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Spring 2008



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environmental
responsibility
and the
bottom line
with smart
energy decisions**

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Spring 2008

Balance environmental responsibility and the bottom line with smart energy decisions **16**



In Illinois and across the country, manufacturers are being driven to investigate alternative sources of energy, not only to lessen dependence upon foreign imports, but also to stabilize energy costs and maintain the bottom line.

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Mission Statement

The object for which the Illinois Manufacturers' Association was formed is to strengthen the economic, social, environmental and governmental conditions for manufacturing and allied enterprises in the state of Illinois, resulting in an enlarged business base and increased employment.

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Share your company news with IMA . . .

News information, press releases and articles may be sent to Stefany Henson, Editor and Director of Publications, Illinois Manufacturers' Association (IMA), 220 East Adams Street, Springfield, IL 62701, or email: shenson@ima-net.org.



Manufacturers face new challenges



“... smart executives realize that their energy strategies can provide the edge they need to help beat their competition.”

We are all well aware of the challenges IMA members have faced over the years, ranging from labor relations to materials supply costs and overseas competition. To excel at manufacturing in today's business climate, successful companies understand that every challenge we face must be viewed as an opportunity. This axiom is especially true when manufacturers consider their energy strategies. Volatile energy markets, pressure to implement sustainable practices and pending energy legislation create a challenging situation for those who long for the days when things were simpler. However, smart companies recognize these developments as an opportunity to create competitive advantage and get a leg up on the competition.

The good news is even though the energy landscape has grown in complexity, so has the number of solutions available to consumers. Volatile energy markets can be daunting when it comes to meeting budgets. Conversely, the new products and services in today's market can allow energy managers to take advantage of market volatility using a variety of purchasing techniques such as sophisticated risk management. Fixed contracts, variable pricing strategies or even customized blended hedging strategies are also being implemented to build energy procurement strategies that help companies stabilize budgets and better align with their established risk profile and overall business model.

Beyond price volatility, companies are also facing challenges when it comes to sustainability. Whether it's from customers putting pressure on suppliers, shareholders worried about longer-term liabilities, or impending legislation on climate change, all manufacturers are facing pressure to build more sustainable practices into their operations. We know that energy is one of the most important issues to be addressed in developing sustainable practices. Similar to the development of new products designed to help energy consumers with price volatility, we are also seeing rapid growth in the number of energy options available to help companies become more sustainable. Even better, with the shaky state of global energy affairs and changing consumer taste preferences, many of these options can also improve the bottom line.

As manufacturers, the lessons of quality management help us understand the important role of efficiency. Inefficient systems are wasteful and cost money. This is as true for energy as it is for any other part of the manufacturing process. However, efficiency efforts have often been limited by long paybacks, often restricting the full potential of efficiency technologies and practices.

Recent developments in the energy marketplace and in the way we operate our electrical grid have changed this dynamic. Obviously, the more energy fuel prices increase the more viable efficiency efforts become. However, recent market changes have really accelerated the economics. Today, we have the ability to participate in Demand Response programs which can create alternative revenue streams worth thousands of dollars.


This added incentive makes energy efficiency, systems integration and information upgrades even more viable. Our “behind the meter” opportunities such as onsite generation have become cheaper as more suppliers and service providers enter the market. Manufacturing companies that often rely upon some form of onsite generation now have even more potential solutions. Onsite generation can enable companies to more fully participate in demand response programs and, if they choose renewable sources such as wind or solar, everyone wins. Choosing renewables can also qualify consumers to recoup the premiums available through state and federal sources in addition to decreasing overall demand on the grid and lowering a carbon footprint. This spells sustainability in both the economic and environmental sense of the word.

Finally, many companies have chosen to “green up” their energy procurement by purchasing energy from renewable resources such as solar, wind, biomass and geothermal. Customers can choose green power by purchasing Renewable Energy Certificates (RECs) which can be obtained from most retail energy providers. RECs are a great option for companies that are looking to increase their sustainability profile, as they require no capital investment.

The range of options encompassed by all of these new products and services can be daunting. However, smart executives realize that their energy strategies can provide the edge they need to help beat their competition. Whether it is developing a better budgeting and procurement strategy, improving efficiencies in operations or enhancing your brand, an energy strategy can make measurable differences across your company. Fortunately, there are many retail energy providers that will work with you to understand and build these comprehensive strategies.

In this edition of *The Illinois Manufacturer*, we have pulled together a number of national experts who have shared their insights and expertises in order to help you better understand the energy landscape and how to leverage it to your advantage.





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The wolf is at the statehouse

With the overwhelming silence that enveloped the Illinois House of Representatives and State Capitol during the third week in February, you could have heard a pin drop. This was immediately following Governor Rod Blagojevich's sixth State of the State address. This annual event, required by the Constitution, provides the state's chief executive officer with an

unparalleled platform to unveil his priorities and spending blueprint for the coming fiscal year.

This year, facing a record \$3.6 billion budget deficit and a slowing economy that has significantly reduced incoming tax dollars, very few political prognosticators believed that the Governor, who rules as a populist and seems to have an affinity for a good political fight, would

take the necessary steps to restore fiscal health to the state. Unfortunately, they were correct.

Instead of standing up and taking partial responsibility for the financial mess that threatens the long-term health of the state, Governor Blagojevich instead used flowery rhetoric to explain his plan to give tax breaks to nearly every family and business in Illinois. For many people, the speech was more of a fantasy than the latest Walt Disney movie. I was half-tempted to look for B'rer Bear dancing down the main aisle in the House chamber singing "Zip-a-dee-doo-dah, zip-a-dee-ay. My, oh my what a wonderful day! Plenty of sunshine heading my way, Zip-a-dee-doo-dah, zip-a-dee-ay."

The only thing missing from the Governor's speech was a blue bird on my shoulder telling me to have a wonderful feeling and a wonderful day.

Instead, I was left disappointed knowing that the Governor had once again ignored the serious financial problems facing Illinois. Less than a week prior to the speech, Illinois Comptroller Dan Hynes again sounded the warning bells in a series of meetings with newspaper editorial boards across the state. Hynes noted that the state was facing a deficit of \$3.6 billion that included a backlog of bills totaling nearly \$1.7 billion. The state's payment cycle was approaching a record length of time and private businesses were being forced to give interest-free, short-term loans to the state.

So, the Governor seemingly declared Christmas in February, donned his Santa Claus suit, and began promising gifts for everyone. Under the Governor's plan, more than 1.3 million families would receive a \$300 per child rebate

see **WOLF** page 25



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Is a “legitimate business interest” really necessary in a non-compete agreement?

Why do employers make employees sign non-compete agreements in the first place? The obvious answer seems to be, “To keep them from competing.” While employers do turn to non-compete agreements to prevent competition that can and often does result in business loss, other motives can also come into play. Sometimes, for example, employers want to hold on to a key employee and see non-competes as one method of doing that. And sometimes, an employee’s departure can stir an emotional response and leave the employer feeling betrayed. A non-compete can deter others from following in the departing employee’s footsteps.

This raises an interesting question: do employers need to be able to articulate a legitimate business interest for a non-compete in order to get it judicially enforced? Until recently, most Illinois lawyers would respond to this question with a resounding “Yes.” After all, for over thirty years now, Illinois courts have required employers to articulate a legitimate business interest in making their case for enforcement of a non-compete. In a recent Illinois appellate case, however, a concurring opinion by Justice Robert J. Steigmann pointed out that in over one hundred years of deciding cases dealing with non-compete agreements, the Illinois Supreme Court has never required employers to articulate a legitimate business interest. See *Lifetec v. Edwards*, No. 4-07-0300 (Ill. App. Nov. 6, 2007). What this observation means for employers and the judicial interpretation of non-compete agreements is a question worth exploring.

Non-compete agreements: The basics

In its basic form, a non-compete, sometimes called a “restrictive covenant,” is an agreement that prevents an employee from competing with the employer, to the extent permitted by law. Non-competes can seek to restrain employees from working for competitors; soliciting customers or other employees; and/or disclosing or misusing employers’ sensitive or confidential information.

Courts, in general, dislike non-competes because they are a restraint on trade. On the most basic level, non-competes restrict people’s freedom of movement between jobs, which can jeopardize one’s ability to earn a livelihood. On the other hand, courts recognize a competing concept that is, perhaps, just as coveted: individuals’ freedom to enter into contracts of their choosing.

Non-competes, therefore, represent a struggle between these competing interests and, in interpreting them, courts look for a way to strike the right balance.

Though courts often express these concerns, experience shows that properly drafted non-competes are likely to be enforced. Generally, two factors – whether the agreement is reasonable in its (1) scope and (2) duration – drive the legal analysis. An agreement’s scope can relate to either geographic scope or the scope of the employee’s duties for the employer, or both. With this in mind, the agreement should be limited to a geographic area that is consistent with the employer’s business operations, generally the area coextensive with the employee’s work territory, or restrict the employee from working for a competitor in a similar position

see **NON-COMPETE** page 28



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Austin Polytechnical Academy hosts rally to promote manufacturing skills education in public schools



Pictured left to right are Glen Johnson, Kathleen Kennedy-Townsend, Robert Roach, Dan Swinney, and Bernina Brazier.

Austin Polytechnical Academy (APA), a national model for career tech and college prep education, was one of eight stops on a tour for the launch of "America's Edge: Our Skills, Our Kids," on January 29, 2008. "America's Edge: Our Skills, Our Kids" is a program of the International Association of Machinists and Aerospace Workers (IAM), which urges more public investment in technical and vocational education in high schools to keep America's edge in the global economy. As the Chicago Manufacturing Renaissance Council (CMRC) is pursuing, the IAM initiative will tackle two core issues: the manufacturing skills shortage and the need to expand career options for the estimated 24 million youth who will not attend college.

IAM International Vice President for transportation Robert Roach joined Kathleen Kennedy-Townsend (former lieutenant governor of Maryland and daughter of the late Robert Kennedy), Dennis Gannon, president of the Chicago Federation of Labor, and representatives of the CMRC. Creation of the CMRC was initiated by former Illinois Manufacturers' Association (IMA) Chairman Glen Johnson who worked to unite a coalition of labor, business, government, education and community leaders dedicated to making Chicago a world leader in manufacturing.

The union chose APA (www.austinpolytech.com) to announce its campaign because it is the only Chicago public school dedicated to careers in modern manufacturing. The school, created under Mayor Richard Daley's Renaissance 2010 new schools initiative, is a project of the CMRC (www.chicagomanufacturing.net). The school partners with 35 manufacturing companies, mostly IMA members, that have committed to mentoring students and providing internship opportunities in the future. It opened its doors in the fall of 2007 with a freshman class of 145 students.

Students are taught from a nationally acclaimed pre-engineering curriculum called "Project Lead the Way," have extended periods of math and English, and attend classes until 4:30 p.m. During the event, students on the school's Robotics Team were still at work at six o'clock when dignitaries toured the school. Some showed Kennedy-Townsend their portfolios.

Other distinguished speakers included Dennis Gannon, president of the Chicago Federation of Labor; David Hanson, commissioner of the Mayor's Office of Workforce Development; and IMA board member Glen Johnson.

"It took 200 years for America to become the premier industrial nation. We are currently in a process of defacto de-industrialization," Johnson said.

"This does not have to be this way. We have let this happen because we have not thought through the implications of de-industrializing. The CMRC is a group of concerned leaders who have thought this through and are taking concrete steps to bring manufacturing back to America, and to Illinois in particular," he continued.

"Austin Polytech is a first concrete step towards real solutions, and the IMA will continue to be a leader in making Illinois the number one destination in the world for high performance manufacturing," Johnson concluded.

The speakers were unanimous in calling for broad support to create more schools such as APA to meet the needs of the global manufacturing economy. "We're meeting at a high school where the type of programs IAM is talking about are taking place," said Roger Nauyalis, an IAM Midwest Territory official who emceed the program. "Unfortunately, it's one of the only high schools in America that's doing so."

"Despite public perception, there is a vital manufacturing sector focused on making complex products," said Dan Swinney, project manager for the school and executive director of the CMRC. "Making these kinds of products is where we, as a city and a nation, have a competitive advantage. But there are no programs in our schools training youth for these careers. We have a crisis today; in a few years, we're going to have a state of emergency," Swinney said.

The event held at APA was part of IAM's eight-city tour leading up to the kick off of "America's Edge," a nationwide campaign promoting the need for vocational education in schools. The program was officially launched in Florida during the first week of February.

For information about "America's Edge," visit www.goiam.org. For information about Austin Polytechnical Academy or the Chicago Manufacturing Renaissance Council, contact T. Shawn Taylor, director of communications, CMRC, at 312-371-6260 or email tshawntaylor@yahoo.com. ■



Pictured left to right are Louis Wright, Robert Roach, Kathleen Kennedy-Townsend, and Bill Gerstein during a tour of Austin Polytech.

Controlling energy costs and usage online

With the dawn of the Internet, product options and vendor outlets have expanded exponentially, giving consumers a vast array of choices and enabling them to take more control over how purchases are made.

This, in turn, has forced suppliers to continuously innovate and provide enhanced value to customers. The most successful vendors have been the quickest to adapt to meet consumers' needs, and in today's world this means up-to-date, relevant information available at the click of the mouse. Online capabilities have created revolutionary developments in all industries; within the energy industry, these features are making measurable differences in the way customers buy and consume electricity.

The evolution of energy markets

As the restructuring of electricity markets continues throughout North America, millions of consumers now have the power to choose an energy supplier that best meets their needs. But the complexities in today's energy markets have made the process of determining "what's right for you" slightly intimidating. Fortunately, suppliers have responded with a

range of energy management tools to make the process of energy cost management less complicated and more transparent.

For example, NewEnergy Online is Constellation NewEnergy's answer to a Web-based energy management solution, available free of charge to all existing customers. Customers can track their energy consumption, view current and past invoices, monitor energy market prices and industry news, adjust consumption, and forecast energy usage and costs with greater accuracy.

Impact on the manufacturing sector

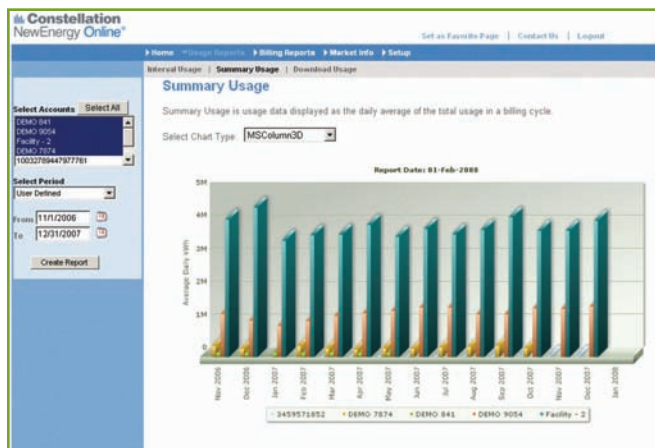
Let's take a look at how NewEnergy Online is helping manufacturing customers and members of the Illinois Manufacturers' Association.

There is no question the manufacturing industry makes up some of our nation's most sophisticated energy consumers. Consumption patterns and market prices have traditionally remained a closely monitored expense, especially for those manufacturers whose energy costs represent a significant portion of their total operating expenditures. The framework of our online management tool makes proactive monitoring of these factors possible.

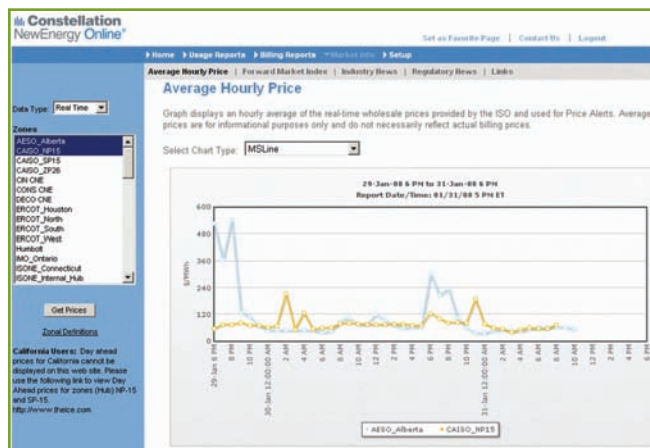
Manufacturers can easily navigate a facility's energy usage over the course of a day, week, month or year through a private online account. When comprehensive energy consumption and billing history is available on demand, manufacturers not only assume the ability but also the responsibility to detect patterns, price spikes and monitor their overall energy usage.

These features can be taken a step further by personalizing reports and organizing information to track and highlight specific areas of concern. When tracking is performed on a daily basis, manufacturers can closely monitor the efficiency of a facility's consumption. This specific feature is helping identify problems in the manufacturing process, quickly narrowing in on equipment malfunctions or assembly line interruptions. For instance, manufacturing customers have found they can dramatically lower their electricity costs just by starting up their machines and equipment at different times. This helps mitigate a facility's peak demand — the highest amount of electricity consumed in a billing interval — which can change the billing structure of an account. This

see **ENERGY COSTS** page 10



Constellation NewEnergy Online helps summarize your facility's usage data and create customized reports based upon your categories and timetable of choice.



Constellation NewEnergy Online lets you view real-time energy market prices so you can adjust your facility's consumption accordingly.

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ENERGY COSTS

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is critical as some capacity charges are determined by a customer's peak demand. Unnecessarily high charges can be avoided by examining billing patterns to check for peak demand spikes caused by simultaneous equipment start ups.

Also, NewEnergy Online makes it possible for manufacturers to aggregate costs by grouping meter accounts to take a more holistic view of their total energy consumption. The ability to group meter locations in unlimited combinations allows for sub-account and/or cross-account analysis, thereby helping to identify the most efficient and inefficient operations.

Benefits to the bottom line

Understanding how fluctuations in the energy market can impact a business is becoming increasingly

more important, especially for large consumers. Online management gives customers access to the latest developments in the energy industry with market price postings, regulatory updates and industry news. This information, coupled with a facility's usage patterns comprises all the factors needed to manage energy strategies and consumption. To better assist customers in their monitoring efforts, NewEnergy Online users have the option to set alerts when energy prices reach a designated threshold, making it possible to adjust usage accordingly.

When it comes to billing, customers need not rely solely on local utilities for distribution costs and meter reads. More interactive features mean more control over monthly billing, allowing customers to estimate monthly bills based on raw usage data and monthly market prices, and to compare raw meter data with billed energy usage.

With a deeper understanding of energy consumption needs, customers can take advantage of additional tools to reduce or adjust energy consumption and the bottom line. Efficiency practices such as demand response, and other conservation efforts can be implemented in a more frequent and timely manner as customers are able to better predict and maximize these contributions based upon the online analysis of facility demands and market price spikes. Progressive customers are taking advantage of all the tools available to them to better understand their own energy consumption and make informed choices about their company's energy costs. Online energy management tools are not simply an important value added service: they represent a way for manufacturers to better manage energy usage and reduce costs. ■

Mitigating risk in a volatile market

THE MERITS OF NATURAL GAS HEDGING

Energy prices have more than tripled in the past decade, and daily volatility has increased dramatically, making it difficult to manage costs. This increase has been significant enough to affect the bottom line of many businesses, and some have shut down or moved overseas due to the inability to remain profitable in a high-priced environment. Natural gas remains one of the most volatile commodities traded. For large users of natural gas, hedging mitigates risk and helps to protect profitability.

What is hedging?

Hedging is a means of transferring risk, especially price risk, to another party in exchange for price certainty. Similar to an insurance policy, there are costs associated with hedging, though these costs are often intangible, such as foregone opportunity.

Unfortunately, hedge funds have given hedging a bad name, as they only seem to hit the headlines when they fail. Hedge funds came under heightened scrutiny as a result of the failure of Long Term Capital

Management in 1998, which necessitated a bailout coordinated by the U.S. Federal Reserve. More recently, Amaranth Advisors lost over \$6 billion dollars in 2006 and two Bear Stearns hedge funds nearly collapsed in June 2007. However, the term "hedge fund" is a misnomer, as these funds typically engage in speculation rather than hedging.

Hedging is the opposite of speculating. A speculator assumes risk in exchange for the opportunity to profit from movements in the market. A market participant whose goal is "beating the market" or picking the bottom of the market is a speculator by definition. Hedging is a form of risk management; speculating is a form of gambling.

All businesses take risks, and the successful ones are rewarded for it. Smart businesses understand that the risks they are rewarded for are risks associated with their primary business activity. Unnecessary exposure to risk, however, is not prudent business practice. Companies must determine which risks they are willing to accept, and which risks they wish to transfer to others. An auto manufac-

turer takes a risk on the design of a new model. This is a risk that the auto maker is willing and able to accept as its experience and expertise afford a high likelihood of success, and rewards for performing well can be high (profit growth, increased stock price). In contrast, natural gas price risk is not related to the core business activities of an auto maker, and the company is not likely to see its stock price increase as a reward for betting correctly on the direction of natural gas prices.

Hedging goals and benefits

There are many reasons a company might consider hedging natural gas. The volatility of the market is enough to cause concern from a budget and cash flow standpoint, both of which can affect profitability, financial position, and ultimately shareholder value. Even companies for which energy is not a large part of the budget can see profitability threatened if natural gas spikes to \$15 or \$16 per MMBtu, as it did in 2005 following Hurricanes Katrina and Rita.

The goals of a hedging program
see **MITIGATING RISK** page 11

MITIGATING RISK

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include:

- Protecting profits
- Mitigating risk/volatility
- Stabilizing cash flow
- Improving budget/cost forecasting
- Removing uncertainty

Notice that “outperform the market” is absent from the list above. While it can be a byproduct of a disciplined hedging program, it should not be the objective.

For large users, the commodity cost of natural gas typically represents the largest share of the total cost — approximately 70 percent. Transportation and utility costs make up the remaining 30 percent. Pricing for the natural gas commodity is also the most volatile of the three components.

Adhering to a disciplined hedging program takes the emotion out of purchasing decisions and is much simpler from an administrative standpoint since processes and procedures will be planned in advance.

Effective hedging strategies can yield the following benefits:

- A diversified, multiple-transactional approach minimizes risk associated with a single transaction.
- Dollar cost averaging eliminates the issue of “market timing.” The final hedged price will be determined more by the overall trend in the market instead of a “point-in-time” purchase.
- Some forms of hedging allow more risk-tolerant gas buyers to hedge a portion of their volume requirements and leave the remainder exposed to market pricing.
- A fixed price protects against spikes in the market.
- Volumes from multiple accounts or locations can be aggregated for more favorable pricing and protection against execution risk.
- Hedging frees up resources by minimizing risks that are not central to a company’s core business.

Given the uncertainty and volatility in the energy markets over the past several years, exposure to market pricing is often much riskier than hedging.

Implementing a hedging program

A successful natural gas hedging program should begin first with the company’s risk policy. The risk policy defines overall corporate goals and objectives, delegates financial authority, identifies key employees, establishes a system of controls, and places limits on exposure, transaction volumes, and transaction amounts.

Using the corporate risk policy as a foundation, the company’s exposure to natural gas price risk can be quantified to determine whether the exposure is sufficiently material to impact the company’s earnings. These questions should be considered:

- How do energy costs affect profitability?
- Can costs be passed on to customers?
- Can the company remain competitive at higher sale prices?
- How will volatility impact cash flow?

Additionally, although hedging should be viewed as an insurance policy, management should be prepared for the possibility that the market will move in an adverse direction, causing the hedge position(s) to be “out of the money.” One of the most common misconceptions about hedging is that it should always result in a price that is lower than the prevailing market. Hedging creates a fixed price, not necessarily a lower price. Once the company’s risk exposure has been established, a hedging strategy can be developed and implemented in accordance with the corporate risk policy. Tools available for natural gas hedging include:

- Futures
- Swaps
- Options (puts, calls, collars, floors, caps)
- Physical fixed-priced supply contracts
- Storage

These tools can be used alone or in combination. A hedging program should be developed with input from energy and financial professionals to ensure effectiveness.

The most common hedging mistakes are:

- **Allowing emotions to rule purchasing decisions** — The best hedging decisions are made when risk managers acknowledge that market movements are unpredictable. Do not make hedging decisions based on your market

view. Decide on strategic goals and/or price targets and stick to them.

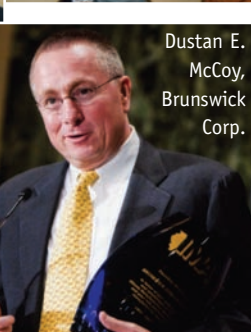
- **Chasing the market or setting future targets based on recent market dips/spikes** — Make decisions based on hedging goals, not recent events. Be proactive, not reactive.
- **Not knowing the difference between adjusting and scrapping** — Allow for adjustments as necessary. Fully scrapping the program is only necessary if goals are redefined in a way that does not include hedging and price risk management.
- **Not looking far enough into the future** — Plan early to allow maximum time to achieve hedging goals (i.e., instead of 12 months give yourself 36 months).
- **Not considering the amount of time that will be spent on a hedging plan** — Determine how much time and effort is appropriate to achieve your goals and optimize your risk/reward. Set a strategy that fits with the appropriate time you should spend on your energy goals.
- **Keeping the strategy to yourself** — Keep appropriate personnel informed as to the hedging goals/strategies and expected results.
- **Not understanding the program** — Take time to understand the hedging program and evaluate alternatives. Ask questions.
- **Measuring success against something other than the established goals of the program** — Establish clear, realistic goals early in the process, retain them in writing, and don’t confuse satisfaction with luck.

Ultimately, hedging natural gas can increase shareholder value by stabilizing cash flow, mitigating risk, protecting profits, and allocating resources more efficiently. The best hedging programs are tailored to suit the individual needs and policies of the company, and are developed with input from various experts and stakeholders. Understanding the goals of hedging will help management decide whether to pursue a program and can help guide the process from design through implementation. ■

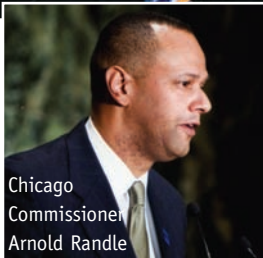
IMA launches year-long celebration



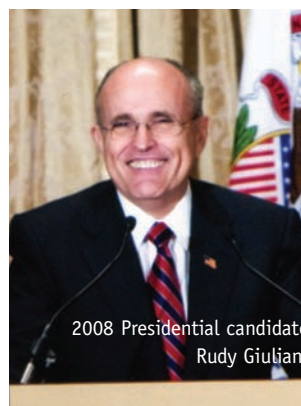
IMA President & CEO
Gregory W. Baise



Dustan E.
McCoy,
Brunswick
Corp.



Chicago
Commissioner
Arnold Randle



2008 Presidential candidate
Rudy Giuliani



IMA President & CEO Gregory W. Baise (left) and IMA Chairman George A. Vincent, III (right), presented awards to IMA's founding members. Brian Blair accepted the award on behalf of Tablet & Ticket Company of West Chicago.



Kurt Konrardy
accepted the award
on behalf of The Dial
Corporation of
Montgomery.

The 2007 IMA Annual Meeting was held Friday, December 7 in Chicago. A perfect winter cityscape along with holiday lights on Michigan Avenue greeted attendees as they arrived at the elegant Hotel InterContinental. Attendance was estimated at more than 400.

The 2007 annual meeting kicked off the beginning of the IMA's 115th anniversary. Founded in 1893, during the height of the Industrial Revolution, IMA has been at the forefront of policy-making for manufacturing since their beginning. In 2008, the IMA is celebrating 115 years of excellence.

Meeting attendees were treated to a trio of speakers. First, Republican Presidential candidate and former New York mayor Rudy Giuliani offered opening remarks at the luncheon. Giuliani presented an introduction to his plan for affordable health-care for all U.S. citizens. Giuliani has since abandoned his quest for the presidency. National and local media coverage was extensive. Reporters from the four major networks, plus CNN, were present as were more than 20 print journalists. Chicago Commissioner Arnold Randle addressed luncheon attendees following Giuliani's remarks.

Dustan E. McCoy, Chairman and CEO of The Brunswick Corporation also addressed the crowd, encouraging manufacturers not to lose site of the importance of manufacturers presenting a unified voice through IMA membership.

As an added bonus, luncheon attendees were treated to guides of the "Festival of Maps" event which opened in November 2007. The one-of-a-kind festival is a citywide collaboration of more than 30 cultural and scientific organizations unified with the theme of "Exploration, Discovery, and Mapping." IMA member company MacLean-Fogg's Barry MacLean arranged for every person attending to receive the Festival of Maps packet, which not only includ-

of association's anniversary . . . *1893-2008 — 115 years of excellence*

ed maps, but suggestions for enjoying the Chicago experience. Mary Ann and Barry MacLean are just two of several major sponsors of this unique festival.

IMA affinity sponsors Constellation NewEnergy, Heritage-CrystalClean, RSM McGladrey and StateSurge presented their services and products at receptions held before and after the luncheon. Reception sponsors included IMA members Acme Refining Scrap Iron & Metal, Altria Corporate Services, Bison Gear & Engineering, The Boeing Company, Deere & Company, United Airlines and U.S. Steel. More than 30 other IMA members contributed to the Luncheon's success through sponsorships.

Following lunch, IMA's founding members were presented with blue crystal vases honoring their loyalty and dedication to the organization. IMA founding members include Amsted Industries, Chicago; Brunswick Corporation, Lake Forest, Commonwealth Edison, Chicago; Deere & Company, Moline; The Dial Corporation, Montgomery; Peoples Gas & North Shore Gas, Chicago and Tablet & Ticket Company, West Chicago.

Legacy awards were also presented to companies celebrating 25, 50 and 75 year anniversaries as members of the IMA.

"With the current state of the economy and events taking place at the State Capitol, IMA membership is more valuable than ever," according to Greg Baise, IMA president and CEO. "Honoring these loyal members is a pleasure, and I extend my admiration and gratitude to each and every one of them."

The next important IMA member event is Business Day, scheduled for May 7, 2008, in Springfield. Participants will have an opportunity to discuss issues important to manufacturing directly with their state lawmakers. Watch for details in IMA publications and on the Website, www.ima-net.org. ■



Rodrigo Sierra
accepted the award
on behalf of the
Peoples Gas & North
Shore Gas Company
of Chicago.



Tom Jarrett of Deere & Company, Moline.



Dustan E. McCoy
accepted the award
on behalf of The
Brunswick
Corporation of
Lake Forest.



Sheila Owens
accepted the award
on behalf of
Commonwealth
Edison Company of
Chicago.



Nation's research



premier corn-to-ethanol center right here in Illinois

Located in the shadows of St. Louis, Missouri, just across the Mississippi River on the grounds of Southern Illinois University in Edwardsville, lies a world-class research facility dedicated to facilitating the commercialization of new technologies for producing ethanol more effectively. Now called the National Corn-to-Ethanol Research Center (NCERC), the program goes back to an idea generated nearly two decades ago.

At the time, the Illinois Corn Growers Association originated the concept of establishing an ethanol research pilot program in the midst of rich and abundant Illinois farmland. After five years of work, Congress passed the "1997 Farm Bill" which provided the program's original \$14 million in funding. The Illinois Department of Commerce & Community Affairs (now known as the Department of Commerce & Economic Opportunity) added another \$7 million in grant money, and the Center opened its doors in 2003.

Today, the National Corn-to-Ethanol Research Center (NCERC) stands as the only facility in the world that brings together four components: analytical laboratory, fermentation research laboratory, dry-grind and wet mill pilot plant, as well as workforce training. Its mission, "to facilitate the commercialization of new technologies for producing fuel ethanol more effectively," is setting the standard for ethanol research worldwide, and each component is critical in meeting the goals set by Congress and signed into law by President George W. Bush as part of the "Energy Independence and Security Act of 2007." The Act will help reduce dependence on foreign oil, encourage rural development and job creation, and reduce harmful greenhouse gas emissions.

The NCERC pilot plant is the only facility of its type with the full capability to process virtually any grain feedstock to fuel ethanol and co-products. The NCERC contains all of the unit operations of a full scale dry-grind or wet mill feedstock to fuel ethanol facility.

The center's operations include receiving and storage, milling, germ fiber separation, starch and gluten separation, co-product drying, steep water solubles evaporation, starch cooking, saccharification, fermentation, distillation, dehydration, and ethanol storage and load out. Individual unit operations are also available for unique bioprocessing needs including grinding, fermentation or incubation, separation, pasteurization, distillation and drying.

A not-for-profit research center, the NCERC focuses on the validation of near-term technologies for enhancing the economics and sustainability of renewable fuel production. Alternate use of the facility for bioprocessing scale up or validation is also possible.

The Center conducts work for industrial or institutional clients under confidentiality agreements on a fee-for-service basis.

The Center also conducts its own research in areas of unmet need by leading or participating in collaborative grant-funded research. Utilizing the pilot plant as an experiential classroom, the NCERC provides workforce development training on the corn-to-ethanol production process for those interested in a career in the industry.

The facility has all of the unit operations and laboratory capabilities of a commercial facility albeit on a much smaller scale. These capabilities make the facility ideal for validating commercial concepts for improving fuel ethanol production, generating co-products for feeding trials or process streams for further development, toll use of individual or collective unit operations for other bioprocessing needs, and laboratory method develop-

continued on page 15

Verbatim

... with new IMA Chairman Ron Bullock

IMA: Tell us about your company, Bison Gear & Engineering. Where are you located and what do you manufacture?



BULLOCK: Bison was founded in 1960 in Downers Grove as a manufacturer of custom designed gear reducers. I joined the company in 1981, as VP of Marketing and Engineering, and acquired the company in a leveraged buyout in 1987. We have expanded our product lines to produce electric motors and gear motors that are used by a wide variety of original equipment manufacturers and industrial distributors. We coined the term "Robusticity" as our products meet demanding applications in commercial restaurant, packaging, medical and motion control industries. The Bison team has maintained double digit growth annually since the acquisition, requiring a move to new headquarters in Saint Charles in 1997.

IMA: As you begin your term as Chairman of the IMA Board of Directors, what do you hope to accomplish over the next two years?

BULLOCK: As incoming IMA Chairman, I see a need to unify the voice of manufacturing in the state of Illinois to achieve a better focused marshaling of resources to improve our competitiveness in a global economy. This means better communication among the state's governing bodies, health care, education systems and supply chain partners. I also intend to better utilize benchmarking and continuous improvement tools to improve services to IMA members and increase IMA membership. Through the IMA Education Foundation, we need to address improving the education system in Illinois and spreading the word about the great career opportunities available in advanced manufacturing.

IMA: What particular challenges do you see for manufacturing in the next few years?

BULLOCK: In 2008, we have the challenge of an economy whose resilience is being tested by the subprime mortgage debacle and it's pressure on capital investment by a stressed financial system. At the state level, we have a dysfunctional legislative process that makes long term planning and investment difficult. We see slow growth for the balance of 2008, and 2009 could be a difficult year. Over the next five years, we need to rein in the escalating costs of health care, address the retirement of the baby boomer generation workforce, and remain globally competitive by continuing to develop innovative products and processes.

IMA: You have been deeply involved in working with educators to better prepare students for careers in manufacturing. Tell us about those efforts.

BULLOCK: We've had challenges over the past several decades with the inability of the K-12 school system to produce high school graduates who are ready for entry level positions in manufacturing and/or post-secondary education in Science, Technology, Engineering and Mathematics (STEM). As part of my personal involvement to address these shortcomings, I've chaired the DuPage County Education to Careers initiative, and worked with Downers Grove High School to develop a curriculum aimed at non-college preparatory freshman and sophomore students. The Downers Grove High School effort is called the Integrated Technology, Algebra and Physical Science (ITAPS) program. I'm currently involved in leading a coalition of manufacturers working with the College of DuPage in delivering 140 hours of classroom time and nine credit hours for certification to the Manufacturing Skills Standards as Production Technologist. Classes started in January, 2008, and we will hold a job fair for graduates, with targeted incumbent training to follow. I've also completed service on the National Science

see **VERBATIM** page 29

ment or analytical services.

An added benefit of the center was created when sited at the SIU-E campus. The NCERC is the only facility in the world where persons with academic backgrounds ranging from GEDs to PhDs work side by side to discover, learn, teach and apply the fundamentals of applied ethanol process operations.

University student workers and graduate assistants also have the opportunity to obtain hands on learning while working at the Center, and can earn money to help offset the costs of their education.

In 2007 the NCERC launched its workforce training program. In its first year of operation, more than 125 displaced workers were trained in cutting edge technologies developed at the center. So far this year, advance registrations for the 2008 classes have resulted in classes being "sold out" with a waiting list of hopeful applicants. Estimates say that more than 30,000 qualified workers will be needed in the near future to work in the nascent renewable fuels industry and these jobs promise to be good paying with benefits that lead to career opportunities.

Clearly, the NCERC will play an increasingly important role in the development of the industry for many years to come. Its visionary role will continue to be defined as new discoveries unfold. The Center will undoubtedly produce benefits for industry around the world.

And the best news is, it's right here in Illinois. ■



Balance environmental responsibility and the bottom line with smart energy decisions

By Carrie Cullen Hitt, Constellation NewEnergy

In Illinois and across the country, numerous factors including climate change, a greater focus on energy security and the negative impact of costly imports are driving manufacturers to investigate alternative sources of energy. Businesses and manufacturers alike are responding to these challenges by changing the way energy is purchased, which has included an increased demand for renewable energy, the diversification of purchasing strategies and an emphasis on greater energy efficiency. However, given the many challenges facing manufacturers today, it is imperative that these innovative solutions also help to stabilize costs and maintain the bottom line.

Innovative renewable energy solutions and benefits

One available means to incorporate renewable energy into an energy portfolio is through the purchase of Renewable Energy Certificates (RECs). RECs are designed to recognize the environmental attributes of renewable energy such as solar, wind, hydro and biomass. REC purchases support the operation and financing of renewable energy and lessen our dependence on fossil fuel generation. The most immediate environmental impact is the avoidance of harmful chemicals and greenhouse gases that would have been released into the atmosphere by fossil fuel generated sources.

As part of the company's NewAnswersSM sustainable solutions, Constellation NewEnergy has developed a series of NewMixSM products

that allow manufacturers to select and customize the type of renewable energy purchase that is right for their business. The NewMix Premium and Super solutions represent two of the company's Green-e certified products. For customers that purchase the NewMixSM Super product, Constellation NewEnergy will secure RECs from a broad range of certified renewable resources such as wind, solar, hydro, biomass and/or landfill. The NewMixSM Premium product allows customers to specify that the RECs come from only wind and/or solar sources across the United States.

Illinois manufacturers already going green

Recently, a long-time customer, General Converting, Inc., a premier designer and manufacturer of folding cartons based out of Bolingbrook, renewed its agreement with Constellation NewEnergy. As part of this renewal, General Converting took the initiative to sign up for the NewMixSM Premium product for 100 percent of the company's renewed electricity load. This decision by General Converting represents the company's commitment to promote sustainability efforts and to make envi-

ronmentally responsible energy choices. In addition, as many businesses have discovered, General Converting is finding that green positioning enhances both its corporate image and also helps with product branding.

For some companies, REC purchases are one component of a larger sustainability effort. Last year for example, Baxter International, a leading health care manufacturer, purchased Green-e certified RECs equivalent to the 15.5 million kilowatt hours of electricity used on an annual basis at its corporate headquarters campus located in Deerfield. Baxter's headquarters campus covers 100 acres, and it includes 654,000 square feet of office space housing approximately 1,500 employees.

Baxter's headquarters relies on electricity for 98 percent of its energy needs, which was matched through the REC purchase. Since two percent of Baxter's energy use at its headquarters came from natural gas, the company purchased credits on the Chicago Climate Exchange. The Chicago Climate Exchange enables companies to trade their greenhouse gas emissions through a voluntary, legally binding, emissions-trading market. The facility became "carbon



General Converting's Bolingbrook headquarters will match 100 percent of its electricity usage with renewable energy sources.

neutral” by purchasing a combination of energy products and services that accounted for 100 percent of the greenhouse gases emitted by the Deerfield campus.¹

Illinois renewable energy sources and regulations

Even though renewable energy purchases often have a premium, many manufacturers are anticipating the environmental benefits that will come as more diversified power sources positively impact the grid. As well, smart organizations are looking down the road toward the potential regulation of greenhouse gas and are making the bet that purchasing renewable energy could be a great way to be ahead of the curve if or when regulations are enacted.

To illustrate this further, the Illinois Power Agency Act has set up benchmarks for renewable energy purchases by the utilities, which will start with a minimum of two percent by June 1, 2008, and incrementally increase to a minimum of 10 percent by June 1, 2015, with 75 percent of renewable purchases required to come from Illinois wind generation. Illinois is one of 25 states with such a program. It is also worth noting that many customers are already purchasing renewable energy above and beyond these pending mandates to demonstrate their environmental commitment.

Constellation has already taken steps to secure regional renewable energy sources and currently purchases nearly 100 megawatts of power produced by Horizon Wind Energy's Twin Groves wind farm located outside of Bloomington. This commitment will be increased nearly threefold over the course of 2008, which in addition to underscoring our leadership in sustainable energy solutions; it will give our Illinois customers greater access to wind power produced in the state.



Direct purchases and demand response solutions

Manufacturers are also able to enter into direct energy and REC contracts for specific generation
see DECISIONS, page 18

1. Baxter International (April 25, 2007). "Baxter Announces Carbon Neutral Headquarters." Press release/announcement.



Horizon Wind Energy's Twin Groves wind farm near Bloomington, Illinois.



What is a REC?


what is a Renewable Energy Certificate (REC)?
A REC represents the technology and environmental attributes of one megawatt hour (MWh) of electricity generated from renewables to the power grid. Attributes represented by a REC include the fuel source (such as wind, solar, hydro, and/or biomass), the actual emissions from the facility, the location and vintage of the facility, and the date the MWh that produced the REC was generated.

what is Renewable Energy?
Renewable energy, also known as green power, is energy naturally replenished by the sun, wind, rainfall, and/or organic matter. Wind, solar, and hydroelectric power produce zero emissions of greenhouse gases and no harmful pollutants. Sustainable biomass and landfill gas produce no incremental greenhouse gases.

why should I care about Renewable Energy?
Making electricity is a major source of air pollution and renewable resources produce far less pollution and greenhouse gas (GHG) emissions than fossil fuels such as coal and natural gas. Renewable resources diversify our energy supply and increase energy security, and because the fuel is free, over time it can reduce the volatility in natural gas markets.

what are the benefits of a REC?
A REC allows the attributes of renewable power to be stored, unlike electrons which are used immediately. RECs make it easy for a buyer to purchase green power because it is sold separately from electricity. RECs can be purchased from locations anywhere, and the REC purchase can be based on any amount of electricity. Buying RECs provides support to renewable resources, and they enable the buyer to adjust (or offset) its emissions from the purchase of electricity.

for more details on Sustainable Energy products, please call 866-237-POWER to speak with a Constellation NewEnergy Business Development Manager, send an email to green@constellation.com or visit our website at newenergy.com.



growing sustainable energy solutions

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DECISIONS

Cont. from page 17

facilities such as the Twin Groves wind farm. Others have taken it a step further by installing small scale renewable facilities on-site. In today's competitive market, participation in long-term contracts and on-site generation can offer a wide array of benefits. On-site generation eliminates the costs associated with transmission and distribution. In addition, both options offer qualitative benefits such as potential for green positioning, but the biggest value is having a fixed, long-term electricity agreement based on a relationship with a specific renewable energy facility.

As outlined by my colleague Peter Kelly-Detwiler in an article published in the Winter 2008 issue of *The Illinois Manufacturer*, Demand Response programs represent another innovative energy management tool that can align with the energy purchase solutions outlined above. As part of these programs, Constellation NewEnergy is working with large commercial and industrial customers to limit energy use during times of peak demand and strain on the nation's electricity grid.

Our NewResponseSM program helps customers to alleviate pressure on the grid and avoid blackouts and brownouts throughout the year by capitalizing on efficiency practices

that curtail load. Introducing efficiencies such as fully automated heating, air conditioning and ventilation systems in the initial project design and construction phase means the foundation is in place when the opportunity to curtail load arises. In essence, the energy conserved creates a "virtual" peaking plant that ensures power is available when and where it is most needed and mitigates the need to bring fossil-fuel peaking plants online.

This broader understanding of energy consumption needs better equips a manufacturer to evaluate and curtail demand or limit usage at certain peak times during the year. Those who can capitalize on this knowledge and ability through a Demand Response partnership with an energy supplier have the potential to reap significant savings and reimbursements worth thousands of dollars.

Integrating sustainable solutions into your business

Across these multiple innovative energy products and solutions, Constellation NewEnergy is working with our customers to evaluate existing energy consumption patterns and design and implement effective and affordable strategies. We are also here to offer guidance to customers who are looking to participate in initiatives such as the US Green Building Council's Leadership in Energy Efficient Design (LEED); the Green-e certification program; or

programs administered by the Environmental Protection Agency (EPA) including the Green Power Partnership Program and Climate Leaders. The result is a comprehensive approach to energy procurement that helps customers to achieve their environmental and financial goals.

With its commitment to environmental excellence, Constellation Energy is pioneering innovative technologies and launching new standards for environmental design, efficiency practices, and on-site power. Manufacturers that successfully take advantage of these customized energy solutions will be well-positioned to leverage the many opportunities emerging in today's competitive energy marketplace.

For more details on its NewMixSM products and other renewable energy solutions, contact Constellation NewEnergy (www.newenergy.com) at 866-237-7693 or via email at green@constellation.com. ■



Author Carrie Cullen Hitt is vice president of product management — renewable products for Constellation NewEnergy, a leading competitive supplier for commercial and industrial customers that serves the Illinois manufacturing industry.



Business Day 2008

Wednesday • May 7, 2008 • Springfield

Mark your calendar today and plan to attend.

Luncheon: 12:00 noon • Abraham Lincoln Hotel & Conference Center • 701 East Adams

Legislative Reception: 5:30-8:30 pm • IMA headquarters parking lot • 220 East Adams

For information, contact Kimberly McNamara at 800-482-0462, email kmcnamara@ima-net.org, or visit www.ima-net.org.

IMA: Celebrating 115 years of excellence — 1893-2008



Constellation NewEnergy — Local service from a global leader

Renewable Energy Organizations & Programs

What is Green-e?

Green-e Energy (formerly known as the Green-e Renewable Energy Certification Program) is the nation's leading independent certification and verification program for renewable energy. This voluntary consumer protection program verifies superior, certified renewable energy options offered by utilities and marketers in the retail market. It is administered by the Center for Resource Solutions, a nonprofit based in San Francisco, California. All Green-e Energy requirements and auditing protocols are publicly available and can be found at www.Green-e.org.

What is the U.S. Green Building Council Leadership in Energy and Environmental Design?

Leadership in Energy and Environmental Design (LEED) was developed to act as a national benchmark in the design, construction, and operation of environmentally responsible buildings. LEED provides a framework and checklist for new and existing structures wishing to meet set benchmark standards. Certified, Silver, Gold, and Platinum are currently the ascending levels of recognition that can be attained for buildings seeking to meet LEED benchmark standards. RECs can be used to gain credits under LEED.

What is the Environmental Protection Agency (EPA) Green Power Partnership?



The Green Power Partnership is a federal government program that encourages companies to purchase renewable energy. As part of the program, technical and analytical information is made available for participants regarding renewable energy. By joining the partnership, participants are provided press and communications support, use of the Green Power Partnership logo, and a company profile on the partnership page. Currently there are more than 750 members of the Green Partners, accounting for more than

10 billion kilowatt hours (kWh) of green power purchased annually.

What is the Environmental Protection Agency (EPA) Climate Leaders Program?

Climate Leaders is a federal government program that works with companies to set achievable individual greenhouse gas (GHG) reduction goals. Companies agree to inventory their GHG emissions, set an aggressive reduction plan and report annually. In return, Climate Leaders pro-


vides marketing opportunities for the organization through print and web-based media. In order for companies to meet their goals, technical assistance is provided. Currently there are over 100 organizations that have partnered with Climate Leaders. ■




Can Sustainable Energy Work for Your Business?

evaluation checklist		yes	no
1	My business wants to promote our sustainability efforts and make environmentally responsible energy choices.		
2	My business recognizes that customers increasingly want to buy from environmentally responsible companies.		
3	My business is or anticipates being affected by Greenhouse Gas (GHG) regulation.		
4	My business wants to reduce its carbon footprint and help to eliminate the effects of global warming.		
5	My business is involved in the EPA Green Power Partnership, EPA Climate Leaders, LEEDs Certification or similar program.		
6	My business wants to support the operation and building of renewable power plants.		
7	My business would like to diversify its fuel sources and use renewable power as a method to hedge against fossil fuel price risk.		

If you answered "Yes" to any of these statements, you should explore sustainable energy solutions for your business. For more details, please call 866-237-POWER to speak with a Constellation NewEnergy Business Development Manager, send an email to green@constellation.com or visit our website at newenergy.com.

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Constellation NewEnergy, a competitive energy supplier serving the Illinois manufacturing industry, can work with you to find a renewable energy solution that is right for you. To evaluate if sustainable energy solutions are right for your business, answer the questions above.

RSM McGladrey joins forces with IMA for 2008 benefits and compensation surveys

IMA members look forward to receiving the annual IMA Compensation Report and Bi-Annual Benefits Report to help them benchmark with other IMA member companies throughout the state. In 2008, this valuable member resource will exceed expectations with the input and expertise of RSM McGladrey, one of the nation's top accounting firms. "We are looking forward to partnering with IMA to combine our industry consulting and benchmarking strengths to provide extra value in IMA's Compensation and Benefits reports," says Brian Repsold, Director, RSM McGladrey.

"This partnership between HR and accounting is a great opportunity for manufacturers who participate in this survey," according to Mark Frech, IMA's Executive Vice President & Secretary. "Member participation is essential for quality results."

The IMA HR Advisory Tele-committee was formed in 2007 to determine members' HR needs and how to best meet those needs.

The inspiration for this committee came as a result of an earlier member survey asking how often and when IMA members would like to receive the Compensation, Benefits, and Holiday reports. The majority of members preferred September to receive the reports and an overwhelming number (71 percent) said they would prefer all reports be available annually. September has typically been the target month to send out the report.

All surveys and reports will now be available on-line and in print annually.

The key benefits of IMA's partnership with RSM McGladrey include their expertise in working with thousands of manufacturing industry clients annually, and their ability to create industry visibility by identifying industry trends, opportunities and best practices.

The RSM McGladrey team who will be working on the surveys and reports combine benchmarking,

manufacturing industry, and association expertise.

The surveys will be available to IMA members soon. Your participation is vital to the value of the subsequent reports. Check the IMA Website (www.ima-net.org) for survey availability.



UniCare establishes hotline to assist Northern Illinois University

Company's charitable foundation donates \$10,000 in aftermath of campus shooting

IMA member UniCare, a health benefits company based in Chicago, set up a free hotline to provide grief counseling and other assistance to students on the Northern Illinois University (NIU) campus following the tragic shootings that took place on February 14, 2008. In addition, the WellPoint Foundation, the charitable foundation of UniCare's parent company, will donate \$10,000 to NIU as a sign of support for the university community.

"UniCare and its 900 associates, many of whom have ties to the university, share in the sadness felt on campus and across the country following this tragic act of violence," said Dennis Casey, president and CEO of UniCare. "We are prepared to assist the approximately 25,000 students at NIU by offering this free hotline. It is available at no cost to all NIU students. We want students to know that we have trained health care professionals available to help them through these emotionally trying times."

The student assistance hotline number is 877-208-8240. This line is staffed 24 hours a day by skilled mental health care professionals who are trained to provide confidential, professional grief counseling and emotional support.

Students will also be provided with access to a specialized Website with information and resources on issues such as grief, emotional trauma and depression. That is available at www.unicare.com/youreap. Students may log on as "NIU."



Federal Signal's critical communications systems utilized by Ford Motor Company and North American colleges and universities

Federal Signal Corporation's Safety and Security Systems Group recently announced that Dearborn, Michigan-based Ford Motor Company has deployed its Federal Signal SmartMSG critical communications system to enable interoperable communications.

In the event of a HazMat, health, fire or police-related incident, SmartMSG will enable dispatchers from Ford Motor Company's (FMC) global communication center to quickly notify FMC first responders of incidents. The Federal Signal SmartMSG system will be used throughout many of Ford's diverse facilities in southeast Michigan and beyond.

SmartMSG provides first responders with a comprehensive interoperability solution to enable emergency alert notification and live communication across virtually any device, including two-way radios, phones, computers, pagers, public and industrial warning systems, sirens and more. With the Federal Signal SmartMSG system, communications equipment is linked to enable various entities to work together seamlessly during emergency incidents and planned events.

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The Codespear-enabled Federal Signal SmartMSG critical communications system is part of the Federal Signal interoperability platform to advance safety, security and well-being in communities and workplaces around the world.

In addition, more than twenty-five North American colleges and universities have selected the Federal Signal critical communications system for deployment on their campuses. The systems provide comprehensive campus-wide coverage that notifies individuals in key locations such as dormitories, administration and classroom areas, and office complexes of crisis situations. Federal Signal's critical communications system delivers the instant, reliable and complete mass notification that educational campus leaders depend on when seconds count.

"Federal Signal is helping campus administrators enhance public safety, security and well-being," said David R. McConnaughey, president of the Federal Signal Safety and Security Systems Group. "Advanced technology can play a positive role in protecting people, property and the environment during campus events, and our ability to combine indoor and outdoor all-hazard warning along with text, voice, and video message capabilities offers campus administrators a robust way to reach their diverse campus communities."

Colleges and universities recently deploying Federal Signal's critical communications solutions include: Dallas Baptist University, Dallas; Liberty University, Lynchburg, Va.; Rosalind Franklin University of Medicine and Science, North Chicago, Illinois; Texas A&M University, College Station, Texas; University of Texas at Austin; University of Kentucky, Lexington, Kentucky; Virginia Commonwealth University, Richmond, Virginia; and Wingate University, Wingate, North Carolina.

Federal Signal Corporation provides comprehensive municipal, governmental, educational campus, industrial and airport solutions that

advance public safety, security and well-being every day. Federal Signal's interoperable industry platform helps emergency managers and first responders protect people, property and the environment. Trusted, high-priority products from Federal Signal include public safety and security systems, environmental maintenance solutions and fire rescue vehicles. IMA member Federal Signal was founded in 1901 and is based in Oak Brook, Illinois.



Navistar included in \$2.66 billion armored vehicles deal

A \$2.66 billion deal to build and deliver more than 3,000 bomb-resistant armored vehicles for U.S. soldiers in Iraq includes IMA member Navistar of Warrenville, the Pentagon announced in late December.

As part of the contract, Navistar International Corp. will provide 1,500 vehicles with a value of \$1.18 billion. The new vehicles will be delivered between June and July 2008, according to the Pentagon.

The latest order exceeds the \$1.2 billion deal awarded in October to Force Protection, BAE Systems Inc. and Navistar to build and deliver 2,400 armored vehicles.



Global Environmental Management Initiative launches new climate change web tool

The Global Environmental Management Initiative (GEMI) recently launched a new version of its web tool, www.gemi.org/BusinessandClimate. "GEMI is very pleased to announce the release of its new Climate Change web tool, a Website that enhances opportunities for best practice sharing among businesses on one of the most important environmental issues that is being addressed by business," said GEMI's Chair, Bob Accarino, Director of

Environmental Affairs, Abbott. "The vision of the GEMI membership combined with significant support from Five Winds International, Trinity Consultants and TrainUp led to the development of this outstanding tool," Accarino continued.

"We have updated and enhanced GEMI's previous work that addressed climate related challenges and opportunities," said GEMI's Business and Climate Work Group Co-Chair, Audrey Bamberger, Engineer, Strategic Environmental Initiatives, Anheuser-Busch Inc. She added, "This new tool has a unique focus of addressing climate change issues with an emphasis on business planning and strategy development. We believe this provides compelling, quantifiable value to companies."

"Our goal was to provide information and guidance for businesses in all stages of the strategic planning lifecycle for climate change," said GEMI's Business and Climate Work Group Co-Chair, Maurice Bechard, Director, Global Environment Health and Safety, JohnsonDiversey, Inc. "The site is organized into four planning stages — Assess Risks, Formulate Strategy, Implement Strategy and Review. Advice and resources are provided from businesses that have already completed one or more of the planning stages," he added.

"GEMI's BusinessandClimate web tool is based on company experience in addressing the many facets of the climate change issue," according to Mr. Carl Wirdak, Director, Environmental Affairs, Occidental Petroleum and GEMI's Business and Climate Work Group Co-Chair. "This tool, like all GEMI tools, is available on GEMI's Website free of charge because this is an important part of GEMI's mission of 'Business Helping Business'," Wirdak concluded.

The Global Environmental Management Initiative (GEMI) is a non-profit organization of 37 leading companies dedicated to fostering global environmental, health and safety excellence and corporate citizenship.

(continued on page 22)

GEMI participants include IMA member companies 3M; Abbott; Anheuser-Busch Companies Inc.; Cargill, Inc.; Ecolab, Inc.; Eli Lilly and Company, Johnson & Johnson, Kraft Foods, Inc.; Motorola, Inc. and Pfizer, Inc.

Additional information about GEMI can be found at www.gemi.org.



Baxter's Costa Rica facility recognized with Shingo Prize for Excellence in Manufacturing

Baxter's Cartago plant first to be awarded Shingo Prize outside of North America

Baxter International Inc.'s manufacturing facility in Cartago, Costa Rica has been recognized with the 2008 Shingo Prize for Operational Excellence. The facility — the first to be awarded the Shingo Prize outside North America — is being honored for its achievements in driving higher quality and improvements in productivity, manufacturing cycle time and customer lead-time. In past years, several Baxter facilities have been awarded the Shingo prize, most recently in North Carolina and Mexico in 2007.

Celebrating its 20th anniversary this year, The Shingo Prize for Operational Excellence has honored businesses and researchers who have demonstrated outstanding achievements in manufacturing and the supporting business processes that lead to outstanding quality, cost, delivery and business results. Named in honor of Dr. Shigeo Shingo, the renowned engineer who helped create the highly regarded Toyota Production System, the annual Shingo Prize for Operational Excellence is administered by the College of Business, Utah State University.

Employees at Baxter's Cartago facility built upon their excellence by implementing a lean enterprise through Baxter's quality leadership

process. Every day, employees are challenged to identify efficiencies in individual processes, departments and the value streams connecting these processes. With everyone at the facility working as part of a quality improvement team, Baxter Cartago has improved manufacturing cycle time by nearly 65 percent.

Approximately 1,200 employees at the 152,000 square foot Cartago plant produce a range of products, including IV administration sets, along with subassemblies for other Baxter plants. The facility supplies finished goods used in 60 countries globally, and component parts to other Baxter manufacturing facilities located in 10 countries. An industry role model, the facility was the first in Central America to receive both ISO 9002 and ISO 14001 certification and the first Occupational Health and Safety Assessment Series (OHSAS) 18001 certified company in the region.

The facility will receive its award at the Annual Shingo Prize Conference, to be held in Dallas on April 3, 2008.



2007 Governor's Pollution Prevention Awards go to IMA members

The Waste Management and Research Center (WMRC) honored 22 Illinois companies and organizations for their significant achievements in protecting the environment and boosting the economy by preventing hundreds of tons of waste materials from being released into the environment and saving millions of gallons of wastewater from being sent to treatment facilities. The Illinois Sustainable Technology Awards were presented in Glen Ellyn last fall. It was the 21st consecutive year the awards were presented by WMRC, a division of the Illinois Department of Natural Resources (IDNR). Among the 2007 award winners are the IMA members listed below.

Abbott in North Chicago implemented projects to reduce fresh

water usage, which saved more than three million gallons per year.

Abbott also developed a process change that will reduce use of hazardous solvents up to 60 percent.

Cadbury Adams in Rockford

developed a non-contact system to provide cooling water to process equipment. Using this means discharge to the sanitary district has been reduced by more than eight million gallons at a savings of \$13 million dollars.

Caterpillar Inc. Hydraulics and Hydraulic Systems in Joliet implemented a flame sprayed coating for its truck suspension system, replacing a chroming process. As a result of this change, the plan will reduce hazardous waste by 700,000 pounds annually and save 14 million gallons of water.

Caterpillar Inc. Cast Metals Organization (CMO) in Mapleton had a team that looked at the regulation requiring scrap to be free of hazardous air pollutants. The team developed a program that informed the Foundry about the scrap suppliers' ability to provide acceptable product. Mapleton worked with the American Foundry Society to help produce a rule that would not only meet strict quality requirements, but would allow foundries to continue to recycle certain types of scrap and maintain a competitive cost structure.

Caterpillar Inc. Mossville Engine Center (MEC) in Mossville formed a team to look at used oil re-use and recycle processes that forced MEC to send large amounts of used oil off-site for recycling, instead of reclaiming it for re-use on-site. Based on the team's recommendations, the facility developed two system updates, installed a newer, more effective dehydrator and an underground pipeline. The resulting benefits included a total savings of \$816,851 for the year and a reduction of about 208,000 gallons of oil.

International Truck and Engine in Melrose Park developed a new

(continued on page 24)

Best practices in avoiding employment litigation

In today's business environment, employment litigation has become a regular and costly occurrence. Everyday employers are devoting substantial amounts of time and money defending against such claims. The risk is self-evident when reading the case reports: the losing corporate defendant in a single-plaintiff or class action employment discrimination case faces the potential risk of paying hundreds of thousands or sums in excess of a million dollars in jury verdicts, in addition to the prevailing plaintiff's attorney's fees. While employers will never be able to completely shield themselves from employment litigation, there are steps (and sometimes simple steps) employers can take to avoid needless employment litigation.

Comply with statutory requirements

The first step is to make sure you know the laws applicable to your workforce and keep up with developments in the law. Make sure your managers and supervisors are knowledgeable and fully trained in how to comply with the applicable laws.

Next, implement and maintain an Equal Employment Opportunity policy (Anti-Discrimination and Diversity policies) and an Anti-Harassment policy. Employers are required to properly manage related record-keeping and reporting requirements. Document retention is vital, specifically, retaining and keeping accurate wage and hour records. Filing the annual EEO-1 and biennial EEO-4 documents when required is also important, along with filling out the proper paperwork for I-9 compliance.

Application and interview process

Federal, state, and local laws place restrictions on information an employer can elicit and use for a hiring decision. You may wish to

consider using pre-reviewed, structured applications and interview forms. Do not allow managers and supervisors to participate in the interview process absent the proper training. *When a manager or supervisor does interview applicants, she/he must be very careful about the notes written on the application during the interview. Such notes are discoverable in the event of a law-*

suit. Further, review your job descriptions to ensure that they accurately describe the position.

Besides the more obvious questions you should not ask applicants regarding protected classifications (e.g. race, sex, religion, marital status), there are other questions to avoid. Avoid asking an applicant his/her age, but asking if a person is
see **LITIGATION** page 25



James A. Spizzo is a shareholder in the Chicago-based law firm of Vedder Price PC. He concentrates his practice in employment and labor relations law, representing employers in a variety of industries. Mr. Spizzo also serves as Legal Counsel to the IMA. **Timothy J. Tommaso**, an associate with Vedder Price PC, emphasizes employment and labor relations law in his practice.

coating for the spray coating process for the new engines it manufactures. The prior engines needed to be completely spray-painted. The new coating is water-based, contributing to a reduction of hazardous emissions. Additionally, this coating covers an average of 23 engines per gallon; the old blue coat paint covered only four engines per gallon. The change resulted in annual reductions of paint use by 82 percent, hazardous emissions by 83 percent, and paint sludge waste by 12.5 percent. The facility's efforts have resulted in an annual savings of \$115,000.

2007 Illinois Sustainable Technology Award winners

Colbert Packaging Corp in Lake Forest developed BlisterGuard and EnviroGuard, which replace the traditional plastic clamshell commonly used for retail display. Both products are pilfer resistant, use more environmentally friendly material, provide ample space for manufacturers' product branding and are easily recyclable by consumers. These products reduce or eliminate petroleum-based plastics and are printed using soy-based inks.

Crown Cork & Seal Beverage Division in Kankakee improved its spray machines to operate reliably at much lower pressures. A new system also monitors the spray to ensure proper application of the interior can coating. The system has allowed the plant to reduce interior coatings per can and save \$250,000. Hazardous emissions have been reduced by 22.5 tons.

Information on the Governor's Pollution Prevention Awards program and technical assistance on pollution prevention and energy efficiency are available from the Waste Management and Research Center, One Hazelwood Drive, Champaign, IL 61820, phone 217-333-8940, <http://www.wmrc.uiuc.edu>.



Abbott Laboratories and Kraft Foods, Inc. named "the best"

Kraft Foods, Inc. was named one of the "best places for working mothers" by *Working Mother* magazine in 2007. Located in Northfield, Kraft Foods has been an IMA member since 1899.

Abbott Laboratories was also chosen in 2007 and has been on *Working Mother* magazine's list of 100 "best places for working mothers" for 15 years. An IMA member since 1901, Abbott was also named one of the "best places to launch a career" by *BusinessWeek* magazine in 2007. For the second year in a row, Abbott was the highest-ranking health care company on the list.

"At Abbott, recent graduates have the opportunity to help advance medical science and care around the world — the type of meaningful work that appeals to Generation Y and all potential employees," said Stephen Fussell, senior vice president, Human Resources, Abbott. "We also provide work/life flexibility, well-defined career advancement opportunities, and support and tools — like online mentoring, training and career development programs — that help young professionals chart their own path to success."

BusinessWeek's "50 Best Places to Launch a Career" ranking is based on extensive surveys of career services directors at U.S. colleges, the employers they identify as the best for new graduates, and college students themselves.

In addition to being included in *BusinessWeek*'s "50 Best Places to Launch a Career," Abbott was included in the 2008 edition of the *Princeton Review*'s "Best Entry-Level Jobs." The company has also been included on *FORTUNE* and *DiversityInc* magazines' lists of the top companies for diversity for many years, and has been recognized by *Science* and *The Scientist* magazines as a top employer for scientists. Additionally, *FORTUNE* has named Abbott as one of "America's Most

Admired Companies" every year since the list's inception in 1983.

Abbott is a global, broad-based health care company devoted to the discovery, development, manufacture and marketing of pharmaceuticals and medical products, including nutritionals, devices and diagnostics. The company employs 65,000 people and markets its products in more than 130 countries.



Ford offers course on Eco-driving

Visit *Ford Motor Company's "Driving Skills for Life" Website* and learn the importance of consuming less fuel to help protect the environment.

Ford's online eco-driving tutorial is available at www.drivingskillsforlife.com — click on the Eco-Driving icon from the menu on the home page. The tutorial reviews ways to conserve fuel while driving, which in turn helps reduce CO₂ emissions. Some of the tips offered include: drive at posted speed limits, accelerate smoothly and brake gradually, don't be an aggressive driver, check your tires and don't idle for more than 30 seconds.

Ford and the Governors Highway Safety Association established "Driving Skills for Life" in 2003 to provide effective learning tools, including the comprehensive interactive Website that rewards students for taking the initiative to learn safe driving techniques.

In addition, educator materials are available at no charge in both English and Spanish, allowing instruction of the program in school or community settings. "Driving Skills for Life" has held hands on driving events that have reached nearly 6,000 students. The program also combines learning materials for use by students, parents, educators, and instructors for use at home, in schools and community settings.



WOLF

Cont. from page 6

while businesses would see a one-time, 20 percent reduction in the income tax. And, every family with an income of \$82,000 or less would be eligible for free or reduced cost health insurance.

Unfortunately, those of us who have worked with the Blagojevich administration no longer wear rose-colored glasses and know to read the fine print. Once we got past the cover of the budget book, it was obvious that Governor Blagojevich's FY 2009 state budget was predicated on raising taxes on employers by \$1.7 billion, selling state assets like the lottery and tobacco settlement proceeds for a one-time revenue bump, and increasing state debt. There was no serious effort to reign in spending or stop new programs.

Illinois businesses would be hit with a three percent, billion dollar

payroll tax to help pay for the Governor's massive, multi-billion dollar new health care plan — a plan that was already rejected once by the General Assembly last year. Further, \$500 million in important economic development incentives such as the Single Sales Factor, Research and Development tax credit, Machinery and Equipment exemption and Manufacturers Purchase Credit are on the Governor's chopping block.

For employers, the Governor's plan is tantamount to putting a couple of pennies in your front pocket while reaching around and stealing a few dollars out of your wallet. The Governor would like us to believe that a one-time plan to cut corporate income taxes by \$300 in exchange for annual tax hikes of \$1.7 billion is fair. As George W. Bush said in 2002, that's "fuzzy math." To top it off, the business tax cut would only apply to regular C corporations — businesses filing as LLCs, partnerships, and subchapter S corporations would all pay

more in taxes, but would not get the income tax cut.

When the echoes of the 22-minute speech ended, many lawmakers recognized it for what it was — a political stump speech instead of a substantive call for change. Fortunately, it looks like the Governor's latest State of the State speech will go the way of other famous disasters . . . like the Titanic and the Hindenberg.

We have a long way to go this spring before the scheduled adjournment in May. It's very possible that the session could again reach overtime. However, many lawmakers want to get their work done before the national political conventions occur and campaigning for the November elections begins in earnest. Rest assured that the IMA will be there along the entire journey to make sure that Illinois begins addressing its real problems with real solutions, instead of hoping for a fairy tale ending. ■

LITIGATION

Cont. from page 23

"old enough" is legal (i.e. are you 18 or over?). You cannot ask an applicant if he/she has any physical/mental conditions that would prevent him/her from performing the essential functions of the job. You can, however, ask whether the applicant believes he/she would be able to perform the essential functions of the job. But be prepared to explore reasonable accommodations if the applicant indicates such would be necessary to perform the essential functions of the job. In Illinois, you cannot ask about the employee's use of alcohol, tobacco, or other lawful products off the employer's premises during non-working hours.

As a general rule, in determining if a question is unlawful, employers should determine why the information sought is necessary. For example, why is it important to know a person's ability to speak Spanish? If the answer does not provide job-related information to determine a person's qualifications, it is a strong indication the question should not be asked.

As for offers, Illinois is an "at-will" state (i.e. employees may quit or her/his employment may be termi-

nated for any lawful reason). Thus, when extending offers, care must be taken not to create an unintended contract right. Specifically, if the "offer" letter does not specify length of employment, it falls squarely within the employment at-will rule. On the other hand, any language that expressly or impliedly indicates a "just cause" requirement for termination may create a contract. Recruiters and interviewers should be trained not to overemphasize job security or make any promises from which contractual obligations may arise.

Employers should also examine their hiring decisions. Keep a record of your applications and resulting hires and conduct periodic audits. Examine the make-up of your existing workforce, looking for concentrations of a particular sex/race/national origin in a particular job. Determine whether there is an adverse selection rate for any of these groups. Preferably, employers do not want their selection rate for a particular group to be less than 80 percent of the selection rate for the group with the highest rate of selection.

Employee handbooks/policies and performance reviews

When implementing an employee handbook, add the appropriate disclaimer language and an explana-

tion of employment at-will. This will help later if an employee claims the handbook created an employment contract. Avoid any guarantee as to the disciplinary steps that will be taken. Reserve the right to discipline up to and including termination for even a first violation, depending upon the nature and severity of the conduct. Also, have employees sign an acknowledgment form concerning the receipt of the handbook and agreement to adhere to the policies/procedures contained in it. In the handbook, have a procedure for the reporting of workplace accidents and make sure employees are aware of that procedure. Follow up on all accidents and injuries to ensure proper reporting and the processing of claims.

As for policies, don't forget about retaliation. ***Retaliation claims now make up approximately 30 percent of all employment discrimination charges and are clearly on the upswing.*** Employers should amend their current Harassment policy to include a non-retaliation statement that encourages employees to come forward with complaints of unlawful conduct without fear of reprisal.

For all policies, set out the employer's prohibition against harassment, retaliation, and discrimination. **see LITIGATION page 29**

Report on February's "Manufacturing Leadership Summit: Targeting Change"

IMA Chairman Ron Bullock gave the keynote address at the Manufacturing Leadership Summit: *Targeting Change* at the College of DuPage on February 14, 2008. Mr. Bullock spoke to leaders from the manufacturing, education and economic development sectors concerned with resolving manufacturing shortages in today's workforce. His keynote, "Best Practices in Manufacturing Workforce Development" focused on collaboration among the manufacturing, education and economic development communities. He mentioned the Skilled Workforce Initiative, an effort his own company, Bison Gear in cooperation with College of DuPage, developed to create a pool of talented and more qualified employees to help address the workforce shortage.

Mr. Bullock discussed other programs focused on the same issues, such as the National Association of

Manufacturers' "Dream It. Do It." program on the national level, Pennsylvania's "Your Employability Skills" certificate program (YES), a collaboration between local school districts, employers and businesses, and the Lincoln Foundation's efforts locally. He commended the work that had been done and pressed attendees to continue to work together to resolve the critical workforce shortages facing manufacturers today.

IMA members Margarito Alvarez, Nu-Way Industries, Inc., and Robert McCaffrey, Corydon Converting Company, participated in the panel discussion *"The Challenges Ahead."*

Following the panel discussion, participants attended one of five break out sessions to brainstorm specific actions and resources needed to improve the image of careers in manufacturing, raise the foundation and technical skills of entry-

level employees, raise the skills of the current workforce, develop and recruit the immigrant workforce and develop a skilled workforce for small manufacturers. The group reconvened to share their ideas and pledged to work together to resolve the workforce shortages facing so many manufacturers.

Sponsors of the summit included the Illinois Manufacturers' Association, Business and Professional Institute, Innovate Now, Valley Industrial Association, The Lincoln Foundation and DuPage Workforce Board.

For more information on the Manufacturing Leadership Summit contact Cindy O'Neil at 630-942-3576 or oneilc@cod.edu. ■

*Written by Kimberly McNamara,
Executive Assistant to the IMA
President.*

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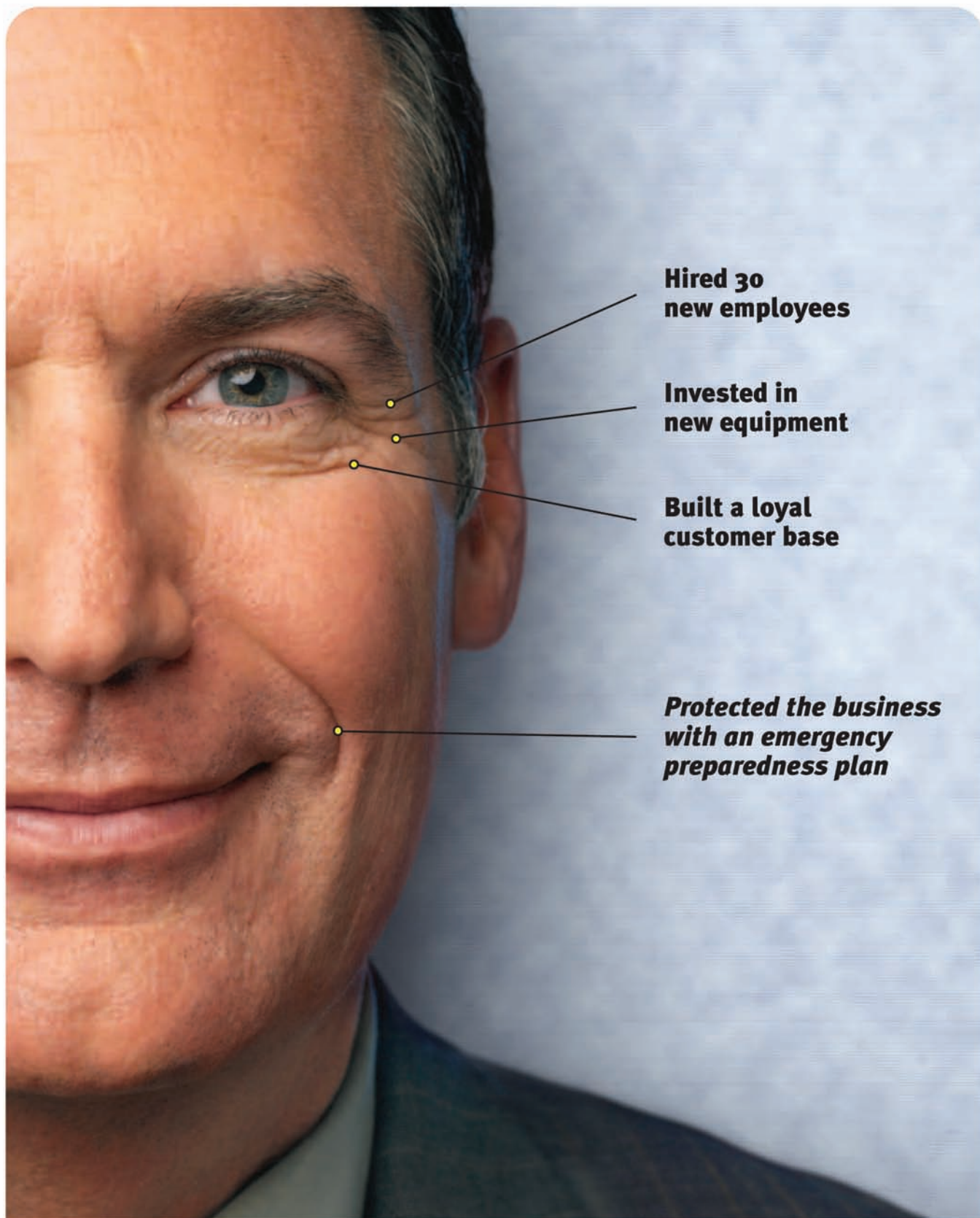
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NON-COMPETE

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he or she held with the former employer. Next, the agreement should be limited in time to, typically, about a year or two following the employee's separation from the employer. If these factors are met, the non-compete is more likely to be enforced. Agreements that are overbroad in terms of scope or duration tend to raise red flags and may be deemed unenforceable or, in some cases, rewritten by judges to fit within accepted legal guidelines.

Legitimate business interest test: Fact, fiction, or something in between?

Illinois state courts, however, in addition to the time and scope analysis, have long required employers to demonstrate something else: that their non-compete protects a "legitimate business interest." As first established in 1975 by the state appellate court in *Nationwide Advertising Service, Inc. v. Kolar*, 28 Ill. App. 3d 671, and applied by dozens of Illinois courts since, a legitimate business interest exists where: "(1) because of the nature of the business, the customers' relationships with the employer are near permanent and the employee would not have had contact with the customers absent the employee's employment; and (2) the employee gained confidential information that he attempted to use for his own benefit." *Hanchett Paper Co. v. Melchiorre*, 341 Ill. App. 3d 345 (2003). Simply put, the legitimate business interest test requires employers to show a reasonable business reason for enforcing their non-competes, namely that the employee obtained the employer's hard-earned confidential information through his or her employment and has used this information for personal gain.

In the three decades since *Kolar*, every Illinois appellate district has

required employers to demonstrate a legitimate business interest for their non-competes as a prerequisite for enforcement. But as Justice Steigmann observed in his concurring opinion *Lifetec v. Edwards*, this requirement finds no support in the cases decided by the Illinois Supreme Court, which are binding on all lower courts in Illinois. Instead, it is a legal principle developed by the state appellate courts "out of whole cloth." See *Lifetec v. Edwards*, 2007 Ill. App. Lexis 1172 (Nov. 6., 2007) (Steigmann, J., concurring).

In fact, the Illinois Supreme Court has never required employers to demonstrate a legitimate business interest to enforce a non-compete. Since deciding its first non-compete case in 1896 (*Hursen v. Gavin*, 162 Ill. 377) the Court has required only that the restraint in the agreement be limited and reasonable. As most recently stated in *Mohanty v. St. John Heart Clinic*, 225 Ill. 2d 52 (2006), a non-compete will be enforced so long as it is reasonably restricted as to time and territory. What is reasonable, in turn, requires a case-by-case analysis. If the agreement's scope is no broader in time and territory than necessary to protect the employer from the employee's competition, and if its enforcement will not cause undue hardship, whether to the employee or the public at large, the agreement is likely to be deemed reasonable and enforced. Whether the employer has demonstrated a legitimate business interest for enforcing its non-compete, however, simply has never entered into the Illinois Supreme Court's decision-making process.

The Illinois Supreme Court's silence on the issue is significant. It is certainly unlikely that the Court is unaware that this legal principle has been applied by the state appellate courts for approximately three decades and it is somewhat surpris-

ing that the Court has neither endorsed nor disapproved of it. It would help employers and employees alike if the Illinois Supreme Court did address this issue.

If the Illinois Supreme Court endorses the "legitimate business interest" test, over thirty years of appellate case law will continue to guide employers on what they must prove to enforce the non-compete. The Illinois Supreme Court's rejection of the test, however, would make it easier for employers to enforce their non-competes since they will only have to show reasonableness in the agreements' duration and scope.

Justice Steigmann believes the best solution would be to simply eliminate the legitimate business interest inquiry from the appellate courts' analysis altogether.

While the question is an important one to ask, we are not likely to know the answer to it anytime soon, that is until or unless either the Illinois Supreme Court takes an affirmative stand on the issue or the Illinois legislature proposes a solution.

Meanwhile, what should employers do? Given the current state of the law, employers are best advised to play it safe and comply with the business interest test. Though the Illinois Supreme Court has never endorsed the test, appellate courts are likely to continue to apply it, at least for now. Employers who have problems articulating a legitimate business interest for enforcing their non-competes, however, can now use Justice Steigmann's rationale to advance a compelling argument against the court requiring such an interest, citing the past thirty years of the Illinois Supreme Court's case law on point.

At the end of the day, if the employer can satisfy the legitimate business interest test, all the better. If not, the employer can argue that no such legal requirement exists. Good luck! ■

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LITIGATION

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nation, and inform employees about the policies. Ensure there is more than one “go to” person for employees who suffer any type of illegal action, and make sure there are procedures for redressing the situation. However, these policies only go so far unless managers and supervisors understand what the policies mean and how they should be applied. Therefore, employers should provide training on what constitutes harassment, retaliation, and discrimination, and how to respond when a complaint is brought to their attention. This training should be documented so later the employer can show it took steps to prevent this type of action. Above all, make sure you follow your policies.

If you conduct performance reviews make sure your form is specific enough to allow for an accurate assessment of the employee's strengths and weaknesses. Forms should provide more than just a numerical rating. Require the supervisor to provide a written explanation of each rating. The evaluation should be reviewed and signed off by the evaluator's supervisor. The evaluation should also be personally reviewed with the employee and he/she should have an opportunity and be encouraged to make written comments. Make sure both the employee and evaluator sign and date the form. Also, make sure the evaluator is honest and does not give an inflated evaluation because he/she does not want to give a bad evaluation.

Finally, we recommend that you maintain a neutral reference policy (confirming title and dates of

employment) and follow it. More information should be provided only where the employee provides a written authorization that releases the employer from any and all legal action resulting from the dissemination of the information.

Handling discipline

Nothing piques a government investigator's or plaintiff attorney's interest more than the inconsistent application of an employer's disciplinary and termination policies. Most importantly, apply the discipline policy consistently. Employers should educate their workforce on what is expected of them and what can happen to employees when they cross the line.

Make sure to conduct a thorough review and investigation before meeting with the employee (e.g. talking with witnesses, examining records, etc.). Prepare a brief outline of the disciplinary meeting and use it as a checklist to make sure that all items are covered. For discipline beyond a written warning, have a second manager present to witness and take notes. *Make sure you clearly define the problem and your expectations and that the “punishment” fits the “crime.” Advise the employee as to what will happen if this conduct is not corrected.* In order to properly document the discipline, issue a written form or memo that is signed by all persons present. If the employee refuses to sign it, indicate that on the form. If some remedial action is expected from the employee, make sure to follow up to see how he/she is doing with it.

Handling termination

As with discipline, make sure termination decisions are done consistently. Before terminating an

employee, conduct a thorough investigation and review all the facts. Have all discharge decisions reviewed by upper management to ensure propriety of the action, consistency with other similar situations, and to identify discharge patterns that could indicate discrimination or poor supervision. Further, prepare a thorough outline of the meeting.

During the meeting, have a second manager/supervisor present. Do not make a lot of “small talk,” but get directly to the point. Give the true reason for the discharge. Be fair, candid and forthright; avoid moralizing or preaching, and do not raise your voice, even if the employee does. *Do not be defensive or feel you must persuade the employee that the action is justified; simply state the decision. Do not allow discussion of alternatives and by all means avoid arguing.*

Do not equivocate or express any personal disagreement with the termination, and do not play “don't shoot the messenger.” Stay off the topic of criticizing the Company or its employees and managers. If the employee makes such comments, acknowledge his or her views but do not agree or disagree. Carry out the termination in the most humane way possible. Avoid directives such as “clean out your desk and leave immediately.”

In the end, be certain that the employee understands the decision. And make sure to document the discussion during or immediately following the meeting.

By following these practical tips, you can go a long way towards avoiding needless employment litigation. ■

VERBATIM

Cont. from page 15

Board Commission on 21st Century STEM Education, which generated a list of recommended actions to improve STEM's education process.

IMA: *How can the IMA and its members do a better job of advocating for manufacturing in Illinois?*

BULLOCK: We need IMA members to continue to stay involved in their communities with efforts towards improving our education system and working with local community colleges to develop manufacturing related curriculum. In addition, it's important to communicate with our legislators to assure that manufacturing issues and support for business growth are addressed. Please be sure to join me and other IMA members

for Business Day on May 7th in Springfield. IMA's Business Day is your opportunity for some one-on-one communication with your state legislators.

Above all, let us know your challenges so they can be addressed by the IMA staff and Board of Directors. I'm looking forward to working on behalf of all IMA members to create a premier destination economy for manufacturing in Illinois. ■

New IMA members

ENERGYCONNECT, INC.

Glen Ellyn

FOCAL POINT, LLC

Chicago

FORSTER TOOL & MANUFACTURING

Bensenville

GTL RESOURCES

Chicago

ICG Illinois

Williamsville

IMAGING SCIENCE & SERVICES, INC.

Hainesville

KELLOGG SNACKS

Chicago

LABEL PRINTERS

Aurora

LAKE CABLE, LLC

Bensenville

MECALUX ILLINOIS, INC.

Melrose Park

NATIONAL CORN-TO-ETHANOL

RESEARCH CENTER

Edwardsville

H.A. PHILLIPS & COMPANY

South Elgin

SCHREDER LIGHTING, LLC

Elk Grove Village

SIMPLEX, INC.

Springfield

IMA & MIT 2008 Calendar of events

March 28, 2008

IMA-MIT Event: Time Management and Personal Effectiveness Skills

DePaul University's O'Hare Campus, 3166 River Rd., Des Plaines

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

March 31, 2008

IMA-MIT EVENT: Failure Mode and Effects Analysis (FMEA), Decatur Public Library, 130 N. Franklin St., Decatur

Learn to maximize the benefits of performing FMEA activities, eliminate or minimize effects of potential failures, gain ideas for other applications and learn about risk evaluation and management.

April 1, 2008

IMA-MIT EVENT: Failure Mode and Effects Analysis (FMEA), DePaul University, 150 W. Warrenville Rd., Naperville

Learn to maximize the benefits of performing FMEA activities, eliminate or minimize effects of potential failures, gain ideas for other applications and learn about risk evaluation and management.

April 10, 2008

IMA-MIT Event: Effective Performance Management and Goal Setting DePaul University's O'Hare Campus, 3166 River Rd., Des Plaines

Although many elements in the employer-employee relationship have changed, one key component has remained the same: effective performance management. These skills are necessary for business success now more than ever. The content of this workshop is new, fresh, innovative, and delivered with engaging enthusiasm. What makes this seminar different? We allow you time to present, analyze and develop unique performance management challenges and our team of instructors will provide you with on-the-spot feedback regarding your performance management documentation.

April 14, 2008

IMA-MIT Event – Problem Solving – 8D Decatur Conference Center & Hotel, US Highway 36, Decatur

Designed to demonstrate effective problem solving methods, this workshop will focus on root cause analysis, cause and effect diagrams, five "Why" techniques, team oriented problem solving and containment measures.

April 15, 2008

IMA-MIT Event – Problem Solving – 8D DePaul University, 150 W. Warrenville Rd., Naperville

(See program description above)

April 25, 2008

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

The challenging world of sales professionals is constantly changing to address the changing demands of the customer. This one-day seminar will provide sales professionals with the skill set to maximize consultative sales relationships. Using lecture, small group discussion, classroom exercises and role play, we will provide and reinforce critical skills.

April 28, 2008

IMA-MIT Event: Mistake Proofing Decatur Public Library, 130 N. Franklin Street, Decatur

Designed to expedite effective application of mistake proofing methodology, this workshop focuses on effective methods of applying mistake proofing as a practical method of improving and maintaining process. Learn about standard inspection, mistake proofing principles, red flag conditions and review practical examples.

Apr 29

IMA-MIT Event: Mistake Proofing DePaul University, 150 W. Warrenville Rd., Naperville

(See program description above)

For IMA events, visit <http://www.ima-net.org/calendar.cfm> for more information, pricing, etc., and a more complete listing of IMA offerings.

For IMA-MIT events, visit <http://www.ima-net.org/MIT/open.cfm> for more information, pricing, etc., and a more complete listing of MIT offerings.



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