A RENAISSANCE FOR CHICAGO'S WEST SIDE: AUSTIN POLYTECH

www.ima-net.org

001010

36

# Strategic planning during an economic downturn

Cookie-cutter employment policies don't cut it BEDED O

Employee protections broadened under the ADA: Employers should be prepared

chnology, Inc poration

#### ProMat® 2009 | January 12-15, 2009 | McCormick Place South | Chicago, Illinois USA

# **One Show**, **Four Days** and Thousands of Solutions

Warehousing

Ulshimuion

Manulactoring

emple

ProMat® 2009, the premier material handling and logistics event held in the United States, will showcase over 800 solutionpacked exhibits from the industry's top providers that will:

- Streamline your manufacturing, distribution and supply chain operations
- Increase productivity
- Reduce costs
- Improve customer service
- Impact your bottom line



In addition to the exhibits, ProMat<sup>®</sup> will feature 100 show floor Educational Sessions and a Keynote. Forrest Sawyer will lead the Keynote discussion on Building The Workforce of The Future by examining how

**Forrest Sawyer** Keynote Moderator

some very disruptive demographics will impact your company both now and in the future.

#### Don't Miss ProMat® 2009

See and experience the latest equipment and technology innovations at ProMat.<sup>®</sup> Find free on-line registration, detailed exhibitor information, Educational Session details, Show news and your personalized My ProMatShow Agenda Planner on-line at ProMatShow.com.

ProMat® --- Solutions That **Make The Supply Chain Work** 

**Register Now at ProMatShow.com** or call 800-446-2622 or 704-676-1186

For information on exhibiting at ProMat\* 2009 contact Show Sales at 800-345-1815 or 704-676-1190.

www.proMatShow.com

Maryonick Prace Solid + State



ProMet\* 2009 is an official U.S. Department of Commerce International Buyer Prooram event.



# Winter 2009

## Strategic planning during



#### nning during an economic downturn



RSM McGladrey's Tom Ziemba recommends companies take inventory and craft a new strategic plan, or revalidate their existing business model . . . a core management action that provides a sense of direction and optimism during a period of economic uncertainty.

A Renaissance for Chicago's West Side	
Austin Polytechnical Academy builds	
community support for advanced manufacturing	
by Ingrid Gonçalves	12
A looming transition: Survive the mass exodus of boomers in the workplace	

#### Columns

<b>President's Report:</b> There is a roaring silence emanating from Springfield. At a time when leadership is required from our elected officials, all we get is the steady hiss of static <b>Page 4</b>		
<b>Legislative Report:</b> As President-elect Obama prepares to take office, an economic storm continues to rage in Illinois and across the country threatening the financial lives of businesses and citizens alike <b>Page 6</b>		
Tax & Accounting Issues:The R&D tax credit is extended for two more years,retroactive to January 1, 2008 through December 31, 2009Page 7		
<b>Energy Issues:</b> A diversified energy management strategy can help manufacturing companies meet financial goals while contributing to a cleaner energy future <b>Page 9</b>		
<b>Environmental Issues:</b> IMA's environmental issues expert David Kolaz discusses the USEPA's efforts to designate the Chicago area as attaining the one-hour ozone standard <b>Page 11</b>		
Legal Issues: Attorneys from Neal, Gerber & Eisenberg discuss broadened employee protections under the ADA and why employers should be prepared Page 19		
Member News: News for and about IMA members around the state Page 20		
Human Resources: Attorney Aaron R. Gelb from Vedder Price, PC, discusses the importance of having a customized anti-harassment policy Page 25		
New IMA Members: Welcome! Page 30		
IMA & MIT Calendar of Events Page 30		
The Illinois Manufacturer is underwritten by Constellation NewEnergy		

#### **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.

> **Chairman** Ron Bullock

**President** Gregory W. Baise

Editor Stefany J. Henson

The Illinois Manufacturer is published quarterly by the Illinois Manufacturers' Association. All rights reserved. The title, The Illinois Manufacturer, is a trademark of the Illinois Manufacturers' Association.

Copyright 2008<sup>®</sup> Illinois Manufacturers' Association. Reproduction of all or any part is prohibited except by written permission of the publisher. Published articles do not necessarily reflect the views of the magazine or its publisher. Information in this publication should not be substituted for advice of competent legal counsel.

Subscriptions: One year \$30. For subscription, address changes, renewals and adjustments, write to The Illinois Manufacturer. Presort standard postage paid at Bloomington, IL. Postmaster: Send address changes to *The Illinois Manufacturer*: 220 East Adams Street, Springfield, IL 62701. 217-522-1240.

If you have any questions, please contact Stefany Henson, Editor and IMA Director of Publications at 217-522-1240, Ext. 3017, or email shenson@ima-net.org.

#### 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.



## The roar of silence



Unemployment is up in Illinois, but a paltry amount of funds are available to re-train laid-off workers. In a fit of pique, Governor Rod Blagojevich slashed training grants from the state budget by 66 percent over the last two years. State Comptroller Dan Hynes in mid-November issued a sobering warning. The State of Illinois had surpassed \$4 billion in unpaid bills for fiscal year 2009 and that amount would reach \$5 billion by Spring of 2009. That's nearly ten percent of the total state budget. Part of that amount is due to declining revenues brought on by a sour economy. But more than half of that shortfall was built into the budget. That's right; \$2 billion in debt from the state not paying its bills in fiscal year 2008 was transferred over to 2009, and the state's debt continues to grow.

Imagine if any of us built in a ten percent deficit ... or even five percent ... into our business or home budgets. What if we simply decided we weren't going to pay our own obligations? It wouldn't be long until federal and state tax agents were knocking on our doors.

More than \$4 billion in unpaid bills is just piling up in state government agencies all across Illinois and there is no ability to pay them.

There are regions of Illinois where physicians will no longer accept Medicaid patients because the state is such an unreliable debtor.

Unemployment is up in Illinois, but a paltry amount of funds are available to re-train laid-off workers. In a fit of pique, Governor Rod Blagojevich slashed training grants from the state budget by 66 percent over the last two years.

Many of our at-risk citizens must receive services paid for by state tax dollars. But our poor, our elderly and our veterans can no longer rely on Springfield for the help they need and (by law) deserve.

And yet, there is a roaring silence emanating from Springfield (and the Thompson Center in Chicago). At a time when leadership is required from our elected officials, all we get is the steady hiss of static.

The inclination of our elected officials to add more spending and new programs has finally caught up with government's ability to pay. We've said it before. Springfield's uncontrolled spending spree must stop.

For nearly half a decade there has been a desire to enact a capital program in Illinois to address our wanting infrastructure needs. Every elected official appeared at the trough to pile on their projects and rolled up a \$35 billion proposal — more than three times the size of the last comprehensive capital program just ten years ago. But the lack of an identifiable and sustainable source of funding to pay for it all has doomed its prospects for passage. As a result, our roads, bridges and schools continue to crumble.

And now we're falling further and further behind in paying our bills with no prospect to reverse course.

The lack of response by our elected officials to our mounting debt is simply outrageous. Illinois' collapsing ability to pay its bills is making life unnecessarily difficult, to say the least, for thousands of our citizens.

The silence from Governor Rod Blagojevich is absolutely stunning and unacceptable. The lack of action or initiative by the General Assembly is equally appalling.

There are two more years left in Governor Blagojevich's current term of office. If the Governor decides he wants a third term (and according to press reports, he does) hopefully voters in 2010 will choose to end the most inept administration in Illinois history.

Meanwhile, each of us has a duty to demand responsible action from our state officials. It's what we elected them to do and we should tell them that in no uncertain terms.

**Gregory W. Baise** is president and chief executive officer of the Illinois Manufacturers' Association. He may be reached at 630-368-5300, or via email at gbaise@ima-net.org.

# SSPECtoring Manufacturing

#### What's behind success?

The experts of RSM McGladrey. The accounting, tax and business consultants for companies on the move. Like yours. Our industry specialists provide unique, customized answers. For unique, customized success.

We partner with more than 5,000 manufacturing and distribution businesses, offering help with productivity improvement, warehouse efficiency and supply chain management. With our knowledge and insights, your business can run like a well-oiled machine.

For more information on how we can help you, visit us at www.rsmmcgladrey.com.

RSM McGladrey has over 120 locations nationwide with local offices in Champaign, Chicago, Crystal Lake, Deerfield, Galesburg, Mokena, Peoria, Rockford, Schaumburg and Springfield. In addition, RSM McGladrey has access to the world wide resources of RSM International, the sixth largest accounting and consulting organization in the world, with 600 offices in 75 countries.



Legislative Report

#### **MARK DENZLER**

# A shining light amidst the storm

egardless of your political affiliation or personal view of the presidential candidates, all Americans felt a sense of pride on that special Tuesday evening as election results rolled in from across the country resulting in the election of U.S. Senator Barack Obama to our nation's highest office. Once again, Americans showed the world the amazing power of democracy, including a smooth transition of power occurring without violence. More importantly, hundreds of millions of inspired voters banded together to elect "a skinny kid with a funny name" who will also be the first African-American President of the United States - an achievement that would have been deemed impossible only a few short years ago.

For those of us who knew and worked with Barack Obama in the state legislature in Springfield, this moment is special. There are not many people in the world who can claim to know a U.S. President, let alone have had the opportunity to play basketball, eat dinner or play cards with the future leader of the free world.

However, as President-elect Obama prepares to take office, an economic storm continues to rage in Illinois and across the country threatening the financial lives of businesses and citizens alike. In Illinois, we face fiscal challenges far worse than the days that followed the attacks on September 11 and unprecedented since the Great Depression.



Let me be very clear — there is no easy solution to the problems that plague Illinois. Despite what you hear from many elected officials, the Governor and General Assembly cannot simply "cut" their way out of the budget crisis, although spending reductions should be part of the plan. We need to stimulate the economy to encourage production and investment by manufacturers and the business community and spending by consumers. This problem will not be solved by raising taxes so long as the Governor continues to try and spend money like it grows on trees.

Consider this very quick snapshot differentiating between 2002 and today.

- In 2002, Illinois' payment cycle was 30 days — meaning that vendors did not have to wait months to be reimbursed. Today, the payment cycle is more than 120 days and growing.
- In 2002, Illinois' daily bank account balance hovered around \$1.5 billion allowing for cash flow and bill payments. Today, the state's bank account is only \$500 million on a good day.
- In FY03, Illinois' required pension payment was \$350 million. The state's required pension payment in the coming fiscal year is \$1.75 billion.

This comparison does not even take into account the fact that Illinois Comptroller Dan Hynes is currently sitting on a stack of bills totaling \$4 billion. In addition, Illinois has the worst-funded pension system in the country. Our five pension systems are under-funded by \$43 billion — an amount that would cost more than \$3,300 for every man, woman and child in the state. And the Governor's economic *see* **SHINING LIGHT** *page 8* 

**Mark Denzler** is Vice President of Government Affairs and Membership for the Illinois Manufacturers' Association. Mark can be reached at 217-522-1240, extension 3008, or mdenzler@ima-net.org.

Constellation NewEnergy — Serving over 14,000 commercial & industrial customers

# **R&D Tax Credit update 2008**

2008 *R&D* changes plus Senator Grassley calls on small and medium businesses to claim the *R&D* Credit and not fear the *IRS* 

hen the bailout bill was recently passed, the extension of the R&D tax credit was tacked on. Now, the R&D credit is extended for two more years, retroactive to January 1, 2008 through December 31, 2009. In addition, the alternative simplified credit (ASC) has been strengthened from a 12 percent credit to a 14 percent credit for 2009.

Senator Charles Grassley (R-Iowa) was behind this legislation. Former Chairman and now ranking member of the Senate Finance Committee, Senator Grassley is widely recognized as a top leader in tax legislation in the U.S. Congress.

Des Moines, Iowa, was the location for the alliantgroup Midwest Tax Conference with Senator Grassley. More than 100 CPAs and executives joined in for a day devoted to finding out the state of the union in terms of tax legislation, the then upcoming elections, tax credits and incentives, and how best to weather tough economic times.

In addition, everyone benefited from getting a perspective from the trenches on tax policy from Jim Lyons, Tax Counsel for the Senate Finance Committee. There was an overwhelming turnout for the roundtable discussion on issues with IRS audit and exam. There is clearly a great deal of frustration and unhappiness about the IRS, echoed by Senator Grassley in his speech. All-inall, the conference gave attendees much to talk about and even more to take home to benefit their business and clients.

Senator Grassley spoke candidly for almost an hour about tax legislation, how things work in congress, the role of small and medium sized businesses, and the current state of the IRS and what their role should and shouldn't be.

If there ever was a time to fully understand the phrase "... straight from the horse's mouth ..." this was it.

On the subject of the role of small and medium-sized businesses and the importance of the conference itself, Senator Grassley said:

"Ive always believed that the tax code should encourage the success of small and medium businesses. That's true now more than ever in these tough economic times. Small and medium businesses are engines of growth in this nation. We need them bitting on all cylinders to get the economy moving forward. That's why this conference is right on the money. Business owners, you should learn about the tax incentives meant for you. These incentives will help you hire more employees or improve or expand your business."

Speaking further about small and medium-sized businesses, he added: see **R&D TAX CREDIT** page 29



**Rick Meyer, CPA, MBA, MST** is a member of the ICPAS Business Tax Committee. He is the Illinois Director for alliantgroup, a national R&D tax consulting firm serving as the back office support for CPAs to identify and maximize R&D tax credit opportunities for their business clients. He can be contacted at rick.meyer@alliantgroup.com.

#### SHINING LIGHT

Cont. from page 6

forecasting arm is predicting a nearly \$800 million drop in projected revenues from the income and sales tax alone. Despite our abundant resources, great diversity, strong industrial base and position as a transportation hub for the country, Illinois is nearly a bankrupt state.

Looking at our mountains of debt, Mike Lawrence, a former top advisor to Governor Jim Edgar and recently-retired director of the Paul Simon Public Policy Institute at Southern Illinois University, chastised the political leadership in Illinois and called the state of Illinois "a shameless deadbeat."

As we head into a new Congress and new Illinois General Assembly, the IMA is redoubling our efforts to help create a strong economy in Illinois and across the country. We plan to help lead the fight against the Employee Free Choice Act or "card check legislation" that would eliminate the ability of workers to have a private ballot and election overseen by the National Labor Relations Board. This misnamed legislation actually takes away the right to vote in private and unfairly skews the process against the employer.

The IMA will oppose continued efforts by the Governor to hike

income taxes on small and mediumsized businesses or eliminate important economic development incentives. IMA President Greg Baise joined businessman Ron Gidwitz to personally sue Governor Blagojevich to stop a massive and costly health care expansion. Rest assured that we will continue to call for a leaner and meaner state government that includes no new spending programs until our budgets are balanced.

Now, more than ever, is the time for real leadership. We value your membership and participation in the IMA. That involvement allows us to stand up on your behalf and we will continue to do so proudly.

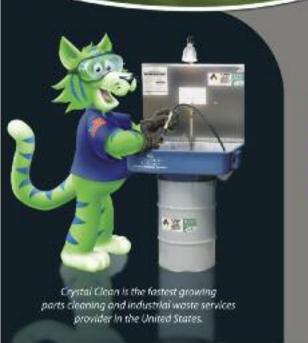
Do you need to reach important Illinois business leaders and manufacturing executives? Get your message out with an ad in . . .

Contact Stefany Henson, 800-875-4462, ext. 3017, or email shenson@ima-net.org

...And Guarantees To Lower Your Environmental Services Cost

Visit http://www.ima-net.org/library/tim.cfm for ad rates and editorial information.

# Crystal Clean Will Help You Go Green



is your shop faced with increasing challenges? Do you wish you could lower your cost, increase your quelity of service and heve more peace of mind? Crystal Clean, your IMA Alfinity pertner carchelp,

- Parts Cleaning Services (Solvent And Aqueous).
- 💍 Waste Minimization
- 🕒 Drum Waste Management
- 🕒 Environmental Audits
- 🕒 Crystal Catty Absorbent Products And Scivices .
- 🔭 Water Filtration Services And Management
- Manifest and Lagel Preparation.



Check out our website; www.crystalelean.com or call 877-928-7945 and csk for Jim Skelow for further information on our services and special IMA member only discounts and pricing

Constellation NewEnergy — The supplier of choice for two-thirds of the FORTUNE 100

# **Energy management innovations for Illinois manufacturing companies**

How a diversified energy management strategy can help manufacturing companies meet financial goals while contributing to a cleaner energy future

oday's unpredictable global energy marketplace and the rising costs associated with increasing demand for oil and gas, coupled with a growing demand to curb greenhouse gas emissions, have converged to make energy purchasing a dominant issue for manufacturers in Illinois and across the nation.

For manufacturers operating in this complex energy market, the path forward requires careful consideration of costs and the role of enhanced conservation and efficiency efforts, renewable energy purchases and long-term purchasing strategies. It is also filled with opportunity. Leading competitive energy suppliers are successfully advising owners and managers of office and commercial buildings on how to leverage these opportunities to chart a winning course in a changing energy market.

#### Innovative energy solutions and demand response

As competitive energy markets continue to develop in Illinois and other states, retail suppliers are responding with a wide array of products and services. These energy solutions range from the long-term price stability of fixed rates to variable rate programs that tailor usage to match the highs and lows of the short-term spot market.

Demand Response programs are one example of these innovative energy solutions. Most facilities already have a management system in place that integrates lighting, heating and air conditioning onto one platform. Enhancing this platform to integrate load response metering and real-time market pricing enables an organization to increase its energy management and conservation efforts, as well as better manage its energy-related risk.

By achieving a broader understanding of a building's energy consumption patterns, owners and managers are better equipped to evaluate and curtail demand at peak times during the year. Those who can capitalize on this knowledge and capability through a demand response agreement with an energy supplier have the potential to reap significant savings worth thousands of dollars and help reduce regional blackouts.

Illinois commercial and industrial

customers who demonstrate an ability and commitment to curtailing at least 100 kilowatts of electricity can sign up to participate in PJM's ISOdirected demand response program through a competitive energy supplier. In essence, demand response creates a "virtual" peaking plant where instead of the ISO resorting to firing up the most expensive generating resources to meet peak power demand, it harnesses the energy conservation efforts of the customers themselves. In exchange, participants receive substantial monthly payments throughout the year.

see DEMAND RESPONSE page 10



**Scott Lewis** is Sales Director for Constellation NewEnergy, a leading competitive energy supplier for commercial and industrial customers that serves the Illinois manufacturing industry. He can be reached at scott.lewis@constellation.com.

#### DEMAND RESPONSE

Cont. from page 9

Constellation NewEnergy, a leading competitive energy supplier, has enrolled companies across multiple industries in load response programs. For example, a major healthcare system in Northern Illinois has taken advantage of the PJM demand response program. The healthcare facilities agree to reduce their energy requirement for a specific period of time to make more energy available on the regional power grid and help to prevent blackouts and power failures. Scott Fotre, Director of Energy Management for the healthcare system, recognizes the benefits."I am very happy to participate in a program designed to lessen the demand on the PJM Transmission System and be able to reduce the energy costs at my facilities." Most hospitals have backup generation, and in many areas, these facilities can be enrolled in demand response programs and be eligible for payments in the tens of thousands of dollars.

#### Renewable energy solutions and benefits

Competitive markets are also supporting the development of domestic renewable energy solutions. More and more building owners and managers are recognizing that securing clean sources of energy is an effective, long-term strategy that's good for the environment and also good for their bottom line, especially since tenants are increasingly looking for "green" buildings.

The most common way for building owners to match energy demand with clean renewable energy is to purchase Renewable Energy Certificates (RECs), which have been designed to promote the generation and sale of energy from renewable sources such as solar, wind, hydro and biomass. REC purchases support the future development of renewable energy, lessen our dependence on fossil fuels, and reduce the greenhouse gas emissions associated with fossil fuel generated sources of energy.

By investing in renewable energy, building operators are supporting the future environmental benefits that will come as more diversified power sources positively impact the grid. In addition, RECs help provide regulatory certainty for forward-looking owners and managers that are anticipating future mandates such as the potential regulation of greenhouse gases.

Illinois is making serious environmental strides, as one of 25 states to mandate renewable energy purchase benchmarks. The Illinois Power Agency Act has set benchmarks for renewable energy purchases by utilities, which required a minimum of two percent by June 1, 2008, and incrementally increases to a minimum of 10 percent by June 1, 2015. At this time, the Act requires 75 percent of the state's renewable energy purchases to come from Illinois wind generation. Many customers are already purchasing renewable energy above and beyond these pending mandates to demonstrate their environmental commitment.

"... these facilities can be enrolled in demand response programs and be eligible for payments in the tens of thousands of dollars."

#### Direct purchases and on-site generation

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.

Constructing on-site renewable generation is another viable energy management solution, which enables office and commercial buildings to decrease their dependence on fossil fuels. For example, on-site solar power systems generate renewable energy or power that can directly meet the energy demands of a corporate campus or an individual building and its many operational systems. The provider of the on-site system establishes a long-term contract to build on the property and sells the power exclusively to the building operator. Since the provider maintains ownership of the solar power systems, there are a number of associated financial benefits, including a reduced upfront investment on the part of both parties. Lastly, on-site renewable generation also has a positive impact on the environment by drastically reducing emissions and decreasing the demand on local electric grids. freeing up hundreds of watts of power that would otherwise have been generated from traditional fossil fuel sources.

#### Integrating innovative energy solutions into your building

Today's energy market provides both challenges and opportunities to building operators. With fuel and other energy costs increasing on a daily basis, it is important that office and commercial building owners and managers devise an energy management strategy that protects their bottom line. Building operators who develop a well rounded energy strategy are also well positioned to capitalize on the growing interest from tenants seeking more energy efficient and environmentally friendly work places. Office and commercial building operators that take full advantage of the many opportunities and innovative products available in today's competitive energy market are able to develop a comprehensive approach to energy procurement that meets both their environmental and financial goals.

For more information about better managing your building's electricity budget or innovative energy solutions, contact Constellation NewEnergy (www.newenergy.com) at 866-237-7693 or via email at green@constellation.com or loadresponse@constellation.com.

# **USEPA** acts to designate the Chicago area as attaining the one-hour ozone standard

ometimes it seems like we have to go backwards before we can go forward. In a decision that could have a major impact on industrial development in the Chicago area, the USEPA announced on July 7, 2008, that it intended to find that the Chicago area had attained the withdrawn federal one-hour ozone standard. That may seem like an odd finding especially considering that the current eight-hour ozone standard is designed to be more stringent than the one-hour ozone standard. It is, but there is more to the story.

The USEPA determined in 1997 that the then existing one-hour ozone standard of 120 parts per billion (ppb) needed to be tightened to protect health. A new eight-hour standard of 85 ppb was adopted to provide this greater protection. After the obligatory spate of lawsuits by all sides regarding the excessive stringency or leniency of the new standard, the standard was left standing. In April 2004, the USEPA promulgated its rules for implementing the new standard. One element of this implementation rule called for the withdrawal of the less stringent one-hour standard. In doing so, the USEPA also sought to ensure there would not be any "backsliding" and required that controls be continued that were already in place or that were required to be in place to meet the one-hour standard. Of course, this decision by the USEPA brought about more lawsuits about what constituted controls. Does a monetary penalty against industry, when an area doesn't attain the one-hour standard, constitute a control even when the industry is operating within all regulatory requirements? What about "New Source Review" provisions whose stringency varies depending upon the severity of the air quality in the

area? Do these constitute "controls?" USEPA did not think so. Part of the complexity in answering the question regarding controls was brought about because an area such as Chicago, which was designated as a "severe" ozone non-attainment area under the one-hour standard, was designated as a "moderate" nonattainment area under the new, more stringent eight-hour standard. This apparent anomaly is possible for several reasons - one of which is the fact that the area had made major strides in reducing ozone levels. However, these improvements do not result in a change of classification until the area actually attains the standard.

The Washington, D.C., Circuit Court of Appeals ruled against the

USEPA on December 22, 2006 and also denied USEPA's petition for rehearing in June 2007. The impact of this ruling on industry desiring to build or expand in the Chicago area was to impose very stringent restrictions and requirements. These would severely dampen economic development in the area and the ruling would also expose industry to the penalty provisions of Section 185 of the federal Clean Air Act because the area had not attained the withdrawn ozone standard. Incidentally, the Court did not rule that the one-hour ozone standard could not be withdrawn, only that the "control" requirements applicable to the onehour standard needed to stay in

see OZONE STANDARD page 29



David Kolaz is the IMA environmental issues expert. A former key administrator for the Illinois EPA, David is available to IMA member companies for help and advice regarding their environmental concerns. Dave can be reached at 217-971-3357, email dkolaz@ima-net.org.





#### Austin Polytechnical Academy builds community support for advanced manufacturing

#### By Ingrid Gonçalves

ustin Polytechnical Academy (APA) is only a year old, but Chicago's only manufacturing-focused high school is already making an impact with its vision for advanced manufacturing as a vehicle for community development and economic reform.

On October 18, Austin Polytech hosted its first West Side Community Development Town Hall and Symposium to raise awareness about advanced manufacturing. Earlier in the year, the school was featured in the *Wall Street Journal* and received a welcome endorsement from then Democratic presidential nominee and now President-elect Barack Obama, who supports the creation of similar schools around the country.

"Thanks to a partnership with a number of companies, a curriculum that prepares students for a career in engineering, and a requirement that students graduate with at least two industry certifications, Austin Polytech is bringing hope back to the community," Obama remarked during a late summer campaign stop in Dayton, Ohio.

Austin Polytech is a project of the Chicago Manufacturing Renaissance Council (CMRC), a partnership of government, business, labor, education, and community leaders aiming to make Chicago the global leader in advanced, high value-added manufacturing. IMA Board member Glen Johnson of Oakley Millworks has been involved from the beginning. Johnson and the IMA were instrumental in the establishment of the Austin Polytech program.

After completing a successful first year, including a ninth-place finish at the FIRST Robotics Midwest Regional competition, Austin Polytech is poised to spread its message about advanced manufacturing to the community.

The recent symposium called "Advanced Technology, Training and Leadership in Advanced Manufacturing: A Renaissance for the West Side," held in partnership with the Digital Development Council and Oversight Committee (DDCOC), featured interactive engineering workshops for students and panel discussions on community development, new technology, and career opportunities.

The event drew city-wide attention, with government, community and business leaders participating on the panels and in the audience. Speakers included Illinois State Rep. Deborah Graham (D-Chicago); David Hanson, CMRC co-chair and commissioner of the city's Mayor's Office of Workforce Development; Fred Hoch, president of the Illinois Technology Association; Ron

12

Daly, former president of RR Donnelly Print Solutions; Alex Lyons, DDCOC board member and president of Zephyr Global; and Dan Swinney, CEO of Austin Polytech and executive director of CMRC and the Center for Labor and Community Research (CLCR).

In the "Manufacturing and Community Development" panel discussion, the CMRC unveiled a proposal to create a Wind Energy Research and Development Center on Chicago's West Side. The center would focus on the booming utility-grade wind turbines industry. Commercialscale turbines represent the next trend in wind energy, but current technology is still in its infancy and requires extensive research before it becomes economically viable.

The Wind Energy R&D Center would be rooted in the local economy and guided by a vision for community development. Based on the "cluster" business model, the center would act as an anchor for a cooperative renewable energy industry that would attract new investment and help build a green economy in Chicago. The center also would help revive manufacturing and rebuild communities on the West Side.

In the last 25 years, the number of manufacturing jobs in Chicago's Austin neighborhood has plummeted to 3,000 from 20,000.The lack of job opportunities in the area has pushed



30 percent of Austin residents below the poverty line. The symposium promoted advanced manufacturing as a way to reverse the damage done by deindustrialization and build strong, sustainable communities.

"Austin Polytech was the first step," said Swinney," and this symposium is the springboard for an economy based on hard work, creativity and innovation, the production of complex things, and high-road partnerships between business, labor, community, government and education."

APA students will have a head start in the race to the top. This year, as part of the After School Matters program, students will con-

#### You can help ... Become an Austin Polytech industry partner

Your company can help by providing internships, summer jobs and mentoring to APA students. As a partner, you will also enjoy access to recruitment and training programs through the Chicago Manufacturing Renaissance Council.

Fundraising and resources for Austin Polytech are coordinated by the Center for Polytechnical Education (CPE). Donations to CPE support key positions and activities that aren't provided by Chicago Public Schools, such as the industry liaison who develops partnerships with businesses and the director of community programs who generates family and community involvement in the school.

CPE currently seeks mentors and coaches to help APA's robotics team compete at the highest level. Financial and personal support from IMA member companies is critical to building world-class schools to train the next generation of talent for world-class companies.

For more information about partnering with Austin Polytech, contact Chuck Simpson at 773-278-5418, ext. 24, or csimpson@clcr.org. If you would like to support CPE, contact Dan Swinney at 773-278-5413, ext. 13, or dswinney@clcr.org.

tinue to learn about the demands of owning and operating a manufacturing company by producing a soft drink from start to finish at Goose Island Brewery. The school's industry partners are forming a Manufacturing Advisory Committee composed of leading professionals who have agreed to share their expertise with students. In preparation for National Institute for Metalworking Skills (NIMS) electives, plans to build a metalworking shop are under way. NIMS electives allow APA students to earn industry recognized certifications, opening doors to well-paid and exciting careers in advanced manufacturing.

Austin Polytech has inspired the creation of the new Center for Polytechnical Education (CPE), a not-for-profit organization dedicated to replicating and developing the Austin Polytech model. Chicago Public Schools has granted CPE approval to open another school, the Chicago Academy for Advanced Technology (CAAT), in the fall of 2009. CAAT will train students for careers in information technology, an increasingly important sector in our economy.

Author and photographer Ingrid Gonçalves is director of communications for the Chicago Manufacturing Renaissance Council. For more information about Austin Polytechnical Academy and the Chicago Manufacturing Renaissance Council, visit www.austinpolytech.com and www.chicagomanufacturing.org.



Forward-thinking organizations understand the importance of adopting zero-emissions energy solutions. Constellation Energy is committed to providing responsible, sustainable energy to power America's future. We're pursuing graener energy resources because demand for new solutions is growing, and no one understands energy markets better than Constellation. The largest wholesale electricity supplier and one of the top natural gas suppliers in North America, we serve the electricity needs of more than two-thirds of the Fortune 100 and provide natural gas to many of the largest industrial operations in North America.

Whether you need predictable and controlled energy sourcing, onsite energy supply, facility energy management or retrolitting, or energy consulting and risk management services, Constellation Energy companies provide the natural solution. Call us today.

Constellation NewEnergy North America's #1 competitive electricity supplier 866.237.7693

Constellation NewEnergy - Gas Natural gas supply and transportation from wellhead to burner tip 800.900.1982

Constellation Energy Projects & Services Group Behind-the-meter energy infrastructure and management 800.436.3749

Fellon-McCord & Associates Energy consulting, strategic procurement and risk management 800.900.1982



constellation.com

n 2011, the oldest of the Baby Boomers will turn 65, marking a turning point in corporate America. As the 76 million Baby Boomers begin to leave the workforce, the United States will experience the most dramatic economic and demographic changes in its history. For the first time ever, we are facing a mass retirement movement. To survive unscathed, companies must begin planning and preparation for this transition today.

At first glance, the impending Baby Boomer exodus may seem of little concern to companies. After all, people have been retiring from the workplace for ages. However, companies need to keep in mind that the upcoming retirement years are going to be larger scale than in any other time in our country's history. With 76 million Baby Boomers leaving the workforce and only 46 million Generation Xers available to take the newly vacant roles, there's a deficit of 30 million workers. And while the Millennials (also known as Generation Y) number at approximately the 100 million mark, the oldest of them are too young and inexperienced to step into leadership roles.

Therefore, think about your own company for a moment. How will you handle this transition? How will you groom your Generation X workers to step into leadership roles? How are you going to transfer the 40+ years of wisdom and experience that the Boomers possess to your younger workers? How do you plan to keep your company successful and running smoothly with a deficit of workers?

The bottom line is that all companies need to harness the young leadership already in their company so that the Baby Boomer exodus has as little impact as possible on the organization. Use the following tips to help make the upcoming transition period a smooth one.

#### Know what you're up against

You need to find out as soon as possible how this mass retirement will affect your company. Get with your HR department and find out your workplace demographics. How many Baby Boomers are currently working in the company, what are their positions, and what are their anticipated retirement dates? For

# A looming transition: Survive the mass exodus of boomers in the workplace

By Anne Houlihan

example, are all your middle managers positioned to retire in the next five years? Will three key machinists be leaving all at once? Will your sales department shrink by half in the next few years? You need to know what the impact will be on your company so you can start planning and be ready for the transition.

#### Develop a knowledge transfer strategy

Most companies have policy manuals that detail each position's job requirements. While such a policy manual is a good start for grooming younger workers, it's simply not enough. After all, you can only document so much of the day-to-day activities. Plus, there are subtleties of every job — things you do just because experience and knowledge points you in a certain direction. You simply can't document those kinds of things. That's why you need to go a step further and develop a strategy/policy/ training system for transferring the knowledge and skills of the older workers to the younger successors.

#### Mentor the younger workers.

As part of the knowledge transfer strategy, companies need to implement some sort of mentoring program. For a company to have a successful transition, the younger genera*see* MASS EXODUS *page 26* 

# Strategic planning during an economi

By Tom Ziemba, PhD

ecently we entered a period of economic challenges which are upending organizations in all manufacturing industry sectors and across all positions in the value chain. Business paradigms that were solid a year or two ago may not be responsive to the new economic environment.

Adjusting the business model on the fly, while it may yield short-term benefits, often results in poor resource allocation and misalignment among the organizational components. Investing the time and resources to take inventory and craft a new strategic plan, or revalidate the existing business model, is one of the core management actions that provides a sense of direction and optimism during a period of economic uncertainty.

Strategic planning usually involves the development of specific tactics to promote efficiency and growth. The top five growth strategies identified by Illinois manufacturers and wholesale distributors are listed here based on a recent RSM McGladrey survey of companies in Illinois<sup>1</sup>. Industry trends are shaped by the economic environment which impacts the attractiveness of one or more of these growth initiatives.

- Acquiring new customers (77 percent)
- Increasing sales in domestic markets (72 percent)

- Increasing sales to current customers (67 percent)
- Increasing sales in international markets (39 percent)
- Increasing the number of new products (38 percent)

During an economic downturn, the strategic planning process and focus takes on a different character. In addition to the five growth strategies, underlying themes that become more prominent include building organizational agility, leveraging core competencies, careful risk assessment, and initiating long-term changes in systems and processes.As an example, this may be an opportune time to accelerate the implementation of lean manufacturing, improve customer support, enhance supply chain management, provide employee cross training to build capabilities or further differentiate your company from the competition.

Do the typical growth patterns make sense when sales drop and/or competition for fewer purchasing dollars intensifies? A key to effective planning is to anticipate the buying trends of your company's current or prospective customers. Early recognition of the patterns in your company's industry or the industry representing your company's customer segments is critical in positioning your company for the future. As stated by Slywotzky and Morrison in their book, *Profit Patterns*<sup>2</sup>, "Seeing patterns superimposing a structure on the chaos allows us to map the landscape and direct our strategy toward the most profitable opportunities." During an economic downturn, the "patterns" become more complex as "usual" buyer behavior gives way to behaviors such as hyper price sensitivity or seeking free "value-added" services from suppliers.

## Strategic planning approach

A Balanced Scorecard<sup>3</sup> provides a framework and process for developing the long-term plan. It requires the development of long-term goals along four dimensions:

- 1) Customer/market/product components
- Infrastructure requirements (e.g., facilities, IT, logistics, pricing, customer service, staff capabilities),
- Innovation (e.g., product development, climate of innovation)
- 4) Financial expectations

The customer, infrastructure and innovation goals determine the potential financial results. The customer related goals define the potential for the company, while the infrastructure goals describe the investment needed to meet the customer strategies. Innovation is built into the plan as a vehicle to attain the customer specific goals. Financial expectations flow from the potential opportunities identified along the other dimensions.

Specific goals are identified for each category based on a review of company, competitor, economic and market centric factors. Given the rapid change in the marketplace today, the goals are limited to predicting the company's performance three years into the future.

#### Features of the approach

The following features result in the preparation of a comprehensive plan and ensure managers, employees and other stakeholders are aligned around the strategy. **Workshop process to build the plan** 

The Planning Team participates in a series of workshops organized by the *Balanced Scorecard* categories. The defined objectives for each planning workshop build alignment around the plan. Each successive workshop builds on the conclusions made in the prior one.

#### Management generated plan

The management team develops and owns the plan. As such, the team determines if they have the key capabilities needed to develop a plan. These include skills or competencies such as research, profitability analyses, systems thinking, strategic orientation, or long-term planning. **Comprehensive input from stakeholders** 

A structured and efficient fact-finding process promotes input from a variety of sources including employees, managers, Board members and/or owners and other stakeholders. The fact-finding process is particularly impactful during an economic downturn. It provides an opportunity for employees to engage customers in identifying their requirements, signals to employees that the "future" is positive, and provides a general uplift for all those involved.

#### **Roles and responsibilities**

The participants in the planning process determine the final quality of the plan. The following are the various roles and responsibilities in the planning process.

#### **Board of Directors**

Board members provide input and guidance on the organization's direction on behalf of stakeholders. They endorse the strategic plan and advise management on the plan's implementation.

#### Planning team

Typically, the team consists of the CEO and his/her direct reports. However, the planning process is an excellent vehicle to provide experience for high-potential, second-tier leaders.

The team crafts the strategic plan with input from various constituencies and sources. The Planning Team is responsible for the plan's implementation.

#### **Resource teams**

Three to six teams of managers and functional leaders participate as a fact-finding and research resource. These teams research one issue such as competitor practices or product profitability and present their findings at the appropriate workshop. Members of the resource team then become the conduit to implementing the strategic goals.

#### **Outside advisors**

The outside facilitator can manage the planning process and bring an outside perspective for the Planning Team's consideration. In addition, the facilitator can provide the context for the plan, challenge the status quo, and organize the planning process.

#### **Planning process**

Middle market and mid-sized companies who view the planning process as a significant organizational development process, as well as a blueprint for the future, will obtain the most benefit from the strategy development activities. The following workshop sequence has proven to be very effective in elevating the Planning Team's knowledge of the planning process, their markets, and the capabilities of the organization.

#### Workshop 1:

Planning foundation — Validation of the current business model as well as the mission, vision, values, competencies and differentiators

#### Workshop 2:

Marketplace analysis — Review of customer trends, opportunities, competitor practices, and potential

#### Workshop 3:

Infrastructure review and financial plan — Operational and human capital requirements, as well as the financial investments and expected ROI

#### Workshop 4:

Strategy review and implementation — Implementation plan with accountabilities

The workshops are separated by a period of time (two to three weeks) to review the strategies flowing from the workshop and conduct the analyses needed to support the review in the next workshop.

see PLANNING page 18

#### Benchmark with IMA publications -IMA's 2008-2009 Annual Benefits Report and 2008-2009 Annual Compensation Report

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

This is what you need to plan for the future. ORDER YOURS TODAY AT

www.ima-net.org/ben\_report\_order.cfm

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

ht Manufacturers' hce from RSM ts contain valuable fits data specifically acturers. to plan for the future. ht ort\_order.cfm tanley at 0, org.

Constellation NewEnergy — The leading electricity supplier for businesses in Illinois and throughout North America

#### PLANNING

Cont. from page 17

#### **Planning themes**

During a period of economic uncertainty, factors such as increased customer intimacy, identifying ways to enhance the customer's value chain, and cost management will likely be emphasized in the planning process. The table below highlights the shift in emphasis in the strategic plan during a period of economic uncertainty. A representative subset of all the planning themes addressed during the planning process is illustrated for six components of the business model.

#### Strategic plan content

Typically, five to ten strategies are identified for each category of the balanced scorecard. Goals are established for each strategy anchored by metrics which define goal achievement. The result of the strategic planning process is documented for ongoing review during the three-year performance period. The following list presents the organization of the final planning document:

- Validation of core competencies, values, and mission
- Summary of customer trends and patterns and competitor review
- Customer/product strategies for each customer segment

- Proposed business model
- Risk assessment
- Financial projections (profitability/revenues)
- Three-year high level strategy and strategic plan
- Strategic goals for each category of the balanced scorecard
- Strategy map
- Implementation plan with timelines and accountabilities

## Maximize the ROI of the planning process

The following principles establish the context for the planning process for it to be successful.

**Change orientation** — The strategic plan requires the organization to make changes to at least one or more components of their current business model. Resistance to change is natural, but the speed to which the change can be implemented, has a major impact on realizing the benefits of the plan.

**Implementation accountabilities** — Each major strategy must be supported by smaller, more discrete strategies and goals with specific staff assigned to implement projects supporting the plan.

**Goal integration** — The Balanced Scorecard provides the framework to adjust the infrastructure and other internal operations to meet the proposed marketplace strategies. It is critical that the internal systems, whether they are human capital or fixed assets, are configured to support attainment of the strategy.

Management talent — Key to the success of the implementation of the plan are the capabilities of the leadership team. Often, because components of the business model change based on the requirements of the new plan, new leadership competencies are needed and some existing competencies may have limited application.

In conclusion, the basic framework of the strategic plan and the process remain the same regardless of the economic environment at the time the plan is developed. The most notable modification during a period of economic uncertainty is emphasis on specific planning themes (e.g., emphasize customer retention over growth).

#### References

- 1. RSM McGladrey, 2008 Manufacturing and Wholesale Distribution Survey.
- 2. *Profit Patterns*, by A. Slwotzky and D. Morrison, Times Business Random House, 1999 (p. 9)
- 3. *The Balanced Scorecard*, by Robert S. Kaplan and David P. Norton, 1993

To learn more about RSM McGladrey's Strategic Planning Services, please contact Tom Ziemba at 847-413-6953 or email tom.ziemba@rsmi.com.

Business Model Component	Normal Economic Environment	Economic Downturn
1. Select Customers	Target specific customer segments	<ul> <li>Broaden customer base</li> <li>Anticipate customer/ industry trends</li> </ul>
2. Differentiator in the Marketplace	<ul> <li>Specific product features</li> <li>Customer service</li> <li>Price or value added</li> </ul>	<ul> <li>Competitor practices</li> <li>Adopting a product portfolio concept</li> </ul>
3. Attract and Retain Customers	Customer service	<ul><li>Customer intimacy</li><li>Value chain partner</li></ul>
4. Go to Market	Multiple channel utilization	Sales force effectiveness
5. Configure Resources	Build supporting infrastructure	<ul><li> Efficiency</li><li> Process improvement</li></ul>
6. Capture Profit	<ul> <li>Growth</li> <li>Market share</li> <li>Innovation</li> <li>New products</li> </ul>	<ul> <li>Cost reduction</li> <li>Capture wallet share</li> <li>Customer partnerships</li> <li>Enterprise risk assessment</li> </ul>

# **Employee protections broadened under the ADA: Employers should be prepared**

n September 25, 2008, President Bush signed into law the ADA Amendment Act of 2008 (the "ADAAA") which amends the Americans with Disabilities Act of 1990 (the "ADA") by offering greater protection to individuals with disabilities. Overturning four U.S. Supreme Court decisions, the ADAAA will reverse what proponents believe is an impermissible judicial trend of narrowing the broad scope of protection Congress intended when it passed the ADA. In large part, the ADAAA is the result of court decisions finding that people with a range of impairments were not individuals with disabilities and were excluded from coverage under the ADA. The ADAAA, which goes into effect on January 1, 2009, significantly broadens the definition of disability and lowers the standard for determining whether an impairment substantially limits an individual's major life activities. Employers should brace themselves for what will undoubtedly be a dramatic increase in employees' requests for workplace accommodations and a consequential spike in litigation.

#### ADAAA requires a broad interpretation of "disability"

In perhaps the most sweeping change, the ADAAA lowers the standard for determining when an impairment "substantially limits" an individual's major life activities, a requirement for coverage under the ADA. The ADAAA expressly rejects the more stringent standard put forth by the Supreme Court in *Toyota Motor Manufacturing Kentucky, Inc. v. Williams*, 534 U.S. 184 (2002).

In *Toyota*, an automobile assembly line worker claimed to be unable to perform her job because she was disabled by carpal tunnel syndrome and related impairments. She sued her former employer for failing to provide her with a reasonable accommodation as required by the ADA. The Sixth Circuit Court of Appeals found that the worker's impairments substantially limited her in the major life activity of performing manual tasks associated with certain types of manual jobs that require the gripping of tools and repetitive work with hands and arms extended at or above shoulder level for extended periods of time. The Sixth Circuit made this determination even though the evidence demonstrated that the worker's carpal tunnel syndrome did not prohibit her from carrying out personal and household chores.

The Supreme Court reversed, holding that the terms "substantially limits" and "major life activities" as used in the ADA must be interpreted strictly to create a demanding standard for an see **BE PREPARED** page 27



David B. Ritter is partner and Chair of, and Nineveh Alkhas is a member of the Labor and Employment Practice Group of Chicago-based law firm and IMA member Neal, Gerber & Eisenberg LLP. David can be reached at 312-269-8444 or dritter@ngelaw.com. Nineveh can be reached at 312-269-5321 or nalkhas@ngelaw.com.

#### Member News

#### President Bush meets with Bison Gear Chairman and other business leaders on economic rescue package



IMA Board Chairman Ron Bullock met with President Bush and other business leaders in Washington in October.

In his role as business owner, Chairman of the Illinois Manufacturers' Association (IMA) and a Director of the National Association of Manufacturers (NAM), Ron Bullock was among national business leaders who met with President Bush at the White House in early October to personally discuss the state of the economy and the vital importance of the passage by the House of the then pending Economic Rescue Package.

Bullock told the President of his concern for how tightening credit markets affect not only the ability of his customers to buy Bison products, but also how his customers' customers were finding it difficult to finance new equipment. In addition, he expressed concern over the difficulties Bison Gear might face in its growth plans and the security of its 275 employees.

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

"The credit markets are in turmoil. Even healthy companies with solid balance sheets and order backlogs cannot obtain the routine financing they need to meet payroll and expand productive capacity," said NAM President John Engler.

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

#### 

#### Congresman Don Manzullo visits Woodward Governor Company in Rockton

U.S. Congressman Don Manzullo (R-IL) visited the Rockton, Illinois, facility of Woodward Governor Company on November 3rd, spending nearly two hours meeting with key staff and employees on the day before the election.

"Congressman Manzullo has once again demonstrated his ongoing commitment to manufacturing," said Director of Operations Maureen Tackett. "We are very honored that he chose to take time to visit Woodward Governor."

Manzullo was recently honored by the aerospace industry who named him the winner of the sector's coveted "Wings of Liberty" award. He is the former Chairman of the House Small Business Committee. From Egan, Illinois, Manzullo will begin his ninth term in the U.S. House of Representatives in January.

#### LeRoy G. Hagenbuch and Donald V. Fites inducted into AEM Hall of Fame

The Association of Equipment Manufacturers (AEM) recently announced five new inductees for the AEM Hall of Fame, which recognizes, celebrates and preserves the history of outstanding leaders in the off-road equipment industry. The induction took place during the AEM Annual Conference, November 11, 2008, in Scottsdale, Arizona. Candidates were judged by an independent panel of industry experts and supporters on how well they exemplified five guiding principles: innovation, industry contributions, leadership, corporate citizenship/ social responsibility and sustainability.

Among five honorees are two from IMA member companies, Donald V. Fites, Chairman and Chief Executive Officer (former) of Caterpillar Inc. and LeRoy G. Hagenbuch, P.E, Co-Founder and President of Philippi-Hagenbuch, Inc.

Fites served as Chairman and Chief Executive Officer of Caterpillar from June 1990 until his retirement in February 1999. He spent a total of 42 years with Caterpillar, 16 of which were overseas. Fites was instrumental in providing the momentum for product and market innovations and new ventures. For example, in 1975 he directed a study of engine capacity that set the course for the growth of the company's engine business into the 1990s.

His contributions helped Caterpillar increase quality through product and process redesign. For example, from 1987 to the mid-1990s, Caterpillar decreased equipment production time from 25 assembly days to six, and reduced inprocess inventories by 60 percent.

In 1995, Financial Magazine named Fites "CEO of the Year" and *The Wall Street Transcript* named him gold award winner of the machinery industry. In 1998, Fites received the "Consumers for World Trade Annual" award and the Executives Club of Chicago named him "Executive of the Year" in 1999.

LeRoy G. Hagenbuch is Co-Founder and President of the engineering firm Philippi-Hagenbuch, Inc. Hagenbuch's patent for the first commercially available tailgate designed for off-highway haul trucks was only the beginning. He is now credited with 89 patents, 51 in the United States and 38 in other countries. The most recent patent refines rear-ejection technology, allowing operators to push the load from the back of a haul truck instead of raising the bed. To advance the process

(continued on page 21)

of mine reclamation, he developed many products to efficiently haul overburden and other materials.

Hagenbuch has made outreach and industry progress a mainstay of his career. He has written white papers on vital industry topics, spoken at conferences and trade shows worldwide, and been active with many associations on behalf of the industry. His operating philosophy has been to extend the safety focus beyond training and awareness; each Philippi-Hagenbuch engineer is challenged on the safety of their product designs. In addition, each staff and production meeting at the company starts with a discussion of a critical safety topic. Hagenbuch is a member of many state and national business and industry associations, including the Association of Iron and Steel Technologies (AIST), the Master Mechanics, and the Society of Automotive Engineers (SAE). He is a member of the IMA Board of Directors.

#### 

#### Keats Manufacturing Company celebrates 50th anniversary

Keats Manufacturing Company, a nationally recognized manufacturer of stamped metal parts, wire forms and assemblies to the OEM market, celebrated their 50th anniversary on October 1.

Founded by brothers Bert and Glenn Keats in 1958, the company's first location was a storefront on Chicago's north side. The company moved to two more locations in Chicago before settling in suburban Wheeling in 1989. Keats Southwest was opened in El Paso, Texas in 1994 to better serve the OEM assembly markets in the Southwest and Northern Mexico. In 2007 Keats expanded again when Keats Costal Stamping opened in Oakland Park, Florida.

Keats employs nearly 100 workers in Wheeling; 50 in El Paso and another 30 at its Florida location.

ADM, Deere, Monsanto to collaborate on corn stover research

Archer Daniels Midland Company, Deere & Company and Monsanto Company have agreed to collaborate on research to explore technologies and processes to turn crop residues into feed and bioenergy products.

The companies will work together to identify environmentally and economically sustainable methods for the harvest, storage and transport of corn stover — the stalks, leaves and cobs of corn plants. Corn stover can be used in feed for animals, as biomass to generate steam and electricity or as a cellulosic feedstock for biofuel production.

By creating feed and energy products from crop byproducts, farmers can produce more products without farming more acres, and increase the value derived from each acre.

Stover is usually left on the field, where, in proper amounts, it helps reduce soil erosion and build up soil organic matter. A 170-bushel-per-acre corn crop, which was the average last year in Iowa, also produces about four dry tons of stover. The United States Department of Agriculture forecasts that in 2008, farmers will harvest 12.3 billion bushels of corn, resulting in approximately 290 million tons of stover.

In their work, the companies will address a number of complexities and challenges. For example, stover collection rates need to be adjusted on a field-by-field basis to ensure that sufficient stover is left on the soil to reduce erosion and maintain or improve soil quality for the next season's crop. Also, the amount of moisture in the stover at harvest can present challenges in transportation and storage. Monsanto, ADM and John Deere are committed to identifying processes and technologies that will create an economically, agronomically and environmentally sound value chain for corn stover.

"As the world's population grows, so will demand for food and energy. Using non-food feedstocks for feed and energy is one way that agriculture can apply innovation to create renewable, sustainable solutions," said Dr. Todd Werpy, Vice President, Research, ADM. "There are a number of challenges associated with harvest, collection and storage of cellulosic biomass. This collaborative effort brings together three agricultural leaders to identify and address the complexities that come with commercializing a new feedstock."

"Expansions in biorenewable energy are possible if we are able to combine productivity and sustainability improvements in agriculture and forestry with a variety of biomass feedstocks and the most applicable conversion technologies," said Dr. Klaus Hoehn, Vice President, Advanced Technology and Engineering, John Deere. "We are hopeful the collaboration of our companies will lead to innovative technologies to improve collection and provisioning of biomass feedstocks, such as corn stover."

"Advanced biotechnologies are protecting plants better than ever, helping the plants to achieve their full grain yield potential," said Robb Fraley, Chief Technology Officer, Monsanto Company. "Achieving this potential also means having healthier, larger plants producing even more biomass. This provides an opportunity to convert an underutilized resource into a new source of value for growers and processors. It's an exciting area of research to focus on and we're pleased to be a part of it."

Quality Float Works among top 5,000 fastest growing companies

*Inc. Magazine* has announced that Quality Float Works, Inc., a Schaumburg area manufacturer, has been named one of the top 5,000 fastest growing private companies in the nation. This is the second consecutive year Quality Float Works, Inc. has been named to the exclusive list.

(continued on page 22)

#### Member News

Since 2003, Quality Float Works, Inc. has seen a 105 percent increase in revenue due to developing a technological innovation that has allowed them to compete in the global marketplace. Today, their products are used in gas, oil, plumbing and agricultural applications throughout Asia, Canada and Europe to help purify water in developing nations.

"We are extremely honored to earn consecutive awards and be included among some of the nation's most successful companies who are dedicated to fostering the entrepreneurial spirit," said Sandra Westlund-Deenihan, President, Quality Float Works, Inc.

#### Jason Speer of Quality Float Works to serve as representative on U.S. Department of Commerce Manufacturing Council



Jason Speer (left) is sworn in to serve on the U.S. Manufacturing Council by U.S. Secretary of Commerce Gutierrez (right).

U.S. Commerce Secretary Carlos M. Gutierrez has appointed Chicago area manufacturer Jason Speer to the U.S. Manufacturing Council, an advisory council which shapes manufacturing policy for the U.S. Secretary of Commerce and the administration. Speer serves as the Vice President and General Manager of Quality Float Works, Inc., the nation's premier metal float and assembly manufacturer whose products are used in the gas, oil, plumbing and agriculture industries. Quality Float Works, Inc. is located in Schaumburg, Illinois. As a Council member, Jason will provide advice to the Secretary regarding the implementation of the President's Manufacturing Initiative and other manufacturing related policies.

Speer has also been tapped to

Chair the Council's Sustainable Manufacturing Subcommittee which will focus on a broad range of issues and awareness initiatives to ensure all facets of the manufacturing industry are given the tools to succeed today and in the future. Jason is the sole representative from Illinois and one of the few small business manufacturers to serve on the prestigious council. His term expires in Spring, 2010.

"I am honored to accept Secretary Gutierrez's appointment to this prestigious Council," Speer said. "I look forward to working closely with my fellow Council members and the new administration to ensure the U.S. manufacturing sector continues to thrive and compete in both the domestic and global marketplace for generations to come."

The Council works directly with the Commerce Department to advocate, coordinate and implement policies that seek to strengthen U.S. manufacturers' competitiveness worldwide. The newly appointed council consists of 14 private-sector executives whose companies reflect the diversity of the manufacturing industry. Priorities of the Council include: investment in innovation; improving the climate for investment in the U.S. manufacturing sector and ensuring the sustainability of the U.S. manufacturing industry in an increasingly competitive global market.

For more information on the Manufacturing Council, visit: http://www.manufacturing.gov/ council/index.asp?dName=council.



#### AME awards 2008 Midwest Regional Manufacturing Excellence Award to Abbott Global Pharmaceutical Operations

In a competitive and increasingly challenging marketplace, seven companies have achieved a level of remarkable, sustained excellence this year and have been formally acknowledged by the Association for Manufacturing Excellence (AME). Abbott, AP16 Plant, Global Pharmaceutical Operations in Abbott Park, Illinois, was named winner of AME's 2008 Midwest Regional Manufacturing Excellence Award. The company joined five other regional honorees.

"As always, our Manufacturing Excellence Award winners truly reflect the individual success stories of Lean," said AME's President, Ralph Keller. "No two Lean journeys are alike, and these impressive winners have distinguished themselves as the cream of the crop with focused determination and innovation in a year rocked by a challenging economy. The contributions of these selected companies reflect the very best in the manufacturing industry today."

Abbott Laboratories' AP16 Plant employs 370 people occupying 245,000 sq.ft. at its Abbott Park location. This manufacturer and packager of pharmaceutical products was acknowledged especially for the plant's team-based root cause problem solving (RCPS) and Kaizen successes, both of which served as the basis for AP16's Lean journey four years ago. Abbott is a global, broad-based health care company devoted to the discovery, development, manufacture and marketing of pharmaceuticals and medical products. The company employs more than 68,000 people and markets its products in more than 130 countries. In 2007, Abbott's AP16 Plant generated revenues of approximately \$250 million.

AME's Manufacturing Excellence Awards recognize and honor organizations that are using effective strategies to improve competitiveness and profitability. Regional winners are chosen from states in each of AME's nine geographic regions by AME judges, with the national winner named from among the regional winners. AME's regions include Great Lakes, Mid-Atlantic, Mid-Western, North Central, Northeastern, Southeastern, Southwestern, Western and Canadian.



<sup>(</sup>continued on page 23)

#### Smurfit-Stone celebrates grand opening of new hightech plant in Chicagoland

Smurfit-Stone Container Corporation recently celebrated the opening of its new Chicago-area container plant located in New Lenox, Illinois. Located in the nation's second largest packaging market, the New Lenox plant is one of the most modern corrugated container manufacturing facilities in the industry. The plant will employ approximately 145 people and serve companies in the pizza, oil and lubricants, laundry detergent and household goods, food products, cooking oils, and health care products industries.

Smurfit-Stone Chairman and Chief Executive Officer Patrick J. Moore said, "Our investment in New Lenox represents Smurfit-Stone's long-standing commitment to the Chicagoland market area. Smurfit-Stone has had strong ties to Chicago for many years and our new world-class facility here helps to further position us as a leading integrated packaging company. Our operations span major packaging markets in North America and Asia, and provide our customers with quality, innovative and value-added products and services wherever and whenever they need them."

The New Lenox facility is a highvolume and high-efficiency operation that can produce as much as 2.4 billion square feet of corrugated board annually.

The design, development and manufacture of the products made in New Lenox are supported by Smurfit-Stone Image Pac, the company's display and graphics business unit. Smurfit-Stone President and Chief Operating Officer Steve Klinger said, "By combining our design expertise with our manufacturing network, Smurfit-Stone Image Pac creates one of the industry's largest display and graphics manufacturing and distribution systems. New Lenox and Smurfit-Stone Image Pac are teaming up on a number of products and services for our customers, including our pizza program."

Smurfit-Stone's industry-leading pizza program serves national chains,

regional chains and neighborhood pizza businesses by creating consistent, quality and high-graphics boxes, in addition to warehousing and distribution services. The New Lenox plant was designed to be a flexible and efficient facility. Environmentally friendly features include a zero-discharge scrap handling system.

To celebrate the New Lenox plant opening and to support its commitment to sustainability, the environment and mitigating climate change, Smurfit-Stone donated 1,000 seedlings to the Village of New Lenox. Smurfit-Stone's customers and employees, as well as New Lenox Mayor Tim Baldermann, joined in the grand opening celebration.

Smurfit-Stone Container Corporation is a leading integrated containerboard and corrugated packaging producer and is one of the world's largest paper recyclers. The company is a member of the World Business Council for Sustainable Development, the Sustainable Forestry Initiative, and the Chicago Climate Exchange.

#### Motorola supports student achievement in science and math, competitiveness in knowledge-based economv

#### Innovation Generation grants provide \$4 million to K-12 programs across the U.S.

The Motorola Foundation recently announced the recipients of its 2008 Innovation Generation grants, which provide \$4 million to 92 K-12 education programs across the country. The grants support sustainable solutions that strengthen the U.S. position in science, technology, engineering and math (STEM) by cultivating a workforce of critical thinkers.

"We've reached a threshold in our global competitiveness in math and science where the need to spark and sustain students' interest in these critical skills is paramount," said Eileen Sweeney, director of the Motorola Foundation. "Building a diverse pipeline of critical thinkers, skilled scientists and engineers is a by-product of our efforts that not only will benefit Motorola and our industry, but it also will support a sustainable workforce and bolster the country's competitive advantage in the global, knowledge-based economy."

Motorola has provided more than \$20 million in funding since 2005 to enable students to invent and learn as part of hands-on, interactive after-school programs, science and math clubs, camps and mentoring programs. The Foundation's focus on STEM education in the U.S. directly addresses obstacles to achievement by engaging students - particularly girls and under-represented minorities - in the practical applications of the concepts engineers and technologists employ every day at Motorola.

The latest research shows that jobs requiring science, engineering or technical training will increase 24 percent between 2004 and 2014 to 6.3 million. The disparity between the growing demand for critical thinkers and the country's ability to adequately prepare students to fill these jobs has been widening for decades. The most recent global survey of 15-year-olds' performance in science shows 24 percent of U.S. students surveyed at the lowest level of performance - below the level at which students begin to demonstrate the ability to successfully participate in the workforce. The lack of skilled graduates in these fields poses a significant threat to sustained U.S. competitiveness in the global, knowledge-intensive economy.

Furthermore, diversity in these fields is lagging. In May, the National Action Council for Minorities in Engineering announced the results of a study funded by the Motorola Foundation that found African Americans, Latinos and American Indians continue to be under-represented in STEM disciplines.

"Diverse viewpoints don't just affect the way companies design and develop products. They are a competitive advantage for U.S. businesses," said Sweeney. "We want to do everything possible to make technol

(continued on page 24)

ogy accessible and relevant for all kids — regardless of gender, race or socioeconomic background — so that they develop a passion for problem-solving."

Of 2008 Innovation Generation grantees, 43 percent target African-American students, 23 percent serve Hispanics and 35 percent engage girls specifically. Examples of this year's grant recipients include: El Valor Corporation in Chicago — Go! Team engages Latina girls in Chicago's Pilsen and South Chicago communities in the field of environmental science by engaging them with new media, including blogs and e-journals.

"Support from the Motorola Foundation is enabling us to not only get minority middle school and high school youth - particularly girls interested in science, but to keep them interested through personalized experiences with scientists. Furthermore, we know that interest in science among eighth graders is a better indicator than test scores for predicting future career choices," said Gabrielle Lyon, cofounder and executive director of Project Exploration."We look forward to partnering with Motorola and the Innovation Generation network of STEM champions toward our common mission of supporting opportunities, achievement and inspiration in STEM subjects."

The Motorola Foundation is the charitable and philanthropic arm of Motorola. The Motorola Foundation focuses its funding on education, especially science, technology, engineering and math programming.

#### John J. Winkler is new President & CEO of Tricon Industries, Inc.

Tricon Industries, Inc., Downers Grove, Illinois, a world leading processor of precision plastic insert molded components, announced that John J. (Jay) Winkler has assumed the position of President and Chief Executive Officer. In this role, Mr. Winkler directs the manufacturing, engineering, marketing, sales and service operations of Tricon Industries and its electromechanical and brazing alloys divisions as well as the company's operations in Mexico and its strategic partnerships in Europe.

Winkler brings more than a decade of experience to the job having previously served as Controller and Vice President of Tricon. He is credited as being instrumental in dramatically expanding the company's ability to serve global markets.

"Tricon blends global company capabilities with local family company values and flexibility," Winkler says. "We are a hard-working group of professionals who will do whatever we can to make our customers successful. My goal is to continue to expand our customer base by bringing our solution-oriented engineering and manufacturing to new markets and new regions."

Winkler, a Chicago native, and his family live in Glen Ellyn, Illinois.

# Caterpillar is again a top global brand

Interbrand, the world's largest brand consultancy, has once again placed Caterpillar, Inc. on its Best Global Brands list. Coming in at number 68 this year, it's the sixth consecutive year Caterpillar has ranked within the top 100 brands. The Caterpillar brand increased five percent from the 2007 ranking to a value of \$5.28 billion. The company has seen its brand value rise 65 percent since first making Interbrand's list in 2002.

"Our global scale, diverse employee base, unique dealer distribution model and innovative culture are key reasons why Caterpillar continues to lead in almost every industry we serve," said Stu Levenick, Caterpillar group president. "We and our worldwide dealer organization are providing solutions to our customers that ensure a more sustainable planet, allowing us to remain at the forefront of positive global change, especially in emerging markets."

*BusinessWeek* pointed to Caterpillar's "enviable position as these new markets expand at an extraordinary rate" as a reason for making the 2008 list.

"The legacy of our brand is well known. We've been making progress possible for more than 80 years," said Caterpillar's Global Brand Manager Jennifer Wilfong. "Equally significant is the impact our products and services have on making sustainable progress possible. We are pleased with the recognition our brand continues to receive. I'm confident the value of our brand, whether measured in dollars or by the increasingly sustainable world we help make possible with our dealers and customers, will continue to grow."

To qualify for inclusion in the BusinessWeek/Interbrand Best Global Brands 2008 list, each brand must derive at least a third of its earnings outside its home country, be recognizable outside of its base of customers and have publicly available marketing and financial data. This methodology evaluates brand value in the same way any other corporate asset is valued - on the basis of how much it is likely to earn for the company in the future. Interbrand uses a combination of analysts' projections, company financial documents and its own qualitative and quantitative analysis to arrive at a net present value of those earnings.

#### **Advertiser Index**

Constellation
NewEnergy14 & bc
Heritage-Crystal
Clean, LLC8
IMA-MITibc
ProMat 2009ifc
RSM McGladrey5

Constellation NewEnergy — The leading electricity supplier for businesses in Illinois and throughout North America

AARON R. GELB

# **Cookie-cutter employment policies don't cut it**

Seventh circuit decision underscores need to tailor policies to the workforce

solid defense to a claim of sexual harassment is evidence that the complaining employee never reported the harassment before filing a charge. But what if the company's anti-harassment policy doesn't explain how employees should report such matters, or fails to identify the person to whom complaints should be made?

In an effort to cut costs, or simply because they think all policies are essentially the same, employers may be tempted to use a canned anti-harassment policy downloaded from the internet or sent to them by an HR colleague at another company. Be careful - as one court explained: the "mere creation of a sexual harassment policy will not shield a company from its responsibility to actively prevent sexual harassment in the workplace.As such, if a manufacturing company were to adopt a policy developed for an exclusively "white collar" employer, there is a very real risk that a court may reject the employer's defense if the policy is not sufficiently geared to the workforce to which it applies. And even if your policy is appropriately crafted for your workforce, you still need to ensure that it is administered properly.

In EEOC v.V&J Foods, Inc., No. 05-C-194 (November 7, 2007), the U.S. Court of Appeals for the Seventh Circuit (Illinois, Indiana and Wisconsin) concluded that a fast food restaurant, with a workforce comprised mostly of teenagers holding their first paying jobs, could not rely on its policy to avoid liability for sexual harassment because that policy did not describe a reasonable mechanism for employees to lodge complaints. What is "reasonable", the Court explained, depends on the employment circumstances, including the capabilities of the workforce. "Knowing that it has many teenage

employees, the company was obligated to suit its procedures to the understanding of the average teenager," the court said.V&J did not meet this obligation. Indeed, in the court's view the policy was so poorly drafted it was likely to confuse adults.

V&J's policy did not clearly identify the person or persons to whom an employee could report harassment. Although stating that complaints in general should be made to the district manager, that position was not included in the list of corporate managers identified in an employee handbook. There was evidence that employees confused district managers with restaurant or general managers. Because the harasser in this case was a restaurant manager, the court considered it possible that an employee would believe the only avenue of recourse was to complain to the harasser.

V&J pointed out that there was a "hotline" number on a statement included with each employee's pay check. However, the number appeared in an inconspicuous place and did not identify the person to ask for when calling the hotline. Further, the stated purpose of the hotline was to enable

see POLICIES page 26



**Aaron R. Gelb** is a shareholder in the Labor/Employment Practice Group of Chicago-based law firm and IMA member Vedder Price, PC. Aaron can be reached at 312/609-7844 or email agelb@vedderprice.com.

### **POLICIES**

Cont. from page 25

employees to "comment" about the company. The court noted that a "comment" is not the same as a complaint.

The court went on to describe a reasonable and inexpensive complaint mechanism.V&J should have posted a brief notice in a break area (where it would not be seen by customers), whereby employees wishing to lodge a harassment complaint could call a tollfree number, included in the notice. That number, the court said, would ring in the human resources office, where it would be answered by someone who would inform the caller that they had reached human resources.

If the managers responsible for implementing the policy are not adequately trained, even the existence of a reasonable policy may be insufficient to avoid liability.V&J compounded its problem by failing to train its managers. When the female plaintiff asked a male assistant manager for a phone number to report the harassment, he said he wasn't sure there was such a number, or that he could give it out if it existed. When he provided a number, it was the

#### MASS EXODUS

Cont. from page 15

tion needs to work side-by-side with the older workers for some time. You simply cannot transfer 40+ years of knowledge and expertise overnight. Therefore, if you know that a key person is going to be retiring in three years, have that person start mentoring a younger worker now. Again, this is not something you can do during a new hire's 90-day training period. True mentoring takes a year to accomplish at the very least. Additionally, the Generation X workers who receive this sort of long-term mentoring will feel more valued and will be more likely to stay with the company long-term.

#### Retain the older workers in some fashion

Realize that just because someone turns 65 doesn't mean they want to retire that day. Many of your older wrong number. The plaintiff, on her own initiative, located and called the home phone number of a woman from the corporate training office, who apparently hung up on her.

The reach of the *V&J* decision extends beyond the fast food industry and has particular relevance to the manufacturing sector.

Manufacturers should review their harassment policies and confirm that they are appropriately tailored to the workforce. On the most basic level, be sure your employees can read the policy. If you have large numbers of employees whose native language is something other than English, have the policy translated into that other language. To account for varying levels of sophistication or if there are issues or behavioral patterns present in one area and not the other, you may need separate policies for different segments of your workforce, such as one for the front office and one for the manufacturing area. If you have employees who work on shifts when the human resources representatives are off duty, be sure the policy provides a complaint mechanism during non-regular business hours.

To underscore your intolerance for workplace harassment, periodical-

workers will want to stay in the workforce in some sort of capacity, either by choice or by necessity. Since many Boomers worked hard to put kids through college or are currently taking care of aging parents, they still need to work well past age 65 just to make ends meet. Others are taking advantage of medical breakthroughs and as a result feel more active and alive than they did when they were younger. In either of these cases, your older workers may be open to staying onboard on a parttime basis or as a consultant. Since they often want to pursue other interests at this stage of their life, being chained down to a nine to five desk job won't appeal to them. But the more flexibility you offer, the more likely they'll be to stick around as a resource for the company.

#### Put a strong management team in place

For your company to get through this transitional period, you need strong management and leadership. ly reissue the policy to your employees. Make sure you have a regular, documented practice of distributing the policy to new hires. And train your managers. They must understand what harassment is and be prepared to step in if they see it. They also must know how to respond if asked for help or to explain the policy.

Just as you should avoid cookie cutter policies, steer clear of one-sizefits-all training programs. There are many vendors willing to sell you live, on-site training or computer-based learning modules. Many of them are good, but check to see if they are relevant. Video segments showing examples of inappropriate conduct may be unhelpful to a workforce of production and maintenance workers, or to consultants who work in your customers' factories.

Aaron Gelb regularly counsels employers on developing and administering employment policies and investigating barassment and discrimination complaints. If you bave questions about such matters or EEO issues in general, please contact Aaron Gelb. His contact information is listed at the bottom of page 25.

You need someone who can empower and motivate both generations to be open-minded and to learn from each other. You need a leader with expertise, not only in your industry, but also in people skills. Realize that a lot of the younger workers don't have much patience to be side-byside with older workers, because they believe the Boomers aren't upto-date on technology or know "how the world really is." That's why you need leaders in place who can help people be open to mentoring both on the giving and receiving side. If your company doesn't have the right leaders on board, the bottom line will suffer. Your leaders simply must be involved to see this transitional phase through.

#### A successful transition for all

Because the unemployment rate is high right now due to the current economy, companies can draw from that pool of workers to help fill the

#### see MASS EXODUS page 27

#### MASS EXODUS

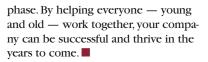
Cont. from page 26

gap the Boomers will be leaving. But since no one has a crystal ball that can predict the country's economic future, no one can rely on this "fix" for the long haul. That's why planning and preparation are so needed.

The coming years will definitely be a challenge for companies, as more people will be retiring than usual. The smart organizations will take a proactive approach and start addressing the issue now. Remember, transferring the knowledge and expertise of your older workers to your younger ones is not something you can do in a few days or weeks. Therefore, you need to adopt a longer-term focus than what you may be accustomed to in order to survive the impending transitional

About the author . . .

Anne Houliban is president of Satori Seal, where she tripled revenues in one year with her innovative budgeting and leadership techniques. In addition, she is founder of Elevated Leadership International, where she shares more than 25 years of hands-on corporate experience and coaching to help companies of all sizes. Anne helps to improve management techniques, empower employees to be decision-makers, bridge the generational gap and overcome adversity. For information on hiring her, visit www.ElevatedLeadership.com or call 951-235-5405.



Anne Houlihan

#### BE PREPARED

Cont. from page 19

employee to qualify as disabled. It found that the Sixth Circuit applied the wrong standard because it analyzed only a limited class of manual tasks and failed to ask whether the assembly line worker's impairments prevented or restricted her from performing tasks that are of "central importance" to most people's daily lives.

The ADAAA expressly rejects Tovota's standard and provides that: (i) the definition of "disability" should be construed broadly to the maximum extent permitted by the ADAAA; (ii) that the term "substantially limits" must be interpreted consistent with the findings made in the ADAAA and does not mean "significantly restricted" as described by current Equal **Employment Opportunity** Commission regulations, which Congress explicitly found expresses too high a standard; (iii) that an impairment that substantially limits one major life activity need not limit other major life activities in order to be considered a disability; and (iv) that an impairment that is episodic or in remission is a disability if it would substantially limit a major life activity when active. The end result is that more individuals will now be considered disabled under the ADA than under prior case law.

#### ADAAA prohibits consideration of mitigating measures

In another significant modification, the ADAAA prohibits considera-

tion of mitigating measures when determining whether an individual is disabled, reversing Sutton v. United Air Lines, Inc., 527 U.S. 471 (1999) and two companion cases, Murphy v. United Parcel Service, Inc., 527 U.S. 516 (1999), and Albertson's, Inc. v. Kirkingburg, 527 U.S. 555 (1999). According to the Supreme Court in Sutton, an employee is not "disabled" under the ADA if mitigating measures correct or improve the impairment. In this case, twin sisters with severe myopia applied for employment as commercial airline pilots. Each sister's uncorrected vision was 20/200 or worse in her right eye and 20/400 or worse in her left eye, but each had vision that was 20/20 or better with the use of eyeglasses. The airline carrier rejected their applications because they did not meet the airline's requirement of uncorrected vision of 20/100 or better.

The sisters filed suit under the ADA, alleging discrimination on the basis of their disability, myopia. They argued that whether their myopia constitutes a disability should be determined without regard to their eyeglasses. The Supreme Court disagreed with the sisters, holding: [I]f a person is taking measures to correct for, or mitigate, a physical or mental impairment, the effects of those measures - both positive and negative — must be taken into account when judging whether that person is "substantially limited" in a major life activity and thus "disabled" under the ADAAA.

Because the sisters each had vision that was 20/20 or better with eyeglasses, they were not "disabled" under the ADA and, accordingly, could not maintain their lawsuit against the airline.

As a result of the Supreme Court's decision in *Sutton*, lower courts have determined disability status after considering mitigating measures. This has made it more difficult for individuals to demonstrate that they are "disabled" under the ADA, as courts routinely dismiss lawsuits where, for example, the individual wore a hearing aid; had artificial joints or transplanted organs; or took medication for diabetes, epilepsy, high blood pressure, or other medical conditions.

The ADAAA expressly rejects Sutton and its companion cases and prohibits consideration of the ameliorative effects of mitigating measures. The ADAAA defines such measures to include: (i) medication, medical supplies, equipment, appliances, lowvision devices, prosthetics including limbs and devices, hearing aids and cochlear implants or other implantable hearing devices, mobility devices, or oxygen therapy equipment and supplies; (ii) the use of assistive technology; (iii) reasonable accommodations or auxiliary aids and services; or (iv) learned behavioral or adaptive neurological modifications. While the use of ordinary eyeglasses or contact lenses has ironically been carved out of the ADAAA - meaning courts may continue to consider their ameliorative effects when determining whether an individual is disabled — all other measures that assist or correct an impairment can no longer be considered.

#### **BE PREPARED**

Cont. from page 27

#### ADAAA broadens "disability" to include perceived impairment whether or not it limits or is perceived to limit a major life activity

The ADAAA further modifies the ADA by expanding its definition of "disability." Under the ADA, the term "disability" means: (i) a physical or mental impairment that substantially limits one or more of the individual's major life activities; (ii) a record of such an impairment; or (iii) being regarded as having such an impairment. The ADAAA broadens the definition's third prong by stating that an individual meets the requirement of "being regarded as having such an impairment" if the individual establishes that he or she has been subjected to an action prohibited under the ADAAA because of an actual or perceived physical or mental impairment whether or not the impairment limits or is perceived to limit a major life activity.

The Supreme Court addressed the ADA's "regarded as" prong in Sutton v. United Air Lines, Inc., 527 U.S. 471 (1999). In this case, the Supreme Court held that there were two ways in which individuals could fall within this third category of disability, and both required that a covered employer entertain misperceptions about the individual. The employer was required to either believe that a person had an impairment that substantially limited one or more major life activity when, in fact, the person did not have an impairment; or, the employer was required to believe that a person had a substantially limiting impairment when, in fact, the impairment was not so limiting. Either way, the impairment must have substantially limited or have been perceived to have substantially limited a major life activity. Under Sutton, employers were free to decide that physical characteristics or medical conditions that did not rise to the level of an impairment — such as one's height or build - were preferable to others, just as they were free to decide that some limiting, but not necessarily substantially limiting, impairments made individuals less

than ideally suited for a job.

The ADAAA overturns the Supreme Court's holding in Sutton and clarifies that an individual meets the third prong's "regarded as" definition whether or not an employer perceives the impairment to limit a major life activity. The purpose of the ADAAA in this regard is to reinstate the reasoning of the Supreme Court in School Board of Nassau County, Florida v.Arline, 480 U.S. 273 (1987). Although that case concerned Section 504 of the Rehabilitation Act of 1973, the Rehabilitation Act's definition of an otherwise qualified handicapped individual mirrors the definition of disability under the ADA and includes being "regarded as" handicapped. Unlike in Sutton, however, the Supreme Court in Arline expressed a broad view of the third prong of the definition of handicap under the Rehabilitation Act.

As a result of the ADAAA, more individuals will qualify as disabled without being required to prove, or even allege, that they are perceived as limited in one or more major life activity. This eliminates a big hurdle that resulted in many cases being dismissed early in their proceedings. In Sutton, for example, as discussed above, twin sisters with severe myopia applied for employment as commercial airline pilots. The airline carrier rejected their applications because they did not meet the airline's requirement of uncorrected vision of 20/100 or better. The sisters filed suit under the ADA alleging discrimination on the basis of disability under the third prong's "regarded as" definition of disability. Specifically, they alleged that their myopia was a physical impairment that the airline regarded as substantially limiting their ability to work.

When the major life activity under consideration is that of working, the statutory phrase "substantially limits" requires plaintiffs to show that they are unable to work in a broad class of jobs. Because the sisters in *Sutton* alleged only that the airline regarded their poor vision as precluding them from holding positions as airline pilots, which the Supreme Court noted is a single job, this allegation did not support the claim that the airline regarded them as having a substantially limiting impairment. Accordingly, the Supreme Court found that the sisters' claim of disability under the third prong was properly dismissed.

Now, plaintiffs can meet the "regarded as" definition of disability regardless of whether an employer perceives the impairment to limit a major life activity. Individuals like the sisters in *Sutton* will be able to maintain disability claims by simply alleging a perceived impairment. The ADAAA provides one limitation: the perceived impairment cannot be "transitory and minor," which the ADAAA defines as having an actual or expected duration of six months or less.

#### ADAAA expands "major life activities" to include major bodily functions

Finally, the ADAAA expands the term "major life activities" as used under the ADA to include major bodily functions. The ADA regulations currently provide that the term "major life activities" as used in the ADA's definition of "disability" includes functions such as caring for oneself, performing manual tasks, walking, seeing, hearing, speaking, breathing, learning, and working. The ADAAA expands the list to also include "major bodily functions" such as functions of the immune system, normal cell growth, digestive, bowel, bladder, neurological, brain, respiratory, circulatory, endocrine, and reproductive functions.

#### Conclusion

By broadening the ADA's definition of disability and lowering the standards for being covered under that definition, the ADAAA will undoubtedly make it easier for individuals to claim protection under the ADA. An employee would still be required to demonstrate that he or she is "qualified" under the ADA, meaning that, with or without reasonable accommodation, the individual can perform the essential functions of the job. Nevertheless, not only can employers expect to see an increase in employees' requests for workplace accommodations and in litigation alleging violations of the ADA, but it will also be more difficult and more costly for employers to defend and win such cases.

Constellation NewEnergy — The leading electricity supplier for businesses in Illinois and throughout North America

#### **R&D TAX CREDIT**

Cont. from page 7

"Tm writing these tax laws to belp all businesses. The IRS reported recently that about 85 percent of the R&D Credit went to the largest companies in America. A key reason the largest companies were much more active than small and medium companies in applying for the credit. Too often small and medium businesses are just simply not taking advantage of the R&D and many other tax incentives."

Senator Grassley urged the audience to take advantage of the credits and incentives built into the tax law:

"A comedian once said that 90 percent of life is just showing up. The same is true in tax: small and

#### **OZONE STANDARD**

Cont. from page 11

place until the area attained the withdrawn standard.

The Illinois EPA acted quickly to limit the impact of this ruling by requesting, in January, 2007 (less than one-month after the initial ruling) that the USEPA recognize that the Chicago area had attained the onehour standard. In support of that contention, the Illinois EPA provided air monitoring results which indeed showed that the one-hour ozone standard had been attained. In the summer of 2007 the USEPA issued a policy directive to all of its Regional Offices advising them to abide by the Court ruling. The ruling would potentially treat places like Chicago as if it were a "severe" ozone nonattainment area. To the Illinois EPA's credit, it seems to have conducted its permitting transactions consistent with its well-reasoned conclusion that the Chicago area had indeed attained the one-hour standard. Its own federally approved New Source Review rules supported its acting accordingly.All that was left was for the USEPA to make that formal recognition.

The first step of this process occurred on July 7, 2008, when the USEPA published its intention to make an attainment finding for the Chicago area. The announcement included an opportunity to provide comments until August 6th. So far, no word has come from USEPA medium businesses need to show up and take advantage of these benefits. So my message to you is: learn about the tax incentives that are available to you. These incentives can help your business succeed and thrive, especially in this down economy."

And in speaking about the burdens placed on taxpayers by the IRS, Grassley pointed out that: "... the IRS needs to recognize the realities of a small or medium business — far too often the record keeping and other burdens placed on a small business are unreasonable. What may be tolerable for IBM is completely inappropriate for a local business here in Iowa. The IRS needs to understand that at all levels."

Senator Grassley spoke of the problems taxpayers have with AMT

regarding final action in this matter. On a related note, the ozone data from the 2008 ozone season (May through September) confirms that the Chicago area is attaining the eight-hour ozone standard. The Illinois EPA plans to request USEPA to make a finding of attainment in this regard.A public hearing on this topic will be held by year's end and the request should be filed by early 2009. However, in what could be considered a case of Déjà vu, on March 12, 2008, the USEPA proposed tightening the eight-hour ozone standard from 84 ppb to 75 ppb. Surprise! Illinois and 13 other states, as well as the

liability and lack of utilization of the R&D tax credit. In a good sign of positive developments down the road, Grassley said he would review the current law that limits many businesses from taking tax credits, such as the R&D tax credit, because of the individual AMT.

Bottom line: Grassley's speech signals the beginning of a turning point for Congress — recognizing the need for small and medium businesses to be able to fully take advantage of the tax incentives in the code and a clear signal to the IRS that they need to stop being in the roadblock business — preventing eligible companies from taking these incentives.

The full text of Senator Grassley's speech can be found on the Web at: www.alliantgroup.com/campaign/Grassley\_speech.pdf.

District of Columbia and New York City, filed suit saying the new standard was not sufficiently stringent. Similar lawsuits were also filed by Earthjustice on behalf of the American Lung Association, Natural Resources Defense Council (NRDC), Environmental Defense Fund, National Parks Conservation Association (NPCA) and the Appalachian Mountain Club — all charging that the new ozone standard did not go far enough.

Stay tuned as we help IMA members navigate this very turbulent and complex environmental landscape.



#### OfficeMax Advantage can save you 30% or more on your office supplies

IMA members and OfficeMax — a first-class partnership Membership has its advantages. Get one-on-one service with your personal Account Manager. Use your association pricing at more than 900 stores with Retail Connect<sup>™</sup>. Track your purchases to anticipate your needs. Get advice on any of OfficeMax's 25,000 products and get help from any of OfficeMax's technology or furniture specialists. Your personal program will be constantly

- reviewed to provide you with unmatched savings and support.

  Exclusive members-only pricing
  - World-class customer service
  - Free delivery on all in-stock orders over \$50\*
  - Complete satisfaction guarantee
  - Exclusive attention and benefits.

Go to www.ima-net.org for more information, or call Mark Frech at 1-800-875-4463, ext. 3022 \*Certain restrictions may apply. Contact your Account Manager for more details.

# **New IMA members**

**DESOTO, LLC** Joliet

**RR DONNELLEY & SONS** Chicago MESSER & STILP Chicago PAUL E. LEWIS & ASSOCIATES Urbana SOLO CUP COMPANY (HQ) Highland Park

# IMA & MIT 2008 Calendar of events

JANUARY 2009 January 12 IMA-MIT Event — Lean Manufacturing: Quick Start — Decatur Conference Center & Hotel, US Highway 36, Decatur

Designed to help participants quickly initiate team oriented on-going Lean activities. Learn Lean terms and definitions, waste identification and analysis, team organization and choosing Lean tools for waste free processes.

#### January 13

IMA-MIT Event — Lean Manufacturing: Quick Start — DePaul University, 150 W. Warrenville Road, Naperville (See course description above.)

January 23

IMA-MIT Event — Essential Leadership Skills for Newly Promoted and Frontline Supervisors — DePaul University's O'Hare Campus, 3166 River Road, Des Plaines

This fast-paced, invigorating one-day workshop will provide you with key essential skills that all new and/or front-line supervisors must possess to support their leadership success.

#### January 26

IMA-MIT Event — 5S and Visual Controls — Decatur Conference Center & Hotel, US Highway 36, Decatur This workshop will focus on effective methods of applying 5S and Visual Controls techniques and tools in the manufacturing and office environments. Learn to maximize the benefits of red tag techniques and visual workplace methodology.

#### January 27

IMA-MIT Event — 5S and Visual Controls — DePaul University, 150 W. Warrenville Road, Naperville (See course description above.)

#### FEBRUARY 2009

#### February 9 IMA-MIT EVENT — Failure Mode and Effects Analysis (FMEA) — Decatur Conference Center & Hotel, US Highway 36, 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.

#### February 10

IMA-MIT EVENT — Failure Mode and Effects Analysis (FMEA) — DePaul University, 150 W. Warrenville Road, Naperville (See course description above.)

February 11 IMA-MIT Event — Project Management for Non-Project Managers DePaul University's O'Hare Campus, 3166 River Road, Des Plaines Learn project management skills, tools and techniques to make the transition to a project leadership role and ensure optimum project execution.

#### February 20

#### IMA-MIT Event — World Class Customer Service Skills — DePaul University's O'Hare Campus, 3166 River Road, Des Plaines

World Class Customer Service Skills is based upon proactive customer service skills rather than reactive. Rather than just responding to the customer's inquiry, the best customer service representatives strategically gain control of the inquiry, predict the customer's position, and proactively provide the desired results in advance.

#### February 23

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.

#### February 24

IMA-MIT Event — Problem Solving — 8D — DePaul University, 150 W. Warrenville Road, Naperville (See course description above.)

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

The Illinois Manufacturer is underwritten by Constellation NewEnergy



High quality human resources have always been an important component to workforce development and are essential to economic vitality. In this fast-changing, technology-driven economy, workforce issues must be an integral part of positioning a company for sustainable economic growth. As change and restructuring in companies, occupations, and industries becomes more commonplace, all levels of workers need ongoing training and learning opportunities to ensure they have the skills and experience to support company growth. Economic development cannot succeed without a strong emphasis on and strategic investment in workforce development.

In response to this growing need, the Illinois Manufacturers' Association— Manufacturers' Institute of Training (IMA-MIT) is here to serve the educational and professional growth needs of Illinois business. Dedicated to providing quality training solutions, our network of local and national trainers are highly regarded for their technical and professional expertise.

Whether you choose a customized program or open-enrollment workshops, you will benefit from years of experience as our trainers share their knowledge, tips and tricks on countless issues confronting industry today.

A technology savvy workforce will allow Illinois' economy to compete and prosper on a global stage where skills, knowledge and ability will distinguish the economic leaders from those that follow.

We offer our appreciation to the many manufacturing partners who have taken advantage of the IMA-MIT program. Thank you for your continued support. We look forward to a long and prosperous partnership.

# For more information about what IMA-MIT has to offer, visit our Website at http://www.ima-net.org/MIT

Training related questions may be directed to Mark Frech at 800-875-4462 extension 3022 or Email mfrech@ima-net.org.



When the right forces combine, you get solutions as brilliant as the sun, and as powerful as the wind.





Responsible, sustainable energy will power America's future. Forward-thinking organizations understand this, and many of them are partnering with Constellation Energy to reduce their energy emissions. Constellation understands the importance of developing green energy resources. We currently own or co-own nearly 700 MW of renewable energy capacity, with more than 400 MW more under contract. But renewable energy development is just part of Constellation's global energy portfolio. We are a leader in new nuclear development, a top natural gas supplier, and the largest wholesale electricity supplier in North America, serving more than two-thirds of the Fortune 100. All of which make Constellation the natural choice for your energy solutions.



#### Constellation is:

- North America's #1 power supplier
- North America's third-largest natural gas supplier
- A leader in developing sustainable energy solutions
- A global leader in physical energy commodities
- A leader in the renaissance of nuclear power
- The force behind a nationwide fleet of diversified generating units

constellation.com