiveness. AI systems can sense and track operating conditions, predict breakdowns and malfunctions, and recommend and/or take preemptive actions.

Enhanced Human-Machine Interaction

At the heart of the AI systems in the manufacturing industries is the ability to connect processes and materials to generate data and make real-time decisions. Industries are also adopting collaborative robots (Cobots) to connect and work alongside human colleagues. This enhanced human-machine interaction is driving interconnectivity by providing the AI systems the ability to interact with and take instructions from human colleagues in plain speech. The AI devices are also assisting the human

colleagues by capturing data during the manufacturing process and presenting them as actionable insights at the right time. Enhanced interconnectivity is allowing manufacturing companies to run autonomously and achieve lights-out manufacturing in different production shifts.

Customized Products

Manufacturing industries are looking towards AI systems that automate 3D printing to mass-produce individual components, which have been traditionally made using molding and subtractive methods such as plastic injection molding, metal casting, and metal stamping. As each component is individually produced, customized products can be facilitated to meet consumer demands. There is a demand for customization, and industry needs to quickly prototype new design features and create individual components that will be used for customized or complex products. Additive manufacturing is allowing industries to mass-produce individual components using 3D printed products tailored to specific customer needs and deliver them in a shorter lead-time. One estimate shows that additive manufacturing (3D Printing) could reach \$100 billion to \$250 billion by 2025 led by aerospace and defense, automotive, medical, and consumer-goods industries.





The Fourth Industrial Revolution is incorporating AI systems in all stages of the manufacturing process at an exponential pace, resulting in increased industry profits. It is estimated that the AI-enabled devices in manufacturing environments will increase 64.8 percent from 2019 to 2024 reaching about 15.4 million devices in 2024. These devices are estimated to provide about \$1.2 trillion to \$2 trillion of value in supply-chain management and manufacturing. Manufacturing industries that adopt AI technology are projected to see about 18 percent annual revenue growth that will allow companies to benefit their cash flow. ♦

About the Authors: Amrita Khurana is an Associate at Husch Blackwell LLP and can be reached at amrita.khurana@huschblackwell.com, or (314) 345-6221.

Robert J. (Bob) Bowman is a Partner at Husch Blackwell LLP and can be reached at bob.bowman@huschblackwell.com, or (303) 749-7259.



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-  Removes suspended metal fines and solid particulate down to 1 micron, thereby increasing tool life and providing a better part finish from particulate removal.
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-  Eliminates continuous treatment methods and product purchases such as biocides oil skimmers and absorbent pads.

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EMPLOYERS BE “WARN”ED WHEN IMPLEMENTING REDUCTIONS IN FORCE

FREEBORN & PETERS LLP



Increased state taxes and regulatory burdens, trade tensions, and a potential recession on the horizon all mean that Illinois manufacturers may be faced with the need to implement workforce reorganizations or reductions in 2020. Illinois employers should pay close attention to the myriad legal requirements that must be considered before implementing a reduction in force (“RIF”).

60 Days’ Written Notice May Be Required

The Illinois Worker Adjustment and Retraining Notification Act (“WARN Act”), like its federal counterpart, requires that qualifying employers provide 60 days’ written notice to employees, their unions, and state and local employment agencies before ordering a “mass layoff, relocation, or employment loss.” Yet, the Illinois law applies to more

employers, and in more circumstances. Distinct from the federal WARN statute which applies to businesses with 100 or more employees, Illinois’ WARN Act applies to businesses with only 75 employees. Further, a “mass layoff” under the Illinois WARN Act applies if 33 percent of full-time employees, including at least 25 full-time employees, are laid off during any 30-day period, while the federal statute’s definition of “mass layoff” requires at least 50 employees to be laid off in any 30-day period.

When determining whether the company has the minimum number of employees to trigger the statutes, employers should not forget about the company’s subsidiaries. Under both federal and Illinois law, a parent and its subsidiary can be considered a “single employer” for purposes of the statutes’ minimum employee thresholds when certain conditions are met. “Single employer” status

may be found where the two entities are commonly owned, share directors and officers, share payroll and HR functions, and where the parent company exercises de facto control over its subsidiary.

If an employer is at all on the fence about whether WARN notice is required, it is usually most prudent to issue a WARN notice to avoid potential lawsuits and fines. Penalties for a violation of the WARN Act can be steep, including the cost of up to 60 days of back pay and benefits, as well as civil penalties. Employers should also keep in mind the other states where they conduct business. California, Hawaii, Iowa, Maine, Massachusetts, Minnesota, New Hampshire, New Jersey, New York, Pennsylvania, Tennessee, and Wisconsin each have their own WARN Acts, some with differing thresholds and notice requirements.

What if the company realizes it must implement a RIF in less than 60 days?

Never fear. Providing employees with full pay and benefits during the notice period effectively precludes any damage under the WARN Acts. But employers must keep in mind that employees who are paid in lieu of WARN notice being provided must be paid their normal wage, which may include overtime. Some courts have held that where employees regularly worked overtime before a RIF, they should be paid out that regular overtime, as if they worked the extra hours.

Under other circumstances, a company may be excused from providing the full 60 days of notice, such as when the need for notice was not “reasonably foreseeable” or when WARN notice would have

such as if the company is experiencing funding issues, budget cutbacks, or closures. Further, employees can rest more easily (and may be less likely to make an appointment at the nearest human rights agency) if they are given a reason for the RIF that does not single them out. Writing the notice in a “FAQ” style may anticipate questions the employees are certain to have, including whether they can reapply with the company, how they can apply for unemployment, and who to speak with for more information. Low-cost incentives can also help soften the blow, including small “stay bonuses” for employees who remain with the company through the notice period, promising to give separating employees neutral ref-

release must also inform the employees of the “decisional unit” of employees considered for the RIF, the RIF’s eligibility requirements, and the job titles and ages of all individuals selected or not selected for the RIF. These requirements are not mere aspirations – courts have begun cracking down on seemingly technical violations of the OWBPA where employers did not provide employees with sufficient information to release their age discrimination claims. One trial court recently held that defining the decisional unit in terms of the individuals selected for the RIF, as opposed to a pre-existing division of the company’s organizational structure, did not provide the employee with a meaningful opportunity to waive

WAITING UNTIL THE LAST MINUTE TO SHARE THE COMPANY’S NEED FOR RESTRUCTURING, OR TREATING SEPARATING EMPLOYEES DISRESPECTFULLY, MAY DISCOURAGE EMPLOYEES FROM STAYING WITH THE COMPANY LONG-TERM.

prevented the company from obtaining capital or business it was actively seeking that would have prevented the employment loss. WARN notice may also not be required where the RIF was caused by the closing of a temporary facility, completion of a specific project, or the result of a strike or lockout. However, in each of these situations, the employer must still provide WARN notice as soon as practicable.

Messaging Matters

Employers should not overlook the importance of thoughtful messaging when implementing a RIF. While the WARN Acts require that certain information be provided to employees (such as whether the RIF is temporary or permanent, the RIF’s expected date, whether union bumping rights exist, and the name and telephone number of a company official to speak with for more information), the notice need not be overly formal and full of legal jargon. Instead, WARN notices should be honest and thoughtfully written to anticipate the employees’ disappointment and discomfort. Employees appreciate when employers are forthcoming about the reasons for the RIF,

ences of employment, or promising not to contest unemployment benefits. And keep in mind that employees who are not selected for the RIF are taking note of how the employer handles fellow co-workers’ terminations. Waiting until the last minute to share the company’s need for restructuring, or treating separating employees disrespectfully, may discourage employees from staying with the company long-term.

Employers May Need to Revamp Their Releases

Employers who offer severance in exchange for a release of claims should not forget the technical requirements of the federal Older Workers Benefit Protection Act (“OWBPA”) as well as Illinois’ new Workplace Transparency Act (“WTA”). In order to validly release age discrimination claims when two or more individuals are being selected for a RIF, the OWBPA requires that employees 40 and older be given 45 days to consider the release as well as 7 days to revoke it. The release must be “knowing and voluntary,” meaning that it includes certain strict and unqualified disclaimers regarding the claims the employee is waiving. The

an age discrimination claim. As a best practice, employers should define decisional units by pointing to established divisions of the company’s organizational structure before the RIF. Defining a decisional unit as “all consumer sales employees in Customer Team East” may pass muster under the OWBPA, whereas defining it as “all sales employees eligible for the RIF” may not.

Further, Illinois’ new WTA provides that as of January 1, 2020, a confidentiality provision in a release will only be enforceable if it includes certain provisions demonstrating the mutual benefit of the provision. The WTA also bars employers from including language in the release that has the effect of prohibiting the employee from making truthful statements regarding unlawful employment practices.

Even if you are not currently contemplating a RIF, it may make sense during this time of political transition and potential economic turbulence to reexamine your policies, so your company is not caught off guard should something unexpected happen. Consider yourself WARNED. ♦



FIVE GENERATIONS & 150 YEARS: VAUGHAN & BUSHNELL MFG. CO.

Vaughan & Bushnell Mfg. Co.'s 150-year-old story is one of industriousness, innovation, and five generations of a hard-working family. Between the corporate office in Hebron, Illinois, the manufacturing plant in Bushnell, Illinois, and a small plant in Walnut Ridge, Arkansas, the striking tool company employs 300 people and produces over 30,000 tools every day. While today Vaughan & Bushnell is world's premium manufacturer of striking tools, the company's humble beginnings originated in 1869, when 18-year-old Alexander Vaughan gave up his plumbing business and moved from Peoria, Illinois to Chicago to pursue a new idea.

Setting up his small blacksmith shop in the back room of a hardware store, Alexander began to manufacture his personally designed auger, which was shaped so that it would not get clogged with dirt as it dug. His design was soon patented, and business began to boom.

Like many Chicago businesses, Alexander's blacksmith shop was destroyed in the Great Chicago Fire of 1871. Unable to cover the costs to re-start his business, Alexander turned to Sidney Bushnell, the owner of the hardware store. Sidney provided the finances for Alexander to restart his business, and Alexander began manufacturing again. The company was incorporated in 1882 as Vaughan & Bushnell Mfg. Co., and at the same time was breaking into the market of manufacturing other tools, such as hammers.

One of the first of these hammers, which is famously known as the killing hammer, was manufactured to swiftly and effectively kill cattle that were being processed at the Chicago Union Stock Yards. As well as hammers, Vaughan & Bushnell's product line also began to include other tools such as chisels, punches,

pincers, wrecking bars, and pliers. Soon, Alexander's only son, Sanford, joined the business and began expanding into larger facilities.

Sanford, known as "The Innovator," grew his father's line to over 50 tools, including hammers, hatchets, axes, and wrecking bars. He made several changes to the design of the traditional carpenter's hammer — changes which are still found in hammers around the world today.

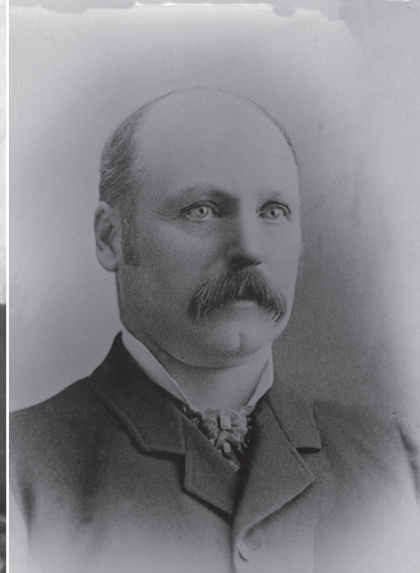
EACH GENERATION OF THE VAUGHAN FAMILY HAS BROUGHT THEIR OWN UNIQUE EXPERTISE INTO THE BUSINESS, AND PUSHED IT TO HIGHER LEVELS AS TIMES AND TECHNOLOGIES HAVE CHANGED.

Sanford was so successful with his innovations that by 1920, he was able to purchase back Bushnell's share in the company. He stayed in the family business for 65 years, paving the way for a new era of Vaughan & Bushnell Mfg. Co. under his son, Howard Vaughan Sr.

Known as "The Visionary," Howard Sr. took the family business to new levels of success through finding the perfect location for manufacturing in Bushnell, Illinois. A chance meeting at a trade show between Howard Sr. and a garden tool manufacturer spurred the move. Knowing that customer demand for product would out-pace the capabilities of their Chicago facility,



An employee quenches red-hot hammers in oil (1969).



From the first generation (Alexander, left) to the fifth generation (Charlie, right), Vaughan & Bushnell Mfg. Co. has evolved into a world-class manufacturer.



The Vaughan family has always valued the team that makes their products great.

Howard Sr. traveled to Bushnell and found a facility to begin production in the fall of 1940. By the end of the decade, Howard Sr. had moved all manufacturing operations to Bushnell, and began buying up more buildings. Today, Vaughan & Bushnell Mfg. Co. owns and operates in 15 buildings in the city of Bushnell. Recently, the company even purchased the building of the garden tool manufacturer who had brought the Vaughan family business to Bushnell in the first place.

By 1966, Howard Vaughan Jr., or "The Marketeer," took over as the fourth-generation president of the family business. During his presidency, Howard Jr. worked to modernize the manufacturing processes in the plant, investing in high-efficient forges, automating finishing processes, and implementing CAD-CAM systems that would revolutionize the design and manufacturing of Vaughan's trusted products. Along with his improvements to the manufacturing side of the business, Howard Jr. also launched an incredibly successful advertising campaign featuring the faces of those who made the tools. As a result, Vaughan quickly grew to become not just the premium manufacturer of striking tools in the United States, but in the world, expanding to 15 international countries.

Howard Jr. was not just a successful marketer – he was also a successful innovator. Like his father, grandfather, and great-grandfather, Howard Jr. also brought new manufacturing designs to the table, combining the traditional rig builder hatchet with the framing hammer to invent the California Framing Hammer – the company's most popular hammer.

Today, Howard Vaughan Jr.'s son, Charlie, has taken over as the fifth-generation president of the family business. Charlie, known as "The Navigator," has steered the company through

many challenging times, such as the economic recession of 2008. He has worked to move the company into the 21st century and expanded the business to incorporate new operations. In 2018 under Charlie's leadership, Vaughan & Bushnell Mfg. Co. acquired DASCO Pro Tools, a chisel and punch manufacturer in Rockford, Illinois. While DASCO's products are now manufactured by Vaughan & Bushnell Mfg. Co., they are still being sold under the DASCO trade name, keeping the promise of high-quality, American-made hand tools alive.

In commemoration of Vaughan & Bushnell's 150th anniversary, the company released a line of Limited-Edition hand tools – each of which symbolizes one of the five generations. For Alexander, the founder, the classic 1-1/2 hammer of his own design; for Sanford, the 999 hammer, named after the famous 999 steam train; for Howard Sr., the chrome-plated B215 SuperBar; for Howard Jr., the ever-popular California Framer hammer; and for Charlie, a chisel and ball pein hammer to represent the acquisition of DASCO.

Each generation of the Vaughan family has brought their own unique expertise into the business, and pushed it to higher levels as times and technologies have changed. While many of what are now accepted as basic hammer designs – from the distinctive curve of the claw hammer to the handle and shape of the head – were introduced by Vaughan & Bushnell Mfg. Co. over 100 years ago, the company still continues to innovate and expand in the striking tool industry.

Congratulations to Vaughan & Bushnell Mfg. Co. and the Vaughan family on 150 years and five generations of manufacturing in Illinois. The IMA is proud to represent them as a member of the association. ♦

INNOVATIONS IN SUSTAINABILITY CONTINUE TO SURFACE, ALLOW COMPANIES TO ACHIEVE GOALS

CONSTELLATION

The ways in which we consume and manage energy are changing as fast as the technologies that require it. As populations grow at a rapid pace, the need for more energy efficient, sustainable innovations becomes paramount.

Businesses recognize the need to be more sustainable and are looking for ways to meet their own carbon emissions reduction goals and to be able to show the results of the steps they take to achieve these goals. Innovations in sustainability continue to emerge that play such roles, such as the following:

1. Hybrid electric vehicles

Hybrid cars have been on the mass market for several years now, with the trend now seeing fully electric models becoming increasingly mainstream. Even as ubiquitous as the oil industry is, it may not be long before more consumer cars are powered by electricity than gasoline.

While hybrid vehicles generally cost 20 percent more than vehicles with standard engines, electric vehicles can cost as much as 70 percent more. Hybrid vehicles offer businesses, who wish to reduce their carbon footprint from transportation, a less pricey option. In addition, hybrid vehicles can reach a farther range. "Plug-in hybrids may drive for 10-50 miles using only electricity before they start using gasoline, and can then drive for about 300 miles," according to the University of California, Davis. "Most electric vehicles are currently capable of about 100 miles of driving before they need to be recharged."

Constellation Technology Ventures, Ex-

elon's venture investing arm, invested in XL Fleet Electrification. The company is a connected fleet electrification company that manufactures electric powertrains for class 2-6 hybrid electric and plug-in hybrid electric trucks.

2. Sustainability monitoring and reporting

The ability to measure the impact of your business' sustainability efforts is fundamental for being able to understand the existing baseline of metrics and subsequently monitor the impact of sustainability measures on your business's bottom line and therefore to the environment. As a result, more companies and more are electing to purchase a metrics program.

Constellation invested in Measurabl, a cloud-based software that collects data, that creates investment-grade sustainability reports and helps you identify improvement opportunities. In commercial real estate, for example, environmental, social and government (ESG) data is used to exceed tenant demand for sustainable living, comply with governmental regulations and to access capital markets. A program like Measurabl allows a building to measure and show its steps toward sustainability.

3. Buying and selling of offsite renewable energy projects

Many forward-looking businesses are looking to deliver on commitments by transitioning to 100% renewable power via the purchase of offsite renewable energy. But, finding competitive project pricing and sifting through requests for proposals (RFP) has been a very manual and time-consuming

process for most businesses. Online access to the most up-to-date details and diligence on projects and pricing can be an attractive alternative to businesses.

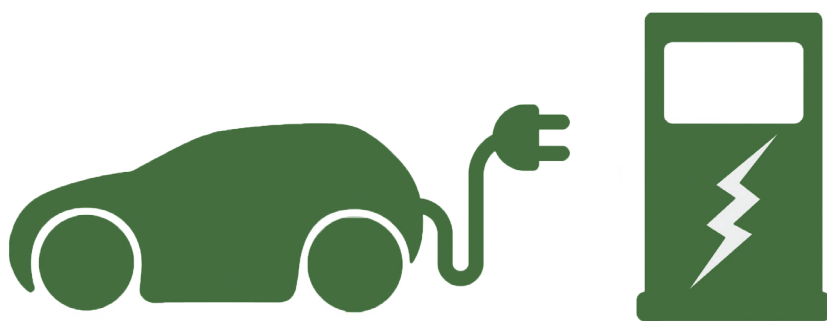
LevelTen, a CTV portfolio company, has created a web-based marketplace that streamlines the buying and selling of offsite renewable energy projects, such as wind and solar across North America. LevelTen's platform connects project developers with corporate buyers in a way that facilitates easier execution of physical power purchase agreements and virtual power purchase agreements, while facilitating additional risk intermediation services.

4. Electric vehicle chargers

To support the massive electrification shift in the auto industry, ChargePoint has created the world's largest, most open electric vehicle (EV) charging network. EVs could offer clear environmental and economic benefits, but their fueling infrastructure is far behind that of combustion-based cars – for now. ChargePoint's mission is "to get everyone behind the wheel of an EV and provide a place for them to charge wherever they go." Their growing network of over 25,000 charging stations serves parking operators, property owners, retailers, multi-family property developers and even residential customers.

ChargePoint also designs, builds and supports its network's charging stations. Through the mobile app called "ChargePoint," EV drivers get the convenience to schedule and monitor their vehicles' charges in their homes, workplaces and public spaces.

Learn more about Constellation Technology Ventures (CTV), Exelon's venture investing arm. CTV invests in companies representing innovative energy technologies and business models, building a portfolio that represents a broad range of development stages and technology types. To get in touch with a Constellation business representative, get in touch by email us at CTVDeploy@exeloncorp.com. ♦



Constellation – 24/7 access to billing and energy usage data

TRAINING IN MANUFACTURING: THE IMPORTANCE OF THE ROLE AND KNOWING YOUR SITE

MARS PETCARE US INC.

The first concept when building a training program is knowing the importance the training role holds in manufacturing. The importance of training is often eliminated due to the nature of the position. In manufacturing, at the end of the day the most important aspect is the underlined numbers, the profit. The cost of the training role is charged to a company's overhead within the budget. The lower the overhead, the more money the company makes. This is the reason it is important for management to understand the importance of the role. Once the management team understands the need for site training the process can begin.

**ADULT LEARNERS TYPICALLY
LEARN THROUGH PRACTICAL
EXPERIENCES. USING
CURRICULUM ALONG WITH
HANDS-ON TRAINING WILL
HELP ANY LEARNER EXCEL
IN THE MANUFACTURING
ENVIRONMENT.**

Think about the amount of money invested in one piece of equipment in a manufacturing facility. Now think about the investment in a production line, in extrusion, or in the plant itself. Manufacturing Operator positions generally do not require a higher education; this means most manufacturing facilities are hiring their associates directly off the street. These individuals nearly always come in with little to no experience to run the specific equipment for the facility. What are we doing? We are asking someone without proper training or

knowledge to run a multi-million-dollar piece of equipment. Not only are we asking these new associates to run this equipment, we are asking for efficiency, competency, and high productivity.

For a trainer, the difficult part of building a training program is the unknown — what the program will look like in the end. There are numerous questions trainers ask themselves when building a program. Who is the audience? Who is the subject matter expert? It is good to start by interviewing the area expert in order to answer some of the unknowns. Reading the equipment manuals is also extremely important to gain a basic knowledge base, as well as running the equipment with the expert to comprehend the required set points and ad-

justments. Knowing the equipment and what it is capable of is key in this process. When you have this type of understanding, then you are capable of fully explaining and transferring this knowledge base in the quickest and most effective way possible to the adult learner.

Adult learners typically learn through practical experiences. Using curriculum along with hands-on training will help any learner excel in the manufacturing environment. Knowing the importance of the training role is the base of establishing a successful training program and knowing the equipment in your facility is vital to educate, implement and build a successful training program. ♦

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About the Author: Aimee Bowersock is the Training Coordinator at Mars Petcare and can be reached at aimee.bowersock@effem.com, or (217) 258-1241.

BLOCKED BY CONGRESS: THE STATUS OF THE U.S. BLOCKCHAIN LAW

DINSMORE & SHOHL LLP

Two years have passed since the price of Bitcoin suddenly jumped to \$20,000 and three months later fell to only \$6,000. Since that time, public interest in Bitcoin (the concept) and blockchain technology generally has been nearly as volatile as the cryptocurrency market. Although it may seem like a bear market on cryptocurrency exchanges, the industry is booming for developers and lawmakers.

What is Blockchain?

A blockchain is a digital database — a kind of public ledger — used to store, track, and process information. This public ledger accounts for every transaction that occurs on the blockchain, and the information is decentralized and distributed across a network of computers. Because the ledger exists on a network rather than on a single computer, there is no central point of vulnerability for the data. Recordkeeping, transparency, and decentralization are what make blockchain so attractive.

Blockchain technology is being used and developed for a wide range of applications, from gaming and sports betting to healthcare and identity management. For manufacturers, the technology will become increasingly vital to supply-chain management, commercial contracts, financial transactions, data sharing, and product tracking.

Not surprisingly, while companies and developers are rapidly exploring this new technology, the federal government has been slow to consider any type of regulatory scheme.

Facebook and Congress Face Off

Without regulatory certainty, Congress appears to be threatened by high-profile blockchain projects. One recent example is a cryptocurrency project called “Libra.” In October 2019, Mark Zuckerberg appeared before Congress and explained that Libra began as Facebook’s cryptocurrency initiative in June of 2019. Libra is no longer just Facebook’s project, as the freestanding Libra Association,

headquartered in Geneva, Switzerland, now leads the venture. Its purpose is to govern a blockchain network (called Libra) and its reserve. This reserve, backed by actual government-issued currencies, is intended to allow Libra to function as a “stablecoin” or reserve-backed cryptocurrency designed to minimize price volatility.

Members of Congress found some of Zuckerberg’s testimony troubling. House members expressed concerns about Facebook’s control over the rest of the Libra Association. Although the Libra Association currently includes 21 member organizations, the representatives raised questions concerning Facebook’s immense global power and past privacy issues. They also wanted to know why the Libra Association was organized outside the United States.

Zuckerberg’s six-hour testimony yielded several key takeaways. First, Zuckerberg was adamant that Facebook and the Libra Association are separate. Second, he stressed that Facebook will sever its ties with the Libra Association if Libra fails to comply with U.S. law. Third, he tasked Congress with taking action in a timely manner to prevent the United States from falling behind the rest of the world in the cryptocurrency space. The longer we wait for Congress to act, Zuckerberg predicted, the more likely the world and this technology will forge ahead without the U.S.

Laws Try to Catch Up with Technology

Zuckerberg’s message appears to have been received by some members of Congress. A bipartisan bill was introduced in the House on November 21 called “Managed Stablecoins Are Securities Act of 2019.” This new bill provides regulatory clarity for stablecoins by defining them as securities.

Meanwhile, federal agencies are developing their own blockchain regulations. So far, cryptocurrency regulations are the low-hanging fruit, but even this term has been defined differently by different agencies. For example, the Commodity

Futures Trading Commission treats digital assets as commodities. The Securities and Exchange Commission treats them as securities. The Financial Crimes Enforcement Network treats accepting and transmitting digital assets as invoking money transmitter laws under the Bank Secrecy Act. Eventually, Congress will be pressured to take a more active role in developing a cohesive regulatory scheme.

In this environment, many state governments have taken aggressive legislative stands. Some have explored regulating not just cryptocurrencies, but also other aspects of blockchain technology. As early as 2015, several states introduced blockchain- and cryptocurrency-related bills and resolutions. As of 2019, 36 have passed laws relating to blockchain technology.

Many of the early state blockchain laws codified definitions for terms such as blockchain, node, network, smart contract, and cryptocurrency. Some later categorized these defined terms as securities or taxable transactions. States have begun enacting laws that govern money transmitter transactions, use of blockchain for maintaining business and public records, and admissibility of blockchain records as evidence. Now, several states are competing for the title of most blockchain-friendly state. The frontrunners appear to be California, New York, Wyoming, and Arizona. (Wyoming, home to fewer than 600,000 people, has enacted 13 different blockchain-related laws.) These states understand that blockchain technology goes beyond cryptocurrency, and they seek to provide a clear regulatory framework for companies that incorporate blockchain solutions.

While Congress holds hearings and conducts studies, the world of blockchain and cryptocurrency shows no signs of slowing. In 2020, look for Congress to grapple with balancing its interests in economic power and making the United States a global leader in innovation. ♦

About the Authors: Lisa Parker Gates is a Partner in Dinsmore & Shohl LLP’s Intellectual Property Practice. She can be reached at lisa.gates@dinsmore.com, or (312) 837-4331.

Allisyn Monteleon is an Associate in Dinsmore & Shohl LLP’s Intellectual Property Practice. She can be reached at allisyn.monteleone@dinsmore.com, or (937) 449-6429.

THE BENEFITS OF OUTSOURCING LOGISTICS OPERATIONS

AM TRANSPORT SERVICES

Today's manufacturers and distributors are finding that freight spend is an ever-increasing portion of their budget; however, too often supply chain doesn't have a seat at the table. In the last ten years, logistics operations have consistently become more complex and more expensive. With the advent of the Amazon Effect (how quickly customers expect to receive products) and an astonishing number of new technologies from tracking and visibility apps to cloud-based transportation management systems, growing manufacturers simply cannot keep up with transportation trends. Outsourcing some or all of an organization's logistics functions is quickly becoming the answer to the shifting transportation landscape.

A recent report from Armstrong & Associates, a supply chain consultancy group, indicates that 90 percent of Domestic Fortune 500 companies rely on third party logistics (3PL) providers for supply chain and outsourced logistics services. Chairman Dick Armstrong explained that size was a good predictor of which companies would take advantage of the cost savings and increased efficiency offered by 3PL services – with larger companies more likely to partner with one or more 3PLs for outsourced logistics.

However, outsourced logistics services aren't just for Fortune 500 companies. For small to mid-size manufacturers in Illinois, the benefits gained when logistics services are outsourced may be even greater. Because supply chain management is eating up a greater portion of both costs and manpower, outsourcing these functions allows company executives to focus on growing business instead of educating and training employees to handle the myriad aspects of logistics operations. Organizations who outsource their logistics operations find they are better able to allocate limited resources.

Logistics and supply chain continues to evolve as a service-oriented offering because it offers manufacturers the opportunity to partner with experienced logistics professionals while accessing the most innovative technologies and processes. When manufacturers outsource to a regional part-

ner, the advantages expand exponentially. More specifically, when manufacturers in Illinois outsource to a regional logistics expert benefits include:

Advanced location knowledge: Chicago is one of the freight capitals of the world; partnering with a 3PL in Illinois for outsourced logistics offers insider expertise in a rapidly growing and changing market. Logistics will always revert back to a supply of available trucks and the demands of the current market. Given Chicago's volumes, manufacturers must partner with experts who have specific knowledge of how that market works.

Cross-trained logistics experts: State unemployment rates are at an all-time low, and this means you're more likely to find the supply chain expertise you need with a well-established 3PL offering Logistics as a Service. Hiring experienced people in manufacturing is hard enough. Most HR people at manufacturing companies don't have the requisite knowledge to hire skilled people for supply chain positions. Even with experience, trained logistics professionals are hard to find in this environment.

Reduced risk: Federal and state regulations change on what seems to be a daily basis. This leaves manufacturers open to excessive liabilities if they aren't partnering with a 3PL with expertise and training in this area.

Technology: Operating with a truly in-

novative and scalable Transportation Management System (TMS) is a must for any growing business. However, most manufacturers do not have the time to study the technology or to implement it to their advantage. A skilled 3PL will provide a cloud-based system offering flexibility, security, and accessibility. But that's not all – good data is imperative to growth, and a TMS should also offer relevant and move-the-needle reports.

Roughly 71 percent of goods in the United States are moved by trucks. And in spite of a freight spend that could be one of a manufacturer's largest budget items, logistics departments are often understaffed, suffer from high turnover rates, and are managed by employees with limited transportation knowledge. Too often manufacturers are wary of outsourcing their logistics services and are operating under an outdated belief that all business functions should be handled in-house. As technology, data, risk exposure, and regulatory needs become more demanding, manufacturers will find it necessary to turn to experts for protection, as well as an added advantage over their competitors. Without this expertise, manufacturers can fall behind, or worse yet, close their doors. Those who choose to outsource some or all of their logistics operations will outpace their competitors in the near future. ♦





WELCOME TO IMA'S FIRST AFRICAN-AMERICAN CHAIR

AN INTERVIEW WITH LINDA MCGILL-BOASMOND, PRESIDENT OF CEDAR CONCEPTS CORPORATION

Tell us about your background and how you chose manufacturing as a career?

After graduating from Chicago's DePaul University with a degree in Chemistry, I ventured into the manufacturing industry. When I became a chemist, I found myself as an Operations Manager for a Fortune 500 corporation, where I oversaw a union chemical manufacturing facility with more than 100 employees.

Following a number of years at the large-scale corporate manufacturing enterprise, I joined the Cedar Concepts Corporation leadership team as Technical Director in 1998. In 2003, I became Cedar Concepts' first female partner. Following a stock buy-out from a surviving founder in 2004, I became the sole owner of the U.S.-based chemical manufacturer.

While manufacturing is increasing its diversity, women currently account for only about a third of all manufacturing employees while African Americans comprise 10 percent of the workforce. Tell us about what it's like to be a female African-American leader in manufacturing and what it means to be named as Chairwoman of the Illinois Manufacturers' Association.

The chemical manufacturing industry is heavily male-dominated. The discouragement amongst female chemical entrepreneurs inspires Cedar Concepts to spread the importance of diverse manufacturers in the industry. I am proud to be the first and only African American woman in the United States to own and operate chemical manufacturing plants. It's a huge honor as a minority to be a pioneer for the IMA as Chairwoman.

What advice do you offer young men and women who are interested in careers in manufacturing? Why should young people, returning veterans, or dislocated workers look at manufacturing as a career?

I would encourage people who cannot "see what's possible," nor have a mentor or leader to show them the ways to break through limitations, to believe that others can teach and support them. Manufacturing is a growing industry where there is a demand for a talented workforce, such as young people. There are over 30,000 jobs that cannot be filled within Illinois alone. Veterans and dislocated workers have a wonderful opportunity here as well, as they are experienced in a working with others, and can transfer this skillset to manufacturing.

"I HOPE TO DEMONSTRATE MY
UNWAVERING COMMITMENT, PASSION
AND ADVOCACY FOR MANUFACTURING
IN ILLINOIS, WHILE FOSTERING MORE
INTEREST FOR WOMEN AND YOUTH
IN MANUFACTURING."



Photos courtesy of Powell Photography, Inc.

What is the best piece of advice that you have been given during your long and illustrious career?

The most impacting lesson, for me, is that success depends on how well you react, adjust and proceed with what is put in front of you. Always remember “like your GPS, when you miss the turn, quickly reroute.”

What is your proudest accomplishment in your career? In your life?

My proudest professional accomplishment is the development of our second Chicago plant from the ground up – a LEED certified chemical manufacturing facility in Chicago’s Back of the Yards neighborhood. My biggest accomplishment in life is that I’m living a life of which my father would be proud. My father was also in manufacturing.

What are your goals for the IMA?

I hope to demonstrate my unwavering commitment, passion and advocacy for manufacturing in Illinois, while fostering more interest for women and youth in manufacturing. Illinois remains a strong manufacturing state and we will work to navigate the industry with our elected officials to better understand and encourage manufacturing in Illinois.

Why should manufacturing companies join the IMA and what is the benefit of networking with other companies?

The IMA offers the benefit of continuing to learn and stay current with issues in manufacturing. Networking allows you to receive expert industry advice from your peers as well as to

pursue new business opportunities.

You’re very passionate about education and Girls4Science. Tell us about this STEM program and how you are engaging with young girls.

Girls 4 Science is a nonprofit organization dedicated to exposing girls in Chicago ages 10-18 years old to opportunities in STEM. Its mission is to focus on developing skills, self-esteem, and awareness as well as relationship building that will help girls overcome barriers that may prevent them from achieving greater success in STEM careers. Cedar Concepts has been instrumental since its inception and continues sponsorship and support for its programs.

What do you like to do in your free time?

I love to travel abroad and experience different cultures with my husband and our dear friends and family.

What do you find exciting in manufacturing today, and what excites you the most about the future of manufacturing?

Manufacturing is forever changing as an indication to the needs of the world. Combining advanced manufacturing with information technology available today creates infinite possibilities. For example, Cedar Concepts has become more sustainable with the need for a healthier environment. We look forward to continuing to develop our sustainability and revolutionizing manufacturing. ♦

RECREATIONAL MARIJUANA: WHAT IT MEANS FOR EMPLOYERS

SMITHAMUNDSEN



Illinois became the 11th state to legalize recreational cannabis when Governor Pritzker signed into legislation House Bill 1438, which created the Cannabis Regulation and Tax Act (“Cannabis Act”). While Illinois was not the first state to legalize recreational cannabis, it was the first state to legalize it via legislative action, rather than by a popular vote.

Under the Cannabis Act, beginning January 1, 2020, adults (21+) in Illinois are legally able to possess and consume cannabis.

While there is a lot “rolled” into the 610-page House Bill 1438 (pun intended) it still does not answer a significant number of questions and concerns for employers – especially considering only 10 pages addressed employment issues. In fact, much like the Illinois medical marijuana statute, there is a lot of conflicting or unclear statutory language. First, the good news. The Cannabis Act expressly permits employers to adopt and enforce

“reasonable” and nondiscriminatory zero tolerance and drug free workplace policies, including policies on drug testing, smoking, consumption, storage, and use of cannabis in the workplace or while on-call. Additionally, like many new laws, this one is still in a state of flux. On December 4, 2019, the Governor signed into law amendments to the Cannabis Act. The amendments included some very positive clarification for employers, including that employers can discipline or terminate an employee’s employment or withdraw a job offer due to failing a drug test. The amendments also clarified that public employers of law enforcement officers, corrections officers, probation officers, paramedics, or firefighters may prohibit or take disciplinary action against employees for the consumption, possession, sale, purchase, or delivery of cannabis or cannabis-infused substances while on or off duty. Again, very positive language for employers that will help in addressing and limiting potential safety risks.

With these changes, the Cannabis Act now provides that employers not only have the ability to implement fair, reasonable drug testing policies designed to protect their employees and the public, but to also take disciplinary action, including termination, against employees who test positive for drugs and revoke a job offer from an applicant who tests positive during a pre-employment drug test. As such, while employees will certainly have the legal right to purchase and use cannabis, employers should have the legal right to say that they have a zero tolerance drug policy and that having a positive drug test will result in discipline, up to and including termination, or a revocation of a job offer. Of course, any drug testing policy and decisions still must be carefully vetted, designed, and implemented.

The bad news is that the language of the Cannabis Act and changes to the Right to Privacy in Workplace Act (“Right to Privacy Act”) still create some ambiguity.

ity and the potential risk for legal claims. In particular, the Right to Privacy Act prohibits employers from restricting employees from using lawful products outside of work. In amending the Right to Privacy Act, the legislature defined “lawful products” as those legal under state law, which indicates that recreational and medical marijuana are legal products that should be treated like alcohol and tobacco. While the Right to Privacy Act references that the actions taken under the Cannabis Act are exempt, the risk of someone pursuing a claim is still there.

Overall, much like the Illinois medical marijuana law, the Cannabis Act changes the emphasis from whether an employee “used” marijuana, to whether the employee was “impaired” or “under the influence” of marijuana while at work or working. As a result, drug testing without any other evidence of the employee being impaired at work, or while working – including pre-employment, random and return to work – may open the door to legal challenges to a hiring decision, termination or adverse employment action. It also puts additional scrutiny on reasonable suspicion and post-accident/injury testing. For example, if there is an accident or injury that results in drug testing, the best practice will now be to not only complete a post-accident/injury report, but also complete a reasonable suspicion checklist. It will also put more emphasis on being able to support any reasonable suspicion determination, including what training or qualifications the supervisor or manager has for being able to identify symptoms of drug and/or alcohol use. It will also put an emphasis on what levels of drugs result in a positive drug test and drug testing procedures – i.e. proper collection, chain-of-custody, lab procedures and use of a medical review officer.

The potential legal claims that employers may face from an employee who is not hired, terminated or disciplined for violating an employer’s zero tolerance and drug free workplace policy, are not just limited to claims under the Right to Privacy Act. Rather, as seen in other states, they can include claims under the state’s marijuana laws, negligent hiring, retention or supervision, and disability discrimination. It is expected that much like other states, we will see these claims made, as under many of the potential claims, including the Right to Privacy Act, employees can seek to recover not only actual or compensatory damages, but

their attorney’s fees and costs. In particular, one of the most frequent claims made in other states is where the employee has an underlying medical condition or disability and is using medical marijuana for such. In those cases employers must recognize that the employee may have rights and protections under the ADA and Illinois Human Rights Act.

Furthermore, the Illinois medical marijuana law and Cannabis Act include steps that employers must take before taking an adverse employment action against an applicant or employee. For example, the Act appears to require that before terminating or disciplining an employee based on a “good faith belief” that the employee was impaired or under the influence of cannabis while at work or performing the job that the employer provide the employee with a reasonable opportunity to contest the determination. Once the employee is provided a reasonable opportunity to explain, an employer may then make a final determination regarding its good faith belief that the employee was impaired or under the influence of cannabis while on the job or while working, and what, if any, adverse employment action it will take against the employee without violating the Act.

While many questions still remain and medicinal usage requires a different analysis (for now) it appears employers can take better comfort and be more confident in creating a policy designed to maintain a safe and healthy workplace through reasonable drug testing policies. However, employers must continue to carefully examine their own unique industry, risks and risk tolerances, together with their geographic footprint and applicant pool. In particular, this review should include considering whether the position is a safety sensitive position or not, the type of test and the level of THC nanograms that will result in a positive drug test for marijuana. Furthermore, while the Illinois law provides a carve out for federal and state contractors that could lose funding or contracts, employers need to review the contracts and or funding to see exactly what it states. For example, a Court in Connecticut held that compliance with the Federal Drug Free Workplace Act simply requires employers to have a drug free workplace policy and does not require drug testing or prohibit federal contractors from employing someone who uses illegal drugs or medical marijuana outside of the workplace.

What Should Employers Do to Diminish Legal Risks and Protect their Workforce?

First, get educated and evaluate all policies and practices that touch on providing and ensuring a safe workplace, including job descriptions. Review the law. Talk to legal counsel, who is well versed in labor and employment law, regarding policies and actions. Assess workplace cannabis tolerance (in general) and implement policies that can be enforced consistently amongst similarly situated employees. Policies that should be reviewed (and that could be affected) include those addressing health and safety (including accident reporting, smoking, and distracted driving), equal employment opportunity policies, workplace search/privacy policies, drug testing policies and policies regarding prescription and over-the-counter medications. Companies should also review with legal counsel, their drug testing vendor as well as their Medical Review Officer, the drug testing methodology being used to make sure that such is producing results that are useful, accurate and well vetted.

Second, ensure managers and supervisors are well trained and capable of enforcing policies. Remember, training establishes the basis or expertise for being able to make reasonable suspicion determinations. Conducting training, especially training on reasonable suspicion detection, will be necessary to avoid legal challenges to a supervisor’s reasonable suspicion determination. Creating and/or updating forms for accident reporting (including witness statements), reasonable suspicion checklists, and established protocols for addressing suspected impairment in the workplace, is now more critical than ever.

Third, clearly communicate management’s position and policies to employees, especially where there is a shift in current policy or practice. Educate employees on the effect of lawful and unlawful drug use and the employer’s policies regarding marijuana.

Fourth, engage competent legal counsel, who is well versed in labor and employment law, to assist you in this process and in addressing difficult situations before they lead to costly and time-consuming litigation. ♦

PREVENT YOUR COMPANY FROM FALLING VICTIM TO FINANCIAL FRAUD

LEADERS BANK

Company owners and managers attempt to be laser focused on all aspects of their businesses. However, financial fraud prevention can take a back seat to other issues. Few have the time or assets to adhere to every precaution, from network security to routing and account number protection. Moreover, most aren't aware of the profoundly negative ramifications of financial fraud on business fortunes. Combine these factors, and we have a recipe for the steadily increasing incidence of financial fraud afflicting U.S. companies.

Just one means of perpetrating fraud, business email compromise (BEC) led to \$1.3 billion in business losses in 2018, according to the FBI's Internet Crime Report.

How swiftly has that crime grown? The 2018 losses were twice those recorded in 2017, when BEC generated \$676 million in losses.

However, there's good news. By implementing the correct proactive systems to combat financial fraud, companies can help avoid becoming fraud victims

Criminal Acts

Theft of checks remains a common way check and ACH debit fraud occurs, says Mary M. Schuh, vice president of operations at Leaders Bank in Oak Brook, Ill. Checks sent through the mail for companies' busi-

ness use can be stolen. Before the companies are aware their checks have not arrived at the correct address, the fraudsters have altered these checks by means of a procedure known as "check washing." The altered checks bear new names but identical account numbers, and are used to drain those accounts.

"One thing we've noticed about check fraud is that more and more of the fraudsters are able to remotely deposit checks, making it easier to get paid on them," Schuh says.

"Right now, customers do not want to walk into the bank. They want to take a picture of the check with their phone. The teller doesn't have a chance to physically handle a check to determine whether it's authentic."

Routing and account number theft can lead to another increasingly prevalent scam, ACH debit fraud, says Gina Phipps, Leaders' vice president of treasury management. "Someone has your routing number and account number, and they put through a payment from that account to themselves," she says. "Or, fraudsters act as legitimate business customers of the bank and request money be wired to them."

Email Peril

Business email compromise, perpetrated through viruses, ransomware attacks, phishing or other nefarious means, is another

increasingly employed scam.

A July 2019 report by the Financial Crimes Enforcement Network (FinCEN) found BEC has grown dramatically. Suspicious activity reports describing BEC soared from 500 a month in 2016 to more than 1,100 a month in 2018. Manufacturing and construction were the most targeted industries for BEC in both 2017 and 2018.

The use of fraudulent vendor or client invoices increased from 30 percent of FinCEN sampled incidents in 2017 to more than 39 percent last year, the report stated.

Prevention Pays

Because some of the methods that fraudsters use are virtually impossible for their targets to stop on their own, many businesses partner with their financial institutions to protect their accounts.

The steps companies should take to combat financial fraud include check positive pay, ACH blocks or filters and updating anti-virus software.

To implement check positive pay, customers upload to their bank all information about check recipients, check amounts and payment dates, Phipps says. "The bank can confirm transactions are legitimate," she adds.

ACH blocks or filters protect customers from ACH debit fraud. "The customer tells us who is allowed to debit their account," Phipps says. "If a request for an ACH transfer comes from someone other than those on the list, the bank checks electronically and automatically to learn if the customer wants to pay or return that exception item."

On the email side, updating anti-virus software and confirming customer wishes before automatically approving emailed requests are key precautionary steps, Schuh says.

Frequently, companies won't institute protections until they become targets, Phipps says. "By then, they may have suffered financial losses," she adds. "Implement check positive pay, ACH filters and review bank accounts daily to avoid financial loss."

In summary, when companies conduct the correct proactive procedures, they can greatly reduce their chances of being victims of financial fraud. ♦



2019 IMA ANNUAL LUNCHEON



Over 450 business leaders from across Illinois attended the IMA's 2019 Annual Luncheon at the JW Marriott in Chicago, featuring keynote speaker Dr. Suresh Sunderrajan, Associate Laboratory Director at Argonne National Laboratory. Sunderrajan leads a team that applies expertise in science, engineering and technology to develop solutions to problems related to energy, manufacturing and global security.

At the Luncheon, the IMA was proud to present the 2019 Barry L. MacLean Manufacturer of the Year to Philippi-Hagenbuch of Peoria. A family-owned business, Philippi-Hagenbuch is a global leader in off-highway truck customization including creating innovative tailgates, truck bodies, rear-eject bodies, water tanks and ultra-class trailers. During the company's 50 years in operation, it has pioneered more than one hundred domestic and international patents related to truck bodies, on-board weighing systems and black-box technology. Engineering innovative haul-truck solutions for over 50 years, Philippi-Hagenbuch Inc. is located in Peoria, Illinois and has been building equipment for off-highway haul trucks since 1969. During this time PHIL

has become the global leader in off-highway truck customization. In addition to their innovative tailgates, push blocks, rear-eject bodies and trailers, Philippi-Hagenbuch designs and builds end-dump bodies, trailers, sideboards, load ejectors and water tanks for nearly every make and model of articulated and rigid frame off-highway truck available. Founder Leroy Hagenbuch and President Danette Swank accepted the award on behalf of the company.

"Philippi-Hagenbuch epitomizes excellence in Illinois manufacturing," said IMA President & CEO Mark Denzler. "Over their 50-year history, this amazing family-owned company has been an industry leader in innovation, operational excellence, and there is no stronger advocate for American manufacturing. They have invested their time and treasure to grow and strengthen the manufacturing climate in Illinois and we're proud to recognize them as this year's Barry L. MacLean Manufacturer of the Year."

"For five decades, we have made Illinois our home and are honored to receive this award," said Danette Swank, president of Philippi-Hagenbuch. "We owe our success to the dedication and forward-thinking of our founders, L.B. Philippi and LeRoy

Hagenbuch, as well as our creative and hard-working associates. Together, our passion has led us to become a global leader in custom, off-highway haul truck solutions."

Prior to the Luncheon, four breakout sessions educated IMA members on the IMA's new Association Healthcare Plan, Trade and Tariffs, Employment Policy compliance, and Workforce management.

These IMA members were recognized for milestone anniversaries of membership:

100 years – Members since 1919

American Nickeloid Company
Hollister-Whitney Elevator Co. LLC
WestRock

50 years – Members since 1969

Archer Wire International Corporation
JB Industries
Perfection Plating, Inc.

25 years – Members since 1994

Borg Warner Inc.
M-Tek Inc.
Remke
S&C Electric Company
Trippe Manufacturing Co.
World's Finest Chocolate

THE DOS AND DON'TS OF WORKPLACE SOCIAL MEDIA POLICIES

CLARK HILL PLC

Chances are most of your employees are on social media and, unfortunately, some of them may be using their private social media accounts (e.g. Facebook, Twitter, etc.) to say negative things about their employment. Frustrated employees might even be complaining about their working conditions – or, even worse, about YOU, their supervisor, or management in general.

To combat this, many employers' initial reaction is simply to ban employees from saying anything negative about the organization online and on their employees' personal social media accounts – or perhaps even discussing work at all. What may be surprising to many employers, particularly non-unionized employers, is that the National Labor Relations Board ("NLRB"), which interprets the National Labor Relations Act ("NLRA"), has ruled that this kind of restriction is illegal. Indeed, Section 7 of the NLRA protects those non-supervisory, non-unionized workers who use social media to engage in "concerted activities for the purpose of collective bargaining or other mutual aid and protection." This creates a special risk for non-unionized employers who are unlikely to be aware of current NLRB precedent. They usually draft their social media policies using what most people would consider common sense and legitimate business interests in mind. The danger for these employers is that the NLRB often finds that these policies violate the NLRA because they may chill the exercise of Section 7 rights by employees. Notwithstanding, however, employers can still encourage employees to think before they speak (or type) and remind them that behavior akin to unlawful harassment of their co-workers may still lead to discipline.

Employer "Dos" for Social Media Policies

- Maintain control over company social media accounts. As the employer, you own them and have a right to access them. You should always have the current credentials to access company social media, even if you assign an employee or outside party to oversee the accounts.



- Make sure that any restrictions regarding employee conduct on social media are as narrowly drawn as possible. For example, if your company precludes employees from disclosing certain categories of company information (e.g. confidential, financial, or other proprietary information), you should define each of those terms in the policy with specific examples of the types of documents and information that fall under each of these broader terms. These examples should identify clearly protectable interests like trade secrets, marketing plans, business strategies, client/customer lists, research and development activities, and pricing information.

- Encourage employees to be respectful and to avoid statements that could be interpreted as threatening, harassing, or defaming.

- Include provisions in social media policies that require employees who are posting about work-related issues or company products or services to include a disclaimer that their views are their personal opinions and do not reflect those of the company.

- Put employees on notice that you may request to see their social media activity if it is relevant to an investigation of misconduct. Word of caution, however. Under the Illinois Right to Privacy on the Workplace Act (the "Act"), employers are prohibited from requiring employees to disclose their username and passwords

for personal online social media accounts or requiring an employee to access a personal online social media account in the employer's presence. The Act, however, does permit employers to request that an employee provide the employer with specific content from the employee's personal social media account, for example, if the employer is conducting an investigation into the employee's alleged misconduct, and the employer has a reasonable belief that the employee's personal social media activity is relevant to the investigation.

Employer "Don'ts" for Social Media Policies and Practices

- Do not include blanket restrictions prohibiting employers from defaming or otherwise damaging the reputation of co-workers, clients or the company. The NLRB has held such broadly worded restrictions will be considered violations of an employee's Section 7 rights. Further, effective January 1, 2020, the Illinois Workplace Transparency Act prohibits an employer from including a provision in any agreement (e.g. employment agreement, confidentiality agreement, employee handbook, etc.) that prevents an employee from reporting/disclosing allegations of unlawful workplace conduct to government officials or testifying in administrative, legislative or judicial proceedings about alleged criminal conduct or unlawful employment practices.

- Do not prohibit employees from posting information about their wages or hours worked. The NLRB has made it clear that these are terms and conditions of employment that employees are free to discuss under Section 7 of the NLRA. Further, as of September 29, 2019, the Illinois Equal Pay Act prohibits employers from requiring employees to sign a contract or waiver that prohibits employees from disclosing or discussing information about the employee's wages, salary, benefits, or other compensation.

- Do not use information you learn from an employee's personal social media account, for example, related to the employee's protected activity or the employee belonging to a protected class, to make an adverse decision regarding the employee. This could subject the company to claims of retaliation or discrimination.

- Do not fail to report and, if appropriate, take prompt remedial action against an employee whom you know and/or learn is engaging in discriminatory and/or harassing conduct via social media against another employee. Effective January 1, 2020, the prohibition of harassment and discrimination in the "work environment" under the Illinois Human Rights Act will not be limited to the physical location in which the employee is assigned. This means that as of January 1, 2020, Illinois employers can be held liable for discriminatory and/or harassing conduct that occurs outside the workplace, for example, on social media, but which effects an employee in the workplace.

While these "dos and don'ts" provide a solid foundation for drafting, amending and administering a social media policy, this is still an area of law that is in flux. Use this advice to ensure that your social media policy is compliant with the various laws referenced above. And, best practice dictates that employers retain knowledgeable employment counsel to review the facts related to any proposed discipline based on an employee's social media use to ensure that the discipline does not violate any laws. Similarly, employers should retain knowledgeable employment counsel to analyze any proposed implementation or revision of their social media-related policies to ensure the proposals reflect the latest trends in the NLRB's treatment of social media issues. ♦



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ALL WE ARE SAYING IS TO GIVE MEDIATION A CHANCE

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A small fraction of employee lawsuits filed ever reach trial. Of the many lawsuits that do not make it to trial, some are disposed of by the court after a period of expensive litigation, but most settle by agreement of the parties. In many ways, dealing with an employee's lawsuit can be similar dealing with any other business issue. Resolving such lawsuits should be viewed as a business decision. However, lawsuits regarding employees, unlike many other business issues, can involve significant emotions.

The prudent business decision will be to dispose of the matter early through settlement and before litigation costs

become high and all parties become entrenched in their positions. Settlement can occur in several different ways, such as informal discussions by the parties or arm-twisting by the appointed judge. One of the most effective ways to settle a case, however, is through the use of a skilled mediator.

In most Illinois jurisdictions, it takes anywhere from 12 to 18 months for a lawsuit to arrive at the stage where a court is in a position to dispose of it. This timeframe can increase exponentially when responding to a charge of discrimination, given the additional time it takes the U.S. Equal Employment Opportunity Commission "EEOC" or the Illinois

Department of Human Rights "IDHR" to investigate allegations. This can cost tens of thousands – if not hundreds of thousands – of dollars in defense fees. While some cases are worth fighting on principle, or because the claims cut to the core of your business, many cases do not fall into those categories. Indeed, many employment lawsuits filed are not worth as much as it will cost the company to litigate the matter. In these situations, whatever the merits of lawsuit, the company should undertake with the assistance of counsel an analysis of the claims and allegations, as well as the potential exposure as early as possible. This will allow the company to make the

informed decision as to whether it makes sense to engage in early settlement discussions with a mediator before time and money are expended defending against a lawsuit.

Many options for mediation and early resolution exist. When responding to an administrative charge, both the EEOC and IDHR offer free mediation services for the parties. Alternatively, for any type of matter – even those that have not been formally filed – companies can engage mediation services from the American Arbitration Association (AAA) or JAMS. Both organizations have many effective mediators to choose from, including former judges who have experience in all types of employment disputes. Unlike EEOC or IDHR mediators, AAA and JAMS professional mediators will cost money. However, on balance, such professional and skilled mediators generally have a high success rate in achieving settlement.

The mediation process can vary from mediator to mediator, but it typically follows the same pattern. Once the parties decide upon a mediator, the mediator will hold a conference call where the mediator will introduce him or herself and discuss his or her process. The parties will provide their respective positions in writing. Often times, the plaintiff employee's statement will be due first, and the defendant employer's statement will be next. Usually when the parties exchange statements, they will include an offer and counteroffer. On other occasions, the parties will simultaneously submit their statements confidentially to the mediator only, without sharing their statement or offer with the other party.

The mediation of employment cases will usually last one business day. All parties, including the mediator, will start the day together and give a brief opening statement setting forth their position. The parties then adjourn to separate rooms while the mediator engages in "shuttle diplomacy" going back and forward to each room, discussing the relative legal merits and short comings of the case with each party. Ideally, the gap between each party's settlement position will narrow as the day goes on. A good

mediator will help each side see the other side's perspective and guide the parties towards resolution. More often than not, a good mediator will get a case settled, and the parties will leave with a signed term sheet, which will later be made into a formal settlement agreement.

While mediation can be an excellent tool to aid in the resolution of a dispute, every case and situation is different, and companies should be sure to weigh the pros and cons before going down that path. For instance, unless a free EEOC or IDHR mediator is chosen, the cost to engage a mediator can approach \$10,000. In addition, if the case does not settle, the opposition may find out more about their case than they already knew. Moreover, both parties need to go into the mediation in good faith and with an open mind, otherwise it will likely be a waste of time and resources. On the other side of the ledger, however, the cost of mediation (if not free) will likely pale in com-

parison to litigating the matter for many months, if not years. It also allows the parties to control the resolution of the litigation, rather than leaving it up to a judge or jury, and the resolution will be private and confidential. Finally, hearing a neutral third party's honest assessment of the relative merits of the case usually has a significant impact on the parties, and often leads to resolution.

Dealing with employee lawsuits, even those of questionable merit, is expensive and time-consuming. Illinois companies would be wise to view these lawsuits as business problems in need of objective business solutions. More often than not, it will not make sense for a company to throw good money after bad by litigating a case that has either minimal value, or, due to bad or muddy facts, will likely need to settle short of trial or other court ordered disposition in any event. For these cases, Illinois companies should give early mediation a chance. ♦



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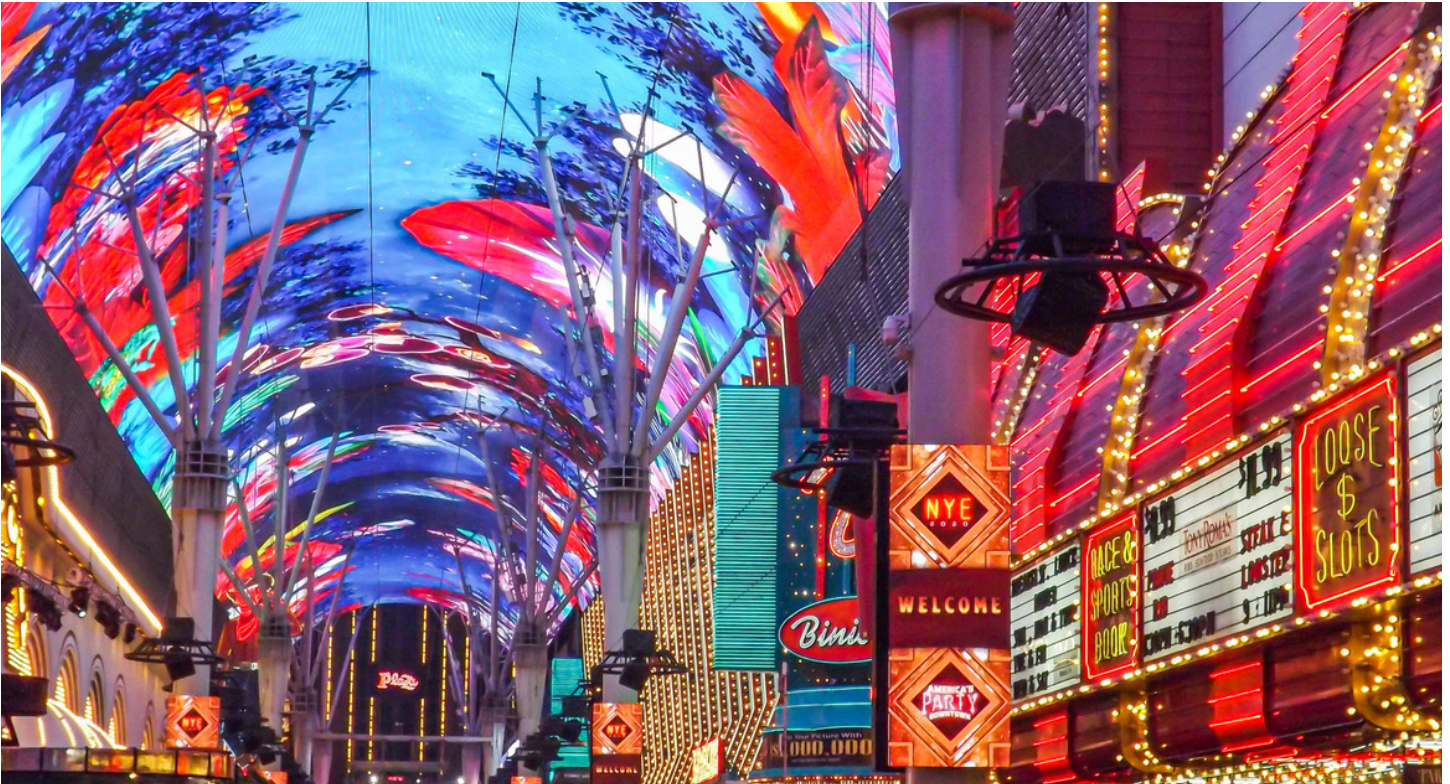
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WATCHFIRE SIGNS COMPLETES LAS VEGAS FREMONT STREET EXPERIENCE RENOVATION



Watchfire Signs in Danville, Ill., has closed out the chapter on the renovation of the world's largest single video screen, Fremont Street Experience in Las Vegas. Watchfire Signs, selected last year for the \$30 million renovation, completed the project on budget and ahead of schedule for the grand reveal on New Year's Eve.

Installation is complete on the digital canopy that covers Fremont Street Experience. It is 1,500 feet long and is suspended 90 feet above a pedestrian mall. The first update in 14 years, the new digital canopy is now seven times brighter and four times sharper than the original, making the light show on the canopy vivid even during daylight hours.

Watchfire designed an all-new product for the Fremont Street project that allowed the modules to be cut to fit the existing structure without impacting the information displayed. Perforations in each module also let daylight filter

through and air circulate, critical for dispersing heat and illuminating the street below. High contrast materials and an innovative light trapping design combine to make it possible to run content on the canopy during the day – something that was impossible with the old design.

"We had to get very creative to develop a unique product that met all the distinctive needs for Fremont Street, including trimmable modules that fit the canopy's shape and can handle the extreme desert conditions," said Steve Harriott, president and CEO of Watchfire Signs.

The scale of the Fremont Street project was the largest in Watchfire's history. It included manufacturing and shipping 130,000 sq. ft. of digital signage. The canopy was manufactured in more than 67,000 modules containing 49 million LEDs. A total of 1,054 subframes containing 64 modules each were installed in phases, allowing Fremont Street to remain open during the upgrade.

Since each subframe was manufactured to be installed at a specific spot on the canopy, Watchfire created a special crating and labeling system that arranged frames in a precise order within the shipping crates, making identification on the job site easy.

"The success of the Fremont Street project is proof of what Watchfire stands for. We are a team of innovators, combining new design with in-field excellence in service. This was an all-hands-on-deck project for Watchfire, and nearly every employee was involved in some way," said Harriott.

Fremont Street Experience attracts more than 23 million visitors annually and is adjacent to 10 casinos and more than 60 restaurants. An exciting reveal of the new canopy at full visual capability took place New Year's Eve. ♦

MEMBER NEWS

Third family generation takes on leader roles at Hoffer Plastics



Hoffer Plastics Corp. in South Elgin announced new promotions as a third generation of the Hoffer family takes on leadership at the company. CEO William Hoffer will become chairman of the board, effective Jan. 1, 2020. William is the second CEO of the company's 66-year history. His father, Robert Hoffer, founded the company in 1953 and served as CEO for over four decades.

Gretchen Hoffer Farb will become Chief Financial Officer with responsibility for overseeing the company's financial accounting, management, and reporting functions. She'll also have responsibility for supply chain and procurement, information technology, and environmental sustainability. Gretchen will continue to oversee the Hoffer Foundation, the company's main philanthropic entity that provides funding and support for local and national community service, cultural, and educational organizations.

Charlotte Hoffer-Canning will be named Chief Culture Officer. Charlotte will oversee human resources, facilities management, and marketing, the latter encompassing all key internal and external communications. Charlotte will also take on responsibility for community outreach.

Alex Hoffer will be named Chief Revenue Officer. His expanded role includes sales management, innovation, and product development, and customer service. He will also have responsibility for all key technical functions that enable the company's legacy of delivering outstanding service and delivery to customers, including manufacturing, automation, tooling, and maintenance.

"As I step into a more strategic role in overseeing the company, I will continue to coach and support our next generation of leaders -- my three children -- in their expanded roles," said William Hoffer. "My father guided the company's expansion throughout the U.S. and globally while establishing a strong legacy in environmen-

tal sustainability, community service, and philanthropy. Now, it's Gretchen, Charlotte, and Alex's turn to continue the legacy."

United Scrap Metal Raises \$55K for Ronald McDonald House



United Scrap Metal hosted Manufacturing Day on Saturday, October 5 for their 15th Annual Recycle with Ronald McDonald House Charities. Manufacturing Day is supported by National Association of Manufacturers (NAM) to help show the reality of manufacturing careers. United Scrap Metal opened their doors to neighbors, customers, vendors, friends, and family. The event included tours of the facility, games, live music, and food donated by generous partners and team members.

State Senator Sue Rezin (38th District) was one of the special guests supporting both Manufacturing Day and Ronald McDonald House Charities (RMHC). The Senator (who is also running for the congressional seat in the 14th district in 2020) shared the importance of creating the next generation to fill the job creation demand within the manufacturing segment. She also personalized the day by sharing her own positive experience with the RMHC.

The event raised over \$55,000.00, which will keep families close to the care and resources they need at five area Ronald McDonald Houses and three Ronald McDonald Family Rooms for over 600 nights. Allowing families to stay close to their hospitalized child supports the child's health and well-being while saving families more than \$10 million in hotel and food costs each year. The partnership began in 2005 in Chicago collecting pop tabs for the local houses, and has since extended countrywide. Throughout United Scrap Metal's partnership with Ronald McDonald House Charities they have raised over \$1,000,000.00 and \$500,000.00 with this event alone.

Rockford-based Ingersoll Machine Tools to help build record-breaking telescope



Ingersoll Machine Tools will play a critical role in the construction of the Giant Magellan Telescope, which will help scientists explore the frontiers of the universe and seek forms of life beyond our solar system.

Magellan will measure 80 feet in diameter and is billed as a next-generation giant optical infrared observatory capable of changing the history of space exploration.

Rockford-based Ingersoll and MT Mechatronics of Mainz, Germany, will partner to design and manufacture the 1,800-ton precision mechanism known as the "telescope structure" that holds the Magellan's optics.

The telescope will be designed by MT Mechatronics and manufactured, assembled and tested by Ingersoll before it is installed at an observatory high in the remote Andes Mountains of Chile in 2025.

"We selected Ingersoll Machine Tools and MT Mechatronics for their commitment to quality, extensive experience with astronomical telescopes and abilities to manufacture complex precision structures," Giant Magellan Telescope Organization Project Manager Dr. James Fanson said in a news release.

The nine-year contract for the telescope structure is valued at \$135 million.

The structure of the telescope will hold seven giant mirrors in position as they bring the light of distant stars and galaxies into focus so they can be analyzed by the scientific instrumentation built into the huge device.

The structure of the telescope, complete with mirrors and instrumentation, will weigh 2,100 tons.

"It will be a special day when the Giant Magellan Telescope structure is completed and placed in service in Chile, as part of one of the most complicated and fascinating projects that the world scientific community has ever undertaken," Ingersoll Machine Tools CEO Chip Storie said.

Ingersoll Machine Tools develops advanced machine tools for the aerospace, transportation, energy and other industries. The company has about 200 employees.

Ingersoll International, the forerunner of Ingersoll Machine Tools, was founded in 1891 and employed about 2,000 during its heyday in the 1960s and '70s. Ingersoll International went bankrupt in 2003 before the company was purchased by the Camozzi Group of Italy.

Electric vehicle startup Rivian scores \$1.3 billion investment from T.Rowe Price, others



Electric vehicle startup Rivian said on December 23rd it closed a \$1.3 billion investment round led by T. Rowe Price and including existing investors Amazon.com and Ford Motor Co.

The investment round, which also included BlackRock Inc, is the fourth this year for Rivian and positions the Plymouth, Michigan-based company as one of the better-financed players in a crowded EV manufacturing market where Tesla Inc is the most established player.

"This investment demonstrates confidence in our team, products, technology and strategy," Rivian Chief Executive R.J. Scaringe said in a statement.

Electric vehicles still make up only a small piece of the global automotive market. While Tesla is the best-known maker, China and Europe are pushing automakers to roll out EVs, and Ford, General Motors Co and others have announced plans to spend billions of dollars developing the vehicles.

Founded in 2009, Rivian plans to build an all-electric pickup truck, the R1T, and the companion R1S SUV, starting in late 2020. Both models are based on a Rivian-designed "skateboard," a chassis that bundles

electric motor, batteries and controls and can accommodate a variety of body styles.

Prior to the announcement, Rivian had raised \$2.2 billion from investors, according to investor website PitchBook, and was valued at an estimated \$5 billion to \$7 billion.

The company's total valuation in the wake of the latest investment round was not immediately clear.

Rivian said no new board seats were added as a result of the latest investment.

T. Rowe Price has placed other bets in the auto sector. It is a large Tesla shareholder and also has invested in GM's majority-owned Cruise self-driving division. T. Rowe Price also invested, along with Amazon, in self-driving car software startup Aurora and British online food delivery company Deliveroo.

"T. Rowe Price is excited to invest in Rivian as it moves the innovation frontier forward with its compelling sustainable transport solutions for both consumers and businesses," T. Rowe Price Growth Stock Fund Portfolio Manager Joe Fath said in an emailed statement.

Amazon, which has relationships and deals across the auto industry, led a \$700 million investment round in Rivian in February. The e-commerce company also ordered 100,000 electric delivery vehicles from Rivian. The first Amazon vans will be built at a former Mitsubishi Motors Corp plant in Normal, Illinois, starting in 2021.

Ford invested \$500 million in Rivian in April and plans to help it begin production in Normal in 2020.

Fuyao Glass America is adding 40 employees



FUYAO GLASS AMERICA

The addition of a fabrication line to handle products related to a contract to produce glass for solar panels will boost employment at the Fuyao Glass Illinois plant near Mount Zion by 40 employees.

Fuyao is recruiting workers to fill general utility/forklift positions (entry level), operators (step up from general utility), process supervisors, quality technicians, mechanical maintenance, and electrical technicians.

Human Resources Manager Rick Price said the lowest starting wage is \$14.71 an hour. Sessions will be conducted every 45 minutes beginning at 9 a.m. and will include information about the company, positions, pay, benefits, hours and more.

Price said the local plant is already making the glass associated with the solar company account, but had been sending it to other Fuyao facilities to do fabrication work.

"We're going to keep some of (the fabrication work) it in house," he said.

Price said training for the new positions will begin at the end of the month.

The Fuyao Glass Group purchased the former PPG Industries plant near Mount Zion in 2014 and invested \$200 million toward improvements that included upgrades to both production lines. Price said the plant, which is a leading supplier of glass for North America's auto industry, currently employs 286 workers. ♦

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FIRST-LIGHT, USA
Seymour, IL

FONA INTERNATIONAL INC.
Geneva, IL

INGENIUM AEROSPACE
Rockford, IL

JONSSON INTERNATIONAL, INC.
D/B/A GREGOR JONSSON, INCORPORATED
Lake Forest, IL

KIENE DIESEL ACCESSORIES
Addison, IL

KWIK-WALL COMPANY
Springfield, IL

LEATHERNECK HARDWARE, INC.
Danville, IL

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