

SOLVING THE MANUFACTURING SKILLS SHORTAGE

THE ILLINOIS Manufacturer

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Spring 2012

America's Manufacturing Renaissance

**Illinois Enterprise Zones —
vital economic development tool**

**IMA member profile:
Gilster-Mary Lee Corporation**



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... when given a choice of selecting any industry to create 1,000 jobs in their home region, Americans selected manufacturing as their number one choice.

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Mission Statement

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

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Education is also the key for manufacturers



Our Manufacturers Education Initiative, using the approach known as "Stackable Credentials" introduces the concepts of learning and acquiring the skills necessary to function in industry while still in high school and thereafter.

Newspaper headlines at the end of 2011 announced that virtually none of Illinois' 1,100 school districts succeeded in meeting the goals of "No Child Left Behind," the bipartisan centerpiece of education reform enacted by the Bush (43) administration. And although Illinois was not alone in failing to meet expectations, the dubious designation does give taxpayers good reason to re-examine how we're expending precious tax dollars for education and what we're getting in return.

We've been down this road countless times before and one would not be wrong arguing that the more we sink into education, the less we get in return. It might seem less than earth shattering to say, "Let's reform education once and for all." However we do have a window for reforming education in Illinois, and it's a window we need to take advantage of now.

Schools have traditionally focused on a college prep curriculum. Indeed, parents today are no different from those 60 years ago in their belief that achieving the "American Dream" requires an advanced degree. However, a study by the National Center for Public Policy and Higher Education reveals that for every 100 students entering the ninth grade today, only 68 will graduate from high school on time and just 18 will succeed in obtaining an associates degree within three years, or a Bachelors degree within six years, of graduating from high school.

When nearly one-third of students leave high school without a diploma and fewer than one in five succeed in obtaining a degree, clearly changing the focus of education (what we teach and how we teach) is demanding our attention.

For several years now, the IMA has been a leader in reshaping education in Illinois. Former IMA Board chairmen Glen Johnson and Ron Bullock lent their personal time and prestige to bringing projects like Austin Polytechnical Academy and the Manufacturing Skills Standards Certificate to fruition. More recently, working with state officials and educators, the IMA helped map out pathways of study for manufacturing careers and a corresponding curriculum designed to focus education delivery on career preparation in high schools and community colleges in addition to college preparation. In March, manufacturers, professional associations, educators and others from all corners of Illinois unanimously urged us, through the IMA Education Foundation, to lead the state's Manufacturing STEM Learning Exchange.

Our Manufacturers Education Initiative, using the approach known as "Stackable Credentials" introduces the concepts of learning and acquiring the skills necessary to function in industry while still in high school and thereafter. Then, we can expand and enhance the skills of individuals through occupational certificates (e.g., Mechatronics, NIMS, AWS, SME, PSMO, APICS, etc.). Moreover, Stackable Credentials allow workers of all ages and backgrounds to earn and learn throughout their careers. Stackable Credentials can reach and engage kids who all too often fall by the wayside and become unemployable simply because, to them, the way we currently deliver education has little value.

In implementing the Stackable Credentials curriculum, we are breathing new life into the IMA Education Foundation by providing seed money to encourage local schools and community colleges to work with manufacturers to embark on this bold new strategy designed to reduce high school dropout rates, increase career readiness and provide manufacturers with skilled workers. Skilled workers are sorely needed to help America compete globally in advanced manufacturing technologies.

It may be several years before we fully realize the benefits of what we're creating. Nonetheless, I believe we must do everything possible to successfully implement the Manufacturers Education Initiative immediately. With the Baby-Boom generation retiring, Illinois manufacturers will need to replace more than 30,000 workers every year over the next 10 to 15 years. We need to make sure every new employee has the skills required to keep manufacturing strong in the future.

Through the IMA Education Foundation, we're off to a great start. You will hear a lot about the Manufacturers Education Initiative in the months to come. You can be part of this transformation of education. I encourage you to begin forging relationships with local education leaders and teachers. Let them know you want them to succeed, for the sake of our kids and the strength of manufacturing in America. For more information on how you can implement Stackable Credentials locally, contact the IMA. ■



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Never waste a good crisis



This is not a one-year blip. Illinois pension payments that totaled six percent of all general funds in 2008 have more than doubled and now consume 15 percent of the pie . . .

The recent global economic and financial crises have had a profound impact on our state and national economies. Many businesses struggled mightily to stay afloat in the turbulent times with some companies failing to survive while others flourished. In Illinois, hundreds of businesses closed their doors and thousands of workers lost their jobs over the past few years. Businesses learned valuable lessons and are creating and implementing new strategies to prepare for the next challenge down the road.

Just like the private sector, Illinois state government needs to use the budget crisis to reinvent its role and prioritize its spending. For years before the economic downturn occurred, Governors and state lawmakers spent more and borrowed more with little, if any, thought about how to pay when the bills came due. As far back as 2008 when the recession started, the IMA issued an alert that "Illinois' budget deficit has ballooned to \$1.7 billion . . ." and asked IMA members to call on their lawmakers to hold the line on spending. Instead of facing reality, state spending increased and today Illinois finds itself facing an \$8.5 billion deficit.

Rather than addressing the root problem, Governor Quinn and Democrat lawmakers passed a "temporary" income tax increase in 2011 that generated nearly \$7 billion in new revenue. Despite this influx of new dollars, Illinois continues to face a budget crisis caused by a worldwide recession and poor spending decisions by elected officials. With their backs against the wall, and staring into a fiscal abyss, the Governor and General Assembly have an opportunity to use this crisis to their advantage, marshaling public support and finally reforming our pension systems and Medicaid programs that have spiraled out of control.

In the coming budget year, Illinois must contribute \$5.1 billion to fully fund the state's payment to the five pension funds for teachers, lawmakers, judges, university workers, and state employees. The new payment is one billion dollars more than last year's payment and the total increase eats up the entire natural revenue growth for the state coffers. And it doesn't even put a penny toward our unfunded liability, which is approaching \$85 billion. After making the statutorily required payment, Illinois will have to cut spending by more than \$350 million just to remain at last year's budget level. This is not a one-year blip. Illinois pension payments that totaled six percent of all general funds in 2008 have more than doubled and now consume 15 percent of the pie. Every dollar used for pensions is taken away from education, economic development and public safety.

A similar story can be told about the state's Medicaid program that provides care for hundreds of thousands of Illinois residents. While federal requirements establish minimum standards, Illinois policymakers, over the years, have authorized new coverage for programs like dental care and bariatric surgery while also greatly expanding eligibility standards such as the income threshold. As a result, Illinois now provides nearly \$9 billion in services that exceeds the \$7 billion appropriation. Rather than limiting eligibility and controlling costs, such as implementing a managed care system when the program started bleeding red ink, the Governor and General Assembly simply kicked the can down the road into the next budget year. Today, without any action, budget experts predict that Medicaid program costs will explode to more than \$14 billion by the end of 2015.

Illinois budget crisis is real and immediate. The state has many great assets: our workforce, an excellent transportation system including a world-class airport, great public and private colleges, and a strong business base. However, Illinois' growing budget crisis is threatening our state's fiscal rating and unnerving employers who want stable and predictable tax climates. Once an afterthought, pension costs and the potential impact on job creators are now some of the first questions raised by employers looking to locate or expand in Illinois.

Governor Quinn and members of the General Assembly must put partisan differences aside and deal with the current situation. They must reform pensions by eliminating compounding COLAs and increasing the retirement age for current state workers who can now retire at the age of 55 with full benefits. That doesn't include the free health care coverage for life afforded state workers with twenty years of service. Legislation is pending that would create a new three-tiered

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Constellation Energy — Providing tools to create a customized energy strategy for your company

Enterprise zones are a vital economic development tool

Over the past three years employers and job development allies across the state like the Illinois Enterprise Zone Association and the Illinois Manufacturer's Association (IMA) have been trying without success to pass Enterprise Zone extension legislation in the Illinois General Assembly.

Thanks to all of the other long and short term problems which consume our state legislature, keeping high performing programs in place that encourage job growth, retention and private sector capital investment haven't been able to gain traction in both houses. On a generally unanimous bi-partisan basis, the Senate has passed long term extension legislation on multiple occasions, showing they understand the importance of the Enterprise Zone program to the long term economic development strategy of the state. On the other side of the Capital, it has been a different story.

The State of Illinois, in particular the Department of Commerce and Economic Opportunity (DCEO), and individual communities and regional groups throughout Illinois compete every day for job creation, retention and private sector capital investment. And thanks to the constant barrage of anti-business messages from our competitor states, uncertain fiscal stability, and generally perceived anti-jobs policies, it's an increasingly difficult competition to win.

But despite the odds, we do win occasionally and most of the time we win because of the long term success and predictability of incentives like the Illinois Enterprise Zone Program. Some legislators have called the program overly generous, but it's hard to argue with results. Enterprise Zones have helped with the retention and

creation of hundreds of thousands of jobs and billions of dollars in capital investment over the years, and it is hard to imagine where we would be without them.

The beauty of the program is that it meets all of the tests for a successful economic development tool.

First and foremost it is predictable. An employer can calculate with certainty the benefits of making an investment and creating or retaining jobs because the incentives are pre-approved based on being within the boundaries of the Zone. The more they invest and generate jobs, the higher the benefits and the lower the over-all cost of doing business becomes. That keeps Illinois competitive in the global jobs game.

Second, the Zone program is equitable. Employers of all sizes, from a two person mom and pop shop to a Fortune 50 corporation can benefit by hiring people and

investing in Illinois communities. There's not a question as to the amount of the incentive. It can be calculated based on the direct performance of the employers.

Third, it's accountable. The Illinois Department of Revenue can calculate the aggregate benefits based on sales and income tax returns, combined with reports generated by the individual zone administrators which are submitted to DCEO. If an employer doesn't invest and meet job criteria, they don't get the benefits.

And lastly, the program is a true partnership. It represents a grass roots initiative because local taxing bodies can decide, by public vote, whether or not they wish to participate. Utilizing benefits outlined in advance, local governments and taxing bodies can offer incentives ranging from fee reductions to property

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LEGISLATIVE REPORT

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system giving employees the choice of two pension programs or a 401k-style system that is favored by the private sector. In all three cases, the state's cost would remain level with different contribution levels for employees.

On the Medicaid front, Illinois needs to say no. Our state cannot afford to provide "Cadillac coverage

on a Chevrolet budget." The state needs to begin verifying that recipients actually live in Illinois and reduce programs to the federal minimum in order to cut \$2.7 billion immediately and stop the deficit spending.

The crisis is real and immediate, and the answers are not easy. Unions and many social service agencies that serve the Medicaid population are opposed to changes, preferring to ask for additional tax increases. But the time for action is now — with the public beginning to

wake up to the harsh realities facing Illinois. It's time that Governor Quinn and the General Assembly use the budget crisis to make the necessary reforms and spending plans that will put us back on the path to prosperity. The clock is ticking, with only weeks to go before the end of session. ■



ENTERPRISE ZONES

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tax abatement for eligible projects. State and local governments working together to promote job growth in an efficient and cost effective manner is a win-win scenario.

Yet some still question the need to extend the life of Illinois Enterprise Zones — they seem to believe the state can't afford it. As someone who has been involved in economic development in Illinois at both the state and local level for nearly 25 years, I know the state can't afford not to have the program. Aside from the obvious business case for zone extension, failure of the General Assembly to pass extension legislation thus far has placed communities like Decatur, Peoria, Rockford, East St. Louis, Canton and even parts of Chicago at a competitive disadvantage.

Let me repeat that. By its previous inaction, the legislature has placed these communities and others with zones which will soon expire at a competitive disadvantage when compared to Illinois communities whose zones don't expire in the near future. The competition for jobs and investment is hard enough when we deal with other states and countries, but to be put out of the game and not considered for projects which would employ our citizens and invest in our communities by the inaction of our own legislature is not acceptable.

If an employer has an option to locate in the Decatur Zone which expires in 2013, or the Joliet Arsenal

Zone which expires in 2033, Decatur cannot offer the same benefits as Joliet. The state has just given Joliet the competitive advantage. They have also severely restricted the employer's ability to make a reasoned location decision.

Some legislators think the state shouldn't be giving Zone benefits at all in these difficult fiscal times. That's a good sound bite, but employers haven't created the state's fiscal mess. Illinois cannot unilaterally disarm from the incentive and job development game. Like it or not, incentives are the way of the world today in economic development. Failure to extend zones for the long term sends the wrong message and gives our competitors yet another advantage. And as we know, their advantages are not easy to overcome now in light of recent tax increases and the still high cost of Illinois workers compensation, unemployment insurance, environmental regulations and government fees.

Prime examples of employers keeping Illinois facilities competitive because of Enterprise Zones can be found all over the state. The Belvidere/Boone County Enterprise Zone generated over \$1.2 billion in capital investment resulting in the creation of 4,900 jobs over the past ten years.

Enterprise Zone incentives played a critical part in winning Chrysler Group LLC's announcement to keep the Belvidere plant in operation and invest over \$700 million to retool and expand the Belvidere Assembly Plant, retaining 2,700 jobs and creating 1,800 new jobs. Ten auto parts suppliers are located in the Belvidere/

Boone County Enterprise Zone adding an additional estimated 1,500 jobs tied to Chrysler's operation.

Over the last two years, nearly \$1 billion in capital investment is complete, planned or underway in the Decatur Macon County Enterprise Zone. Projects range from a nearly \$500 million investment by Caterpillar that resulted in the rehiring of more than 1,400 workers and supplier expansions that have resulted in the hiring and retention of hundreds more. A nearly \$2 million investment was made to build a new innovative day care facility and ADM invested more than \$100 million to build the first phase of a new Intermodal rail facility and state of the art biofuels production facility.

Few, if any of these projects would have happened without the benefits of the zone which made these Illinois location options cost competitive. The list of success stories is long. Over the lifetime of the program nearly 1,000,000 jobs have been created and/or retained by more than 43,000 companies representing over \$50 billion in capital investment.

Simply put, Enterprise Zones are the most successful, predictable, accountable and equitable job development incentive we have available. But that will only be the case in the future if the legislature acts now. The Illinois economic development community and the Illinois Enterprise Zone Association wholeheartedly supports the efforts of the IMA and encourages you to tell your legislators why Enterprise Zones must be extended now. ■

Benefit plans and final guidance on disclosure of fee information

Action time has arrived. On February 3, 2012, the Department of Labor (DOL) issued final regulations under ERISA Section 408(b)(2) setting new disclosure deadlines and finalizing its previously published disclosure rules.

These disclosure regulations were originally published by the DOL in two pieces during 2010, with the first piece focusing on the obligations of covered service providers (e.g., investment advisors and mutual fund providers) to disclose service details and fee information to the responsible plan fiduciary (e.g., employers),¹ and with the second piece focusing on how fiduciaries of participant-directed plans (mostly 401(k) and many 403(b) plans) would, in turn, provide that information to employees and other plan participants.

For employers, the final regulations do not contain any substantive changes (other than a delayed effective date for disclosing information to employees). For service providers, the new rules contain some changes relating to covered plans (e.g., excluding certain frozen 403(b) annuity contracts) and the way the information must be disclosed.

This briefing focuses on how the final rules affect employers and suggests a proposed plan of action for obtaining the relevant information from service providers and, in turn, providing that information to employees and other plan participants.²

New effective dates

The important dates are July 1, 2012, August 30, 2012 and November 14, 2012.

Service providers must give employers service descriptions and fee information by July 1, 2012. By that date, service providers must transmit the information both for

defined benefit and defined contribution plans. (Any obligation to provide similar information regarding welfare plans has been deferred.) The information must include information on all direct and indirect compensation for the services provided. Vedder Price's July 2010 Benefits Briefing discussed the information to be provided.

http://www.vedderprice.com/docs/pub/41e428f4-5934-4184-ac51-4962f350d776_document.pdf

Then, employers who sponsor participant-directed 401(k), 403(b) and other defined contribution plans must provide information relating to investment, fee and expense information to employees and other participants by August 30,

2012. (Certain additional quarterly individual expense information needs to be provided by November 14, 2012.) Vedder Price's October 2010 Benefits Briefing discussed the information to be provided.

http://www.vedderprice.com/docs/pub/6e53e6bb-93d4-4ccc-aa68-a9271d6743b4_document.pdf

Given these dates, employers need to develop a timeline for reviewing the information they receive and distributing investment, fee and expense information for participant-directed defined contribution plans. The following is a general summary of key considerations.

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OUR ENERGY FUTURE IS COMING TOGETHER.

We all want the same thing: affordable, reliable, clean, and secure sources of energy. The good news is that we know how to get there, and we're already on the way. Energy markets are increasingly competitive. New Smart Grid technologies are making energy use more efficient. Investments in nuclear, solar, wind, and natural gas will more cleanly provide electricity for homes and businesses today, and for the cars and trucks of tomorrow. At Constellation Energy, we understand the challenges. And we're delivering the innovative energy solutions that are helping our customers succeed and our communities prosper.

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Constellation Energy®

Thinking big about energy efficiency

A recent report by the American Council for an Energy-Efficient Economy (ACEEE)

(<http://aceee.org/press/2012/01/aceee-report-us-better-thinking-big->) stated that the U.S. “is thinking too small when it comes to energy efficiency.” The report suggests that with a stronger emphasis on the more efficient use of energy resources, the nation could cut energy consumption by almost 60 percent, add nearly two million net jobs by 2050 and save consumers an estimated \$400 billion per year.

The report argues that in order to earn major economic gains from energy efficiency, a “more productive investment pattern of increased investments in energy efficiency” is needed, which “would allow lower investments in power plants and other supply infrastructure, thereby substantially lowering overall energy expenditures on an economy-wide basis in the residential, commercial, industrial, transportation, and electric power sectors.”

According to the U.S. Energy Information Administration (EIA) the industrial sector consumes approximately 30 percent of U.S. total energy demands. And in 2010, manufacturing accounted for an estimated 85 percent of total energy consumption within the industrial sector. However, there are steps any business can take to conserve energy use and save utility costs.

Energy efficiency options

Energy efficient lighting and programmable thermostats are often the easiest and most cost effective upgrades an organization can undertake. According to the U.S. Environmental Protection Agency (EPA), approximately 25 to 30 percent of a building's energy bill is for lighting. In addition, lighting upgrades are considered low-risk and typically

have greater than 25 percent (less than four-year) rate of return.

Programmable thermostats are another option that can save 10 percent a year on heating and cooling bills just by turning back a thermostat 10-15 degrees for eight hours during un-occupied periods. Businesses can achieve increased savings by cutting back heating and cooling for extended periods such as weekends or holidays.

Additional energy efficiency measures include upgrades to HVAC systems, boilers and chillers or installation of systems that help businesses conserve such as building automation systems, occupancy sensors, and water conservation measures. “Building envelope” upgrades to doors, windows and roofs also have a significant impact on reducing energy use.

Save now. Save later.

During a time when we're all doing more with less, many businesses don't believe they can afford

to make even necessary upgrades to equipment and system. Fortunately there are resources to help offset or finance the cost.

Many local utilities also offer energy efficiency rebate programs. In Illinois, Commonwealth Edison (ComEd), Ameren, City Water Light and Power (CWLP), and Mid-American Energy offer a variety of rebate programs for commercial customers. While these programs vary in scope all offer a range of incentives for energy efficiency upgrades such as lighting, HVAC, insulation, water heaters and refrigeration.

The newest alternative for businesses looking to fund energy efficient upgrades is bundling the cost with their electricity spend. Constellation offers a unique solution called Efficiency Made Easy which bundles long term fixed price electricity (+3 yrs) with energy conservation measures. Customers pay for the cost of the energy conservation meas-

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Greg Fox is director of energy efficiency and renewable energy for Constellation Energy's retail business. He can be reached at Greg.Fox@constellation.com. Visit www.constellation.com/IMA for information on the IMA energy program.



Gilster-Mary Lee Corp the health of southern

IMA member Gilster-Mary-Lee has a long history in southern Illinois. On August 12, 1895, several ambitious brothers and sisters entered the flour milling business in the small southern Illinois town of Steeleville.

Established originally as the Gilster Milling Company, the family purchased and milled local soft wheat and marketed its "family flour" under several brands. Scratch baking was still the rule throughout most of America, and the Gilster soft wheat flour was excellent for baking cakes and biscuits. The company's Gilster's Best, Featherlite, and Mother's Joy brands gained substantial market share throughout Mississippi, Alabama, and other parts of the South. By 1900, the Gilster Milling Company had reached \$1,000,000 in sales.

In 1957, Don Welge, a great-nephew of the original Gilsters, joined the company. While the company was maintaining \$1,000,000 in sales at that time, it was becoming obvious that the days of small, independent mills were numbered. Large automated facilities and the decline of scratch baking contributed to the slump. With diversification seen as the only path to survival, the company first moved into private label cake mix, drink mix, and potato products and expanded its operation to the nearby town of Chester, Illinois.

By 1961 many of the original Gilster family members wished to withdraw from the business. In order to maintain sufficient operating capital, the Gilster Milling Company was merged into Martha White Mills, a marketer of family flour and mixes with strong consumer acceptance in the southeastern United States. The Gilster-Martha White relationship was a strong and successful one for several years.

The 1960's saw the company begin to establish itself as a leading private label manufacturer. Gilster acquired the Trenton Milling Company of Trenton, Illinois, in 1962, adding to its cake mix business. In 1964, another great-nephew of the original Gilsters, Mike Welge, joined the company's transportation division. Gilster continued to expand through acquisition with its purchases of Duff Mixes of Newark, New Jersey, in 1965 and Kitchen Art Foods of Chicago, Illinois, in 1968.

In 1969, several members of Gilster management left, and along with other local stockholders, founded Mary Lee Packaging across the Mississippi River in Perryville, Missouri. Initially, the Gilster and Mary Lee operations competed, but within two years the organizations united. In November of 1971 the management and stockholders of Mary Lee Packaging took the majority position in the present day Gilster-Mary Lee Corporation.

The new Gilster-Mary Lee Corporation embarked upon a rapid course of expansion. Considerable private label baking mix business was added when several major competitors left the industry in the early 1970's. Gilster-Mary Lee installed its first macaroni and cheese production line in 1975 and brought on additional lines in 1977 and 1978.

The 1980's saw Gilster-Mary Lee enter several new product lines. Ready-to-eat cereal, microwave popcorn and dehydrated potato products were added to the private label business. As consumers began to awaken to the value of private label cereal, Gilster's business in that area grew. Expansion was undertaken in cereal production in 1987 and again in 1989. In 1988 Gilster acquired Party Pac Corporation of Marshalltown, Iowa, adding decorative holiday tins of flavored, pre-popped popcorn to their product line. In 1989, the company expanded its macaroni and cheese operations in Steeleville, Illinois to include a full line of pastas. The acquisition of another company led Gilster-Mary Lee into adding to their product line instant chocolate drink mixes, chocolate syrup and hot cocoa mixes.

By 1991, the increasing challenges of a rapidly growing business required the company to revise its logistics system. Gilster constructed a distribution center alongside its popcorn plant in McBride, Missouri. Gilster has continually sought methods of cost savings through vertical integration. Shortening and sugar,

oration contributes to Illinois' economy

shipped in bulk via rail, is further processed into several different products. Gilster-Mary Lee also constructed its own box plant in 1992. This facility cuts corrugated sheets into the shipping cases used to package the company's diverse product mix.

Tragically, in the summer of 1993, the Mississippi River broke through the levee near McBride, Missouri. The company's popcorn plant, box plant, one of its cereal plants, and the distribution center were flooded with 18 feet of water. According to President Donald E. Welge, "Without the hard work and dedication of our employees, as well as the loyalty and understanding of our customers, the company would not have survived."

Gilster began construction of a plant in Chester, Illinois, to produce shredded wheat cereal in 1994. The plant was completed the following year, and Gilster-Mary Lee became the first private label cereal manufacturer to offer private label bite-size shredded wheat to the grocery industry. With the purchase of Jasper Foods of Jasper/Joplin, Missouri, in March of 1999, Gilster-Mary Lee significantly strengthened their position in the private label microwave popcorn and cereal industry.

Gilster-Mary Lee now produces over 8,000 SKU's in nearly 500 different private label brands, as well as its own Hospitality label. Roughly 3,500 employees work in 14 different manufacturing facilities in four states. The Gilster truck fleet delivers products throughout the US and Canada, and shipments destined for markets throughout the world leave the Gilster distribution center on a daily basis.

Gilster-Mary Lee has received ETIP funds from the State of Illinois. "The training our employees have received through Alchemy and the ETIP grant is very instrumental in two ways. One, you can take a person who has never worked in a food manufacturing plant, and bring them up to speed on what's required pretty quickly. And, we also use it on an annual basis to keep everybody's skills sharp," said Tom Welge, vice president, technical

sales, for Gilster-Mary Lee.

"Keeping a competent and productive workforce can be a challenge. Illinois' high minimum wage is also a challenge. To remain competitive, we must hold the line on our costs. This is why the funds we receive through the state ETIP grant are so important. And, Alchemy provides training in languages other than English when required, which is critical for our Hispanic employees," said Don Welge.

However, Don Welge is disappointed in Illinois' high cost of doing business. For every employee, Gilster-Mary Lee pays \$600 more per employee in Illinois than they do in Missouri, for workers' compensation and unemployment insurance.

In addition to manufacturing, Gilster-Mary Lee transports approximately 97 percent of the product they make. The company's fleet of trucks travel from Vancouver, Canada to San Diego, California to Miami Florida. They also ship a large amount of breakfast cereal to the Caribbean and Central America.

Regarding the state of business these days, Don says, "Currently, sales are good, but the cost of our commodities is very high. Ethanol is a very expensive program for us all, consumers and manufacturers. It has caused the cost of corn to double, or nearly triple, and in turn, driven up the cost of other grains and inputs. Sugar costs have also skyrocketed thanks to our federal government's sugar program. This is bad for business and ultimately bad for consumers."

"We're fortunate because 'made in America' is still the gold standard for food products. America is number one in exports of food and agricultural products. There will always be a demand for food, and that makes it a good business to be in," said Tom Welge.

Gilster-Mary Lee is a healthy example of manufacturing's success in Illinois. For more information on Gilster-Mary Lee, visit their Website at www.gilstermarylee.com, or call 618-826-2361. ■



BENEFIT PLANS

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Employer action plan

Pre-July 1, 2012 Steps

- Prepare a list of current covered service providers for all defined benefit and defined contribution plans. The list should include service providers who perform services as a fiduciary, registered investment advisor, record-keeper or broker, as well as those who perform other services to the plan for indirect compensation.
- To the extent service providers on the list have not already been in contact, the employer should contact those covered service providers to ensure they intend to comply with the new disclosure requirements.
- For 401(k) and other participant-directed defined contribution plans, the DOL has issued a model form ("Model Comparative Chart") for participant disclosures. In most cases, one of the plan service providers (often the record-keeper) has already accepted responsibility for completing the DOL Model Comparative Chart. If not, the responsibility of assembling the data from the various providers rests with the employer.

Post-July 1, 2012 Steps

- Review all service provider information for completeness and accuracy.

- For all plans, follow-up on any missing or inaccurate information or on any fees that appear to be excessive.
- For all plans, create a record that the information has been reviewed and any appropriate follow-up actions completed.
- For 401(k) plans and other participant-directed defined contribution plans, carefully review the Model Comparative Chart for accuracy and completeness.
- Determine whether a cover letter or additional explanatory materials should accompany the Model Comparative Chart.

Pre-August 30, 2012 Steps

- Distribute Model Comparative Chart and any accompanying materials.
- Consider use of electronic disclosure for the Model Comparative Chart.³

Post-August 30, 2012 Steps

- Anticipate and coordinate responses to participant questions and reactions to the disclosures. For example, some commentators have stated that many participants are unaware of the fees applicable to their plans.
- By November 14 provide disclosures of individual participant expenses that are charged to participant accounts.

Conclusion

Employers should prepare to fully implement an action plan for

these responsibilities. The above represents a proposed plan of action, but it needs to be adjusted for each particular situation.

If you have any questions regarding the DOL's final guidance on disclosure of fee information, please contact Kelly A. Starr 312-609-7768, John J. Jacobsen, Jr. 312-609 7680, Philip L. Mowery 312-609 7642 or Paul F. Russell 312-609 7740. ■

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1. See, "Service Provider Fee Disclosure: Another Step Towards Fee Transparency," Employee Benefits Briefing (July 29, 2010). http://www.vedderprice.com/docs/pub/41e428f4-5934-4184-ac51-4962f350d776_document.pdf.
2. See, "Participant Fee Disclosure Fee Transparency — The Final Piece of the Puzzle," Employee Benefits Briefing (Oct. 29, 2010). http://www.vedderprice.com/docs/pub/6e53e6b6-b93d4-4ccc-aa68-a9271d6743b4_document.pdf.
- 3 See, "Department of Labor Interim Guidance on Electronic Disclosure of Fee Information," Employee Benefits Briefing (Sept. 29, 2011). http://www.vedderprice.com/docs/pub/c9ceb859-aedd-448d-821c-23439b9a20fd_document.pdf.



See you in Springfield . . . Wednesday, May 2, 2012
IMA's Business Day at the Capitol
Don't miss it . . . register today at www.ima-net.org

Innovate or evaporate: the skills set imperative for success in advanced manufacturing

My favorite definition of innovation is that magical thing that happens at the intersection of invention and commercialization. American manufacturers continue to lead the world in innovation in both process and products, and accordingly, a high caliber education is required for workers as a foundation for that innovation. To keep our status, we need a revolution in preparing students and workers for high quality, middle class jobs in the manufacturing economy. With ACT, MSSC and other national partners, the IMA endorsed and the Manufacturing Institute launched the NAM-Endorsed Skills Certification System to provide a comprehensive, credentialed, competency-based, customized education and training system to prepare the manufacturing workforce of the future.

The system is built upon a framework of skills and competencies identified by manufacturers for manufacturers. It is the foundation of work we are doing through the IMA Education Foundation in our Manufacturing Education Initiative and is woven through our efforts in establishing a Manufacturing STEM Learning Exchange here in Illinois.

I believe it is absolutely critical that Illinois and American manufacturing be strong — and I am enthusiastic about this new certification system as the platform for manufacturing's future strength.

News reports and public perceptions about American manufacturing have wrongly been pessimistic and downright negative. It's not unusual to hear complaints that plants are being shuttered — jobs have gone to China — we don't make automobiles in the U.S. anymore — and we really have become a service and knowledge economy.

Emphatically not true!

Of course manufacturing has taken hits similar to other sectors during the great recession, but the statistics about manufacturing paint a picture that differs dramatically from public perceptions. In Darwinian fashion, the manufacturers who survived two major economic downturns in this young century are stronger than ever. We have built lean, green, agile companies that are extremely responsive to our customers. In other words, we have learned to innovate, and not evaporate.

Here are some interesting facts to consider:

Manufacturing remains the bedrock of American business and is the incubator of economic growth. It is central to economic and national security. Upon its shoulders we became the world's leading economic power. While China caught up with us last year in manufacturing value-added output, it took 175 million workers to

match what the US produced with just 13 million workers.

At Bison Gear and Engineering, we are currently re-shoring electric motor production that we were forced to produce in China eight years ago. As a result of investments in our people and technology, we now produce these motors in St. Charles better, faster and cheaper.

Our 286,000 U.S. manufacturers provide more than 18.8 million jobs: 13.2 million jobs directly within manufacturing and 5.6 million more jobs in support sectors. Illinois manufacturers are the anchor of their communities and our work with local education providers helps develop human capital at the local level.

Manufacturing also provides good family-supporting jobs with one of the highest average salaries. For a full time manufacturing worker, the aver-

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America's Manufacturing Renaissance

by Jennifer McNelly, President, The Manufacturing Institute

Over the past few months, manufacturing has enjoyed something of a national spotlight. Organizations all across Washington, from the White House and Congress to major think tanks and government agencies, have been discussing the manufacturing industry and what America must do to maintain and grow its manufacturing base.

Manufacturing is certainly deserving of the recognition it is now receiving because it is an industry that is truly vital to our economic security. No other industry creates more value or has a higher multiplier effect, and this results in a 53 percent compensation premium for manufacturing workers nationwide.

Manufacturing is also the leader in generating wealth from overseas,

contributing 57 percent of the total value of U.S. exports. Of course, manufacturing also plays a vital role in our national security, building the equipment, machines, and armor that equip and protect our servicemen and women.

The American public understands how important manufacturing is to our country. Each year, The Manufacturing Institute and Deloitte conduct a public perception survey to understand how Americans feel about our industry. The latest results show that over 75 percent of the American public believes that manufacturing is critical to our economic and national security. Even more importantly, when given a choice of selecting any industry to create 1,000 jobs in their home region, Americans selected manufacturing as their number one choice.

The attention to manufacturing from policymakers and the support from the American public could not be happening at a better time because we may be on the cusp of a renaissance in manufacturing in the United States.

Over the last two years, manufacturing firms have added over 400,000 jobs. Now that certainly does not make up for the millions of jobs lost in previous years, but it is the first time that our sector has added jobs on a year-over-year basis in nearly 15 years. And this could be just the beginning.

Over the last several months, there have been a growing number of stories of manufacturing firms moving some jobs back to the U.S. What firms are discovering is that it is not as cheap to manufacture in Asia as many first thought.

Accenture recently published a report on the costs of doing business in Asia. What they found was that, while firms are saving money on labor costs, those savings start to diminish when you look at a total cost model. Some things, such as transportation and freight, are obvious and \$100 a barrel oil certainly impacts those costs.

But it is the harder to quantify costs that are now affecting manufacturers. This includes things like reliability, response times, language barriers, and the ability to customize or retool products. And for some manufacturers, most importantly, it means the loss of intellectual property.

The Boston Consulting Group subsequently issued a report examining these total costs, and when they factored in the rapidly rising labor costs, particularly in China, they concluded that the U.S. was extremely competitive on total costs and could see a significant number of jobs return from Asia in the near future.

While this development has the potential to create millions of direct and indirect jobs, there are two major obstacles that threaten this possible renaissance in manufacturing.

The first is the structural costs that manufacturers face in the U.S. In an on-going report series, The Manufacturing Institute and the Manufacturers Alliance for Productivity and Innovation (MAPI) compare these structural costs to those in our nine largest trading partners. This factors out direct costs like labor, raw materials, and

transportation and instead looks at corporate tax rates, employee benefits, torts, energy, and environmental regulations.

What we found last year was that U.S. manufacturers face a 20 percent cost burden compared to companies operating in those countries. This reverses what was a downward trend in the data. One of the biggest contributors to this increase was the lowering of corporate tax rates in places like Canada, Germany, Taiwan, and Korea. In fact, every major trading partner has lowered their corporate tax rate in the last 15 years except for the U.S.

What each of these countries realize is that the global economy is really a global competition for jobs and manufacturing jobs are the most valuable because of that multiplier effect that they bring. Countries are doing whatever they can to attract manufacturing jobs to their shores and the U.S. better take action if we expect to stay in the game.

The good news is that many of these structural costs are easily fixable. The calls for major tax reform are growing in Washington and, regardless of the outcome of the Presidential election, we may see some real reform next year. On the energy front, oil and natural gas discoveries in places like Pennsylvania and North Dakota give the hope of lower energy costs, and even the Environmental Protection Agency has backed off the most onerous regulations that would have greatly burdened manufacturers. While 20 percent is a significant burden, we can reduce or eliminate this gap in short order.

It is the second major obstacle to a renaissance in manufacturing that is more troublesome.

While all the positive stories about manufacturing in the last year or two have been gratifying, it does not undo three decades of negativity. The constant stream of “manufacturing is dying” stories and reports caused real and lasting damage to the image of our industry.

Nowhere have the effects of that damage been greater than on the manufacturing workforce. American society used to greatly value and respect men who built things with their hands. At the turn of the last

century, the greatest names in our country were either industrialists like Henry Ford and Andrew Carnegie or inventors like Thomas Edison and the Wright Brothers. These were the men parents aspired their children to be.

This continued through the 20th century as high school graduates sought work at the local factory and college graduates dreamed of becoming rocket scientists. That began to change in the 70s and 80s though as parents instead began to dream of their children as doctors or lawyers or Wall Street bankers, and guidance counselors pushed students away from manufacturing careers and towards “college-appropriate” careers.

In most of our states, school systems responded to this shift in societal priorities and values by reducing or eliminating the once ubiquitous vocational programs available to high school students. Fewer and fewer students were learning the skills needed to enter manufacturing careers or experiencing the excitement and sense of accomplishment that comes from building and making things.

Unfortunately, this too is reflected in our public perception survey. Less than 20 percent of Americans said that their parents or their school system encouraged them to pursue a career in manufacturing. And when asked what industry they would choose if they could start their careers today, manufacturing was near the bottom.

Perhaps it is just a coincidence that as manufacturing disappeared from schools, a general malaise settled over public education in the U.S. High school drop out rates soared to over 30 percent of students. Graduates lacked the basic reading, writing, and mathematics skills needed in society. Enrollment in remediation courses at higher education increased, burdening higher education with a sort of “under preparation tax.” And employers noted a decline in the basic workplace requirements like punctuality and work ethic.

The cumulative effect of these shifts was to dramatically reduce the size and quality of the pipeline of workers entering manufacturing. Unfortunately, this could not have happened at a worse time for U.S.

manufacturers.

Beginning in the late 1970s and early 1980s and accelerating after the collapse of the Soviet Union and the introduction of the internet, foreign manufacturers, particularly from East Asia, expanded and started to compete directly with U.S. firms. This began a difficult and very painful transformation of the U.S. manufacturing sector.

The manufacturing sector that emerged from that transformation was completely different from its predecessor. Computer controlled robots and machines now produced and moved goods. Clean suits were as common as hard hats. And workers were now responsible for the programming and maintenance of the machines. What had traditionally been a low-skill, routinized workplace was now a highly skilled, customized and integrated workplace.

Manufacturers were also under pressure to innovate. To remain competitive, they either had to regularly create and produce new products or find new and better ways of making their existing products. This added a creativity and critical thinking aspect to manufacturing jobs, further distinguishing traditional manufacturing from advanced manufacturing.

Not surprisingly, it was around this time that manufacturers began to report a skills gap. They were unable to find workers who were qualified to step in and contribute to their operations. This is a real threat because U.S. manufacturers are banking on their ability to produce high value goods and stay ahead of their competitors through innovation.

To be fair, manufacturers were as much responsible for this situation as students, parents, and schools. During the leaning process, many companies cut their training budgets to a minimum, eliminating the traditional, months-long training programs that new hires would enter. Few manufacturers had a choice in this regard though, because the cost of such programs was now prohibitive in the global economy.

Where manufacturers erred was in not transforming their hiring practices to respond to their overall business transformation. Today, the most common approach to filling positions

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is basically to ask a current employee if his brother-in-law is looking for a new job. The second most common approach is to post an opening either on-line or with a staffing agency and hope for the best.

For the past decade, manufacturers have managed to get by with this approach through a combination of productivity enhancements, poaching from other manufacturers, and luck. But manufacturers' ability to work around the skills gap has just about come to an end.

In a report that the Institute released with Deloitte in October 2011, over 80 percent of manufacturers reported a moderate or serious shortage in skilled production workers. Nearly 75 percent of manufacturers say that this shortage has negatively impacted their ability to expand, costing the U.S. an incredible number of jobs at a time when jobs are desperately needed. This has led to a situation where five percent of all jobs in manufacturing are unfilled because companies cannot find workers with the right skills. In real terms, that is 600,000 open jobs today in manufacturing. Those are some frightening results and make clear the threat that a lack of a skilled workforce poses to manufacturers.

In response to this crisis, The Manufacturing Institute has developed and is implementing solutions that will position the U.S. to "grow our own" talent. The core premise of our solution is that, in manufacturing, we have standards for every imaginable input and output. Whether it is the composition of steel, the tolerance of machines, or the failure rate of a part, manufacturers can give the details to three decimal points. So we created a system that allows manufacturers to be as rigorous in the standards they apply to their most important asset — human capital.

Three years ago, the Institute launched the NAM-Endorsed Manufacturing Skills Certification System (SCS) to produce the high performance workforce that is critical to the strength and vitality of our manufacturing economy. The Institute is working with manufacturing certification organizations who are the world market leaders in

skills certification programs. This collaborative effort resulted in an organization of the certification programs, and the credentials they offer, into a system of "stackable credentials" that can be awarded in post-secondary education.

The Institute has taken credentials that are both industry recognized and nationally portable and paired them with ACT's career readiness credential that shows someone has the basic math, reading, and problem solving skills needed for any job, and created educational pathways that can lead to any sector in the manufacturing industry. Basic production skills for entry-level manufacturing careers across all sectors require foundational competencies in health and safety, quality, process, development and design, production and supply chain logistics. The SCS also addresses technical skill requirements that ensure workers are prepared for the technical skills needed for careers in welding and machining.

Two important features of our system are that manufacturers are driving the education reform but we are not asking manufacturers to pay for it. U.S. manufacturers already face a significant structural cost disadvantage in comparison to the rest of the world and we will not ask them to absorb the cost of dealing with the failures of our education system. Instead, we have found willing partners — primarily among the country's community and technical colleges.

Many community colleges already have manufacturing-related programs of study so we have asked that they now incorporate our endorsed credentials into those programs so that manufacturers have a consistency in the quality of skills produced in each community college.

The work with these community colleges is now driving down to impact high school programs and up to the four-year colleges and universities. Our goal is to build an entire manufacturing talent supply chain. This is allowing us to align the traditional education pathways with the career pathways in manufacturing, using industry-recognized credentials as the bridge connecting the two.

What is significant about these pathways is that students can now clearly see the connection between school, jobs, and money and make informed decisions about how long

they should stay in school. And by integrating these courses into for-credit programs, students can easily leave post-secondary school for the workforce and when they decide to return, they can pick-up right where they left off and take the next step up the education and career ladder. There are very few industries that provide that kind of career and education clarity to a student.

Couple that with the fact that manufacturers are hiring welders, CNC machinists, and other production talent faster than community colleges can produce them; manufacturers provide a higher average wage than most industries; and the lack of hiring by other industries, and what started as a pilot in only four community colleges less than three years ago is now being sought after by hundreds of community colleges and enjoying full enrollment where it is already available.

Because of the interest and success the Institute enjoyed with these first five certification partners, we partnered with a number of other industry groups to participate in our approach. Over the last six months, the National Association of Manufacturers has endorsed certifications in Automation, Construction, Die Casting, Fabrication, Fluid Power, Quality, and Transportation, Distribution and Logistics.

These sector and process-specific pathways open up manufacturing education programs to give students a fuller range of the jobs available in manufacturing along with the credentials to prove they have the skills to succeed in those jobs. And along with the certifications from the Society of Manufacturing Engineers, begins to introduce skill certification into the higher level positions.

Certifications alone are not going to solve the workforce crisis that we face and they do not address the continuing lack of Masters and PhD level engineers, but embedding them into education programs and expanding their availability will help to alleviate this serious skills gap. But we are going to need the help of manufacturers.

Companies need to start using skill certifications in their hiring process. This means recognizing and preferring credentials in your job postings and telling your high schools and community colleges that you want graduates

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Solving the manufacturing skills shortage

by Mark Harris, Deputy Chief of Staff, Office of Governor Pat Quinn

The demise of Illinois manufacturing has been greatly exaggerated. On the contrary, since January 2010, manufacturing has been one of the state's leading growth sectors, with 33,800 jobs added, representing almost 25 percent of all new jobs. Nearly 50 percent of Illinois' economy is directly or indirectly linked to our strong manufacturing base, which is one of the most diverse in the nation.

In fact, approximately 10 percent of all jobs in Illinois are manufacturing jobs with the vast majority being high-skill and high-wage jobs; just the type of "new economy" jobs on which we are focusing our economic development efforts. Over the last year, Illinois has celebrated a number of manufacturing expansions, from Ford, Navistar, and Chrysler — which anticipates 4,500 employees in Belvidere by year's end — to small and medium-sized manufacturers like Excel Foundry in Pekin and Regal Cutting Tools in Roscoe. Illinois manufacturers compete and thrive on innovation and the key ingredient to continued growth will be cultivating a pipeline of skilled and productive workers.

But as Rick Stephens, senior vice president of human resources at The Boeing Company and chairman of the Illinois Business Roundtable, put it recently: "We don't have a labor shortage in this country, but we do have a skills shortage, as evidenced by the . . . jobs that are open today." This shortage is coupled with manufacturing's image problem, where outdated notions of a low-skilled and dirty enterprise are still prevalent.

To ensure manufacturers have access to a continuous pool of skilled workers, the State of Illinois has focused its efforts on targeted incumbent and dislocated worker training programs, STEM-based learning initiatives, and expanding industry certification opportunities.

On job training, no program at the Department of Commerce and Economic Opportunity (DCEO) has been more successful than the Employer Training Investment Program (ETIP), which provides manufacturers with direct, matching grants to upgrade the skills of their workers. In 2011, ETIP helped Illinois businesses boost the competitiveness of 18,100 workers at 1,178 companies. Partners such as the Illinois Manufacturers' Association

(IMA) have successfully targeted these training dollars to bring employees up to speed on upgraded equipment or increase efficiency through programs such as Six Sigma.

Manufacturers continually tell us how vital ETIP is to their growth. Ten years ago, Peacock Engineering employed fewer than 1,000 people across its food manufacturing facilities located west of Chicago. Thanks in part to funds provided through ETIP, Peacock has doubled its workforce, more than tripled its sales, and added larger, more modern plants to support these sales requirements. Workers learned to do more preventative maintenance, which reduced the equipment downtime. "The training made possible by [ETIP] funding has benefited virtually every employee in some way," says Mike Bilder, CEO.

Aryzta LLC Great Kitchens in Romeoville is another strong example. Over three years ago, the company created Pizza University to facilitate its training. The multimedia curriculum consists of Safe Quality Foods (SQF) certification, supervisor and management, policies, human resources, and on-boarding. Great

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Constellation Energy — Provides products and services to manage energy cost and risk over time

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Kitchens values their ETIP grant because it makes training their employees more affordable, which helps every employee have the expertise to safely deliver quality food to their customers.

The State has also utilized federal Workforce Investment Act and American Recovery and Reinvestment Act (ARRA) funds to target training toward manufacturing. In Granite City, the economic downturn lowered Ehrhardt Tool & Machining Company's revenues enough that it was facing the reality of layoffs. The company designs and builds customized tools, dyes, special machines and automated equipment to customer specifications. Through a DCEO Office of Employment and Training program, Ehrhardt provided its employees with new skills in computer numerical control, hydraulics, blueprint reading and lean manufacturing, which increased its margins and prevented layoffs.

The State's return on investment in incumbent worker training is excellent; but to help shrink the skills gap, we need to increase the pipeline of workers with the necessary skill sets, which starts in K-12 education.

In February, Governor Quinn

launched the Illinois Pathways Initiative, an unprecedented public-private STEM learning initiative to help promote college and career readiness for all learners across nine sectors, including manufacturing. Initiated through the state's federal Race to the Top (RTTT) application, which brought together a coalition of partners across the P-20 pipeline, this strategy has become the state's blueprint for education reform. At the core of this initiative are the public-private partnerships between schools, communities and industry in order to provide younger students with the opportunity to explore their academic and career interests while practicing real world skills through applied learning.

Alejandro Barrera is proof that this model works. He recently graduated from Wheeling High School, which is already home to a STEM-based curriculum. "As a freshman, I was in below average classes. In my senior year, Wheeling offered advanced machining for the first time. I decided to enroll after hearing that the odds of me obtaining a job after high school would improve. The [career pathways] program opened my eyes to the world of machining, and I even had the chance to do my first internship."

Barrera's internship was with one of the school's industry partners, Waltz Brothers, Inc. in Wheeling. They provide precision grinding and

machining services. During the coursework, Barrera successfully obtained credentials from NIMS, the National Institute for Metalworking Skills. But most importantly, he was hired after graduation by Swiss Precision Machining, Inc. in Niles as a full-time CNC operator. "Before this, I had worked in a local grocery store for a year and a half, was promoted, and made okay money. This local grocery store is where I thought I'd be after high school because I didn't think I had many other choices. I have always been a hard worker and had done okay at school. But it was the advanced manufacturing program at WHS that showed me I could do more and be more. Today I have a great-paying job, and I feel in control over what happens in my life."

Under Governor Quinn's leadership, the state is now collaborating with its many private partners to rapidly multiply the number of future workers like Alejandro through the Illinois Pathways initiative.

Race to the Top funding is being utilized to seed new and innovative statewide public-private partnerships, called Learning Exchanges, in the nine STEM application areas, including manufacturing. These statewide Learning Exchanges will coordinate with regional education and workforce networks to aggregate curricular resources, assessment tools, professional development systems, and

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IMA Education Foundation applies to lead STEM Learning Exchange

At an early March meeting held in Chicago among industry leaders, educators and others, the IMA's Education Foundation was the recipient of unanimous support to lead the Manufacturing STEM Learning Exchange for Illinois. The Manufacturing STEM Learning Exchange is one of nine career learning exchanges being created as part of Illinois' Race to the Top implementation strategy.

"The IMA Education Foundation was thrilled to receive wide spread support from other manufacturing associations, community colleges and entrepreneurial endeavors, as well as from individual manufacturers," said Ron Bullock, Chairman, Bison Gear & Engineering of St. Charles, Illinois and current Chairman of the IMA Education Foundation. "Our ongoing work to advance the IMA/NAM Endorsed Skills Standards System through the IMA Manufacturers Education Initiative is designed to prepare students and adults for great careers in advanced manufacturing."

Over the past two years, the Foundation has led the efforts to develop specific pathways of study and curricula to meet the challenges facing Illinois manufacturers of replacing a minimum of 30,000 production workers each and every year for the next decade. Under current curricula in Illinois schools, students simply do not possess the basic skills necessary to be successful in manufacturing jobs.

"Industry and educators saw the problem and together devised a robust strategy to meet two distinct challenges," says IMA President & CEO Greg Baise. "Developing a pathway of study for

manufacturing skills will give manufacturers an ample pool of applicants possessing basic skills while expanding the vista of career options available to Illinois students and workers. This is a prime example of how good things can happen when all the stakeholders work together towards a common goal."

Currently a group of manufacturers in Northern Cook County, working closely with officials of Harper College and Wheeling High School, are launching a curriculum this fall which can lead to an Associates Degree in Advanced Manufacturing Technology. The degree is based on the Manufacturers Education Initiative and is designed so students can first learn the IMA/NAM endorsed Manufacturing Skills System and then focus on disciplines such as machining, welding, metal fabrication, mechatronics and logistics. The curriculum focuses on allowing students to "learn and earn" while they attend training, and to return to school to improve and expand their skills and knowledge throughout their careers. It also establishes a seamless transition from high school to Harper to four-year institutions for those wishing to pursue a Bachelors and/or Masters degree in engineering.

The IMA Education Foundation supports programs of study through organizational support, grants and coordination of the future STEM Learning Exchange. For further information, contact IMA vice president of External Affairs Jim Nelson, at 800-875-4462, ext. 3023; email: jnelson@ima-net.org. ■

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who have industry certifications.

To support the creation of an integrated workforce supply chain, The Manufacturing Institute has partnered with a company called Futures to create an online tool called the U.S. Manufacturing Pipeline. Found at USManufacturingPipeline.com, it will provide the information for individuals to learn about careers available in advanced manufacturing, locate the schools and programs that teach the right skills, and find available jobs at manufacturers in every region of the country.

And for manufacturers, it will be the go-to place to find the certified, skilled workers that you need to close the skills gap and expand your operations. U.S. Manufacturing Pipeline gives manufacturers the ability to select the skills needed for their available jobs and then specifically invite all candidates that possess those skills and live in the region to apply for your open position.

One specific talent pool that is using U.S. Manufacturing Pipeline is our transitioning military personnel. The Defense Department has been aggressively marketing Pipeline to the over 1.2 million National Guard and Reserve personnel in the U.S. and overseas. This gives manufacturers the immediate opportunity to recruit veterans with both the soft

skills like leadership and teamwork and the specific experience in skills that closely align to manufacturing.

From the creation of education pathways and the integration of industry certifications to the recruitment of students and transitioning workers and the establishment of an online platform that connects these activities, manufacturers have nearly completed the development of a national talent solution.

This will provide the over 286,000 U.S. manufacturers with the skilled workforce they need to compete, offer U.S. citizens high-paying jobs where they can build a career, and enable the U.S. manufacturing sector to compete and succeed in the global economy. ■

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work-based learning opportunities, and to support performance evaluation across the P-20 education and workforce system. These efforts will ultimately support Illinois' goal to increase the proportion of adults in the state with high-quality degrees and credentials to 60 percent by the year 2025 — a 50 percent increase.

Business and industry partners can take advantage of many benefits by participating in STEM Learning Exchanges, including increasing the alignment of existing initiatives while promoting their brand; reducing the transaction cost in connecting with education partners; co-partnering with education around developing talent pipelines; and accessing data to review the return on investment and talent supply chain performance. The IMA Education Foundation has recently led a public-private consortium of over 40 partners in responding to a Request for Information on the launch of a Manufacturing STEM Learning Exchange and has declared an intent to submit an application this summer.

The IMA is also a partner with the State in an Advanced Manufacturing Policy Academy through the National Governors Association (NGA). Illinois was one of seven states selected to participate in this Policy Academy on

“Making’ our Future: Encouraging Growth Opportunities in Manufacturing through Innovation, Entrepreneurship and Investment.” This effort aims to spur innovation and entrepreneurship in ways that encourage the growth of advanced manufacturing industries critical to

To ensure manufacturers have access to a continuous pool of skilled workers, the State of Illinois has focused its efforts on targeted incumbent and dislocated worker training programs, STEM-based learning initiatives and expanding industry certification opportunities.

the state's economic development. Bringing together a team of public and private partners, we have focused our efforts in four key areas, including workforce development, innovation, global trade and competitive business environment.

In announcing the participating states the NGA press release stated that, “For American manufacturing, the future increasingly lies in rapidly changing fields such as energy, medical devices, gene therapy, transportation and aerospace, and is

based on advances in nanotechnologies, biotechnologies and information technologies.” Whether it's our life sciences cluster in the Chicago suburbs; our aerospace cluster in Rockford; our high-tech cluster in Chicago; or the fact that within the past ten years Illinois has grown or attracted 100 companies and more than 15,000 employees in the clean energy supply chain; it is obvious that the future lies in Illinois manufacturers.

Manufacturing in Illinois is just starting its post-recessionary renaissance, and it will be fed by the next generation of skilled workers. Through Illinois Pathways, we finally have a strategy for fully aligning our education and training programs with the real-world needs of the business community. Through the Governor's business attraction and retention efforts, investing in manufacturers that invest in Illinois, the continuation of the State's tried-and-true training programs and constant analysis and implementation of best practices through initiatives such as the National Governor Association's, Illinois will remain a global manufacturing center and home to many of the most competitive manufacturers in the world.

For more information on Illinois Pathways, visit www.IllinoisworkNet.com/ilpathways. ■

Saving America's manufacturing base, one company at a time

Since Henry Ford instituted the \$5/day minimum wage rate in 1914, manufacturing jobs have been the backbone of the American middle class economy. At the time, Henry Ford nearly doubled the minimum wage for his manufacturing workers. Over time, the change has had a monumental impact on both America and the rest of the world.

America's middle class is the majority of this country's population. Fueled by good paying manufacturing jobs, the middle class enabled America to become the economic engine of the world. America's manufacturing base, coupled with its large middle class, were the critical elements that turned the tide of World War II. Without them, it is unlikely the Allies would have won the war. What a different world it would be had the Axis prevailed.

Today, unfortunately, we're witnessing a dramatic decline in our manufacturing base. Since 2000, this country has lost over 3.2 million (17 percent) factory jobs. As a percentage of GDP, manufacturing has plummeted from 21 percent in 1980, to 13 percent today — a 38 percent decline. In terms of employment, manufacturing jobs accounted for 30 percent of all American jobs in 1950. Today this number has fallen to 13 percent. Simultaneously, the middle class has been disappearing. According to Michael Snyder, editor of theeconomiccollapseblog.com, "the middle class is being systematically wiped out of existence in America. The rich are getting richer and the poor are getting poorer at a staggering rate. At one time, the United States had the largest and

most prosperous middle class in the history of the world, but now that is changing at a blinding pace."

So why are we witnessing such fundamental changes? According to Snyder, globalism and free trade have had negative side effects. Not everyone understood the "global economy" would mean that middle class American workers would have to compete for jobs with people on the other side of the world where there is no minimum wage, very few regulations, and government subsidized industries. Although middle class statistics are typically nebulous and hard to find, the following sta-

tistics indicate a dramatic decline in the middle class:

- 36 percent of Americans say that they can't afford to contribute anything to retirement savings.
- A staggering 43 percent of Americans have less than \$10,000 saved up for retirement.
- Almost 45 percent of employed Americans work in non-government service jobs. In 1950, this number was only 26 percent. Throughout this period, these jobs have consistently paid lower wages than manufacturing jobs.

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Jim Bitterle is Managing Partner at EDSI Consulting. With more than 20 years of manufacturing management and consulting experience, Jim has a track record of success in helping organizations grow and prosper under his leadership. Jim can be reached at 313-271-2660 or by email at JBitterle@edsisolutions.com. EDSI Consulting is an IMA member company.

IIMA presents \$29,000 grant to AIT

On Wednesday, April 20, the IMA presented AIT Worldwide Logistics with an Employee Training Investment Program (ETIP) grant check in the amount of \$29,000.

Julie Starsiak, director of membership for the IMA, presented the check to Vaughn Moore, president; Joe Kayser, vice president of finance; Will Isherwood, director of human resources; and Sandra Armas, manager of human resources.

The State of Illinois Department of Commerce and Economic Opportunity's Employer Training Investment Program was established to help Illinois employers remain competitive by upgrading their employee's skills.

"AIT has invested more and more time and resources into employee training and development efforts," said Isherwood. "Receiving this grant funding assistance is incredibly rewarding and will only further AIT's continued investments in these important areas."

Over the past two years, AIT has made an ongoing commitment to enhance its leaders in order to realize company goals and individual career development opportunities. This journey began by eliciting the help of the Carroll-Keller group, a Lombard-based training and consulting team.

The current grant money will be utilized to design and host eight individual training sessions ranging in topics from AIT's vision to employee development and aligning goals with actions. As a member of the IMA, AIT went through an extensive application process in order to be considered for the grant opportunity.

Under the leadership of Sheri Wozniak, director of accounting services, Isherwood, Kayser and the human resources department, AIT is now at the stage of learning how to effectively implement these new tools in order to become more engaged and aligned with AIT's goals.

"This is a very exciting time at AIT," said Wozniak. "This grant will allow our entire organization to come together and prepare for our future success."



IMA members working together to break the cycles of poverty and unemployment for Chicagoans

"Hey Mike, motivate me!" This is the greeting that Mike Hobbs, CEO of Engineered Glass Products receives when he visits The Cara Program. The Cara Program is a Chicago-based, free workforce and leadership development organization for adults seeking to get back into the workforce. Engineered Glass Products manufactures customized heated glass products and solutions for its business partners across a wide range of industries — including architecture, food service, hotels, office furniture, and transportation. Both companies are members of the Illinois Manufacturers' Association.

Hobbs and Engineered Glass Products began partnering with The Cara Program in 2004 to help EGP source quality candidates for their entry level jobs. Since that time, EGP has hired 13 Cara students into positions such as Janitor, Glass Hangar and Cutting Line Technician. EGP turns to The Cara Program to help streamline the customized heated glass products manufacturer's hiring process because they know that job candidates from The Cara Program are screened. The Cara Program conducts drug tests and background checks on every candidate and assesses for motivation. They are trained — individuals are at Cara for 32 hours per week for at least six weeks and often up to 4.5 months in a rigorous, experiential training environment before they are eligible to be placed into employment. Then they are placed into quality transitional and permanent jobs and supported for at least one year on the job to ensure long-term job retention. Many Chicago-area companies like EGP have worked with The Cara Program for over a decade, particularly because of Cara's commitment to employment retention. In 2011, 77 percent of their job candidates celebrated their one-year anniversary on the job, a figure that

outpaces national norms by over 25 points, as reported by the Department of Labor.

"We have found that candidates from The Cara Program are motivated to be good, long-time employees, which helps reduce our turnover. Most importantly, we have an open dialogue with The Cara Program about what specialized skills we are looking for in our employees, so Cara helps to prepare their candidates with these skills. The Cara Program sets both their candidates and EGP up to be successful. It's a good partnership for us," says Hobbs.

"Hey Mike, motivate me!" The Cara Program starts the morning in a unique way with morning 'motivations' to make sure that everyone in attendance — job seekers, employment partners, staff and volunteers are prepared to seize the day. It's this motivation, as well as accountability, time management and critical personal and professional skills that Cara students then take with them into their jobs.

To learn more about The Cara Program and how they can help Chicago-area manufacturers with their hiring needs, or to visit morning 'motivations', visit www.thecara-program.org or call Kathie Stokes, Business Development Manager at 312-798-3348.



Bison kicks off ILIT learning challenge with local teachers and IMSA staff

In order to build a more competitive and skilled engineering workforce for the future, IMA member Bison Gear and Engineering is working with the Illinois Math and Science Academy (IMSA) on the 2012 ILIT challenge to local area high school students. Bison engineers will be working with the students, teachers and IMSA support staff on a challenge designed to test the students on fundamental engineering principals and skills: algebra, trigonometry, physics, computer programming and industrial design.

"Manufacturing has always been

the strength of the American economy; and product innovation is crucial to the success of manufacturing companies. That's why we are excited about the opportunity to work with these talented high school students from Glenbrook South, the Infinity Math & Science Academy and the Islamic Foundation on this design challenge. The students have the opportunity to apply the skills that they are learning to help companies, such as Bison, solve real world problems. In the process, we can help open their eyes to the opportunities available in the manufacturing sector," says John Burch, General Product Manager at Bison Gear. The project kicked off on February 22, 2012.

On April 30th, the 60+ participating students presented their ideas to Bison officials. These ideas will be incorporated into kits for future industry and educational training.



Illinois Soybean Association and Cargill announce partnership to advance soybean yields and quality

International grain marketing company Cargill is the latest organization to join a new partnership program with the Illinois Soybean Association (ISA) to help advance the soybean industry in the state. As a corporate partner, Cargill will collaborate with Illinois soybean farmers to improve soybean yields and quality.

"The partnership is a win-win for both organizations," said Matt Hughes ISA chairman and soybean farmer from Shirley. "Cargill resources will enable our association to reach more farmers with information that can help them be more productive and profitable."

Amie Thesingh, national marketing leader of Cargill AgHorizons, described the partnership as "an effective way for Cargill to connect more closely with growers about the feed, food and industrial needs of our soybean processing business."

The Illinois Soybean Association (ISA) is the statewide membership organization for Illinois soybean farmers. For more information, contact ISA at 309-662-3373, or visit www.ilsoy.org.

IMA member Cargill is an international producer and marketer of food, agricultural, financial and industrial products and services. More information is available at Cargill.com.



City of Chicago places order for 500 next-generation Ford Police Interceptors



Chicago Mayor Rahm Emanuel announced in February that the city will buy 500 Police Interceptor sedans and utility vehicles, the largest commitment to date for the all-new vehicles.

"We are pleased and proud Chicago has decided to purchase Ford's Police Interceptor vehicles," said Ken Czuby, vice president of Marketing, Sales and Service. "Ford has been the police pursuit vehicle market leader for 15 years, and we know these all-new vehicles can handle the rigors of police work."

The Police Interceptor sedan and utility vehicles started production at the company's Chicago Assembly Plant in January, adding 230 jobs at the Torrence Avenue plant with additional manufacturing and support jobs expected in the future.

Ford specially designed and engineered an all-new Police Interceptor sedan and utility to handle the rigors of police work, working hand-in-hand with its Police Advisory Board of law enforcement professionals.

Ford's all-new Police Interceptor vehicles can save law enforcement agencies across the country millions of dollars a year in fuel costs. For example, the Los Angeles County Sheriff's Department — the largest in the world — operates a fleet of 6,200 vehicles that patrol an area the size of Connecticut. In 2010, those vehicles drove more than 27 million miles. A fleet-wide 20 percent fuel economy gain would stand to save the department at least \$20 million a year with fuel prices hovering near \$4 a gallon.

IMA member Ford Motor Company, a global automotive industry leader based in Dearborn, Michigan, manufactures or distributes automobiles across six continents. With about 164,000 employees and about 70 plants worldwide, the company's automotive brands include Ford and Lincoln. For more information regarding Ford and its products worldwide, visit <http://corporate.ford.com>.



GE Energy helps launch new U.S. Industrial Energy Efficiency Coalition

GE Energy's Industrial Solutions business has joined the new Industrial Energy Efficiency Coalition (IEEC) as a founding member. The IEEC is a unique alliance of industrial controls and automation suppliers advocating for new federal policies that encourage manufacturers to implement energy efficiency strategies.

With U.S. industries consuming one third of the country's energy, the industrial sector has a significant opportunity to achieve substantial energy savings of 25-30 percent over the next 25 years by installing new controls and automation technologies.

"We are proud to unite with other industry leaders in helping the IEEC advocate for new policies and programs that encourage greater investment in industrial energy management and services," said Sergio Corbo, chief marketing officer for GE Energy's Industrial Solutions business. "This will dramatically increase energy efficiency and plant modernization throughout the country's industrial ecosystems."

The IEEC is administered by NEMA the association of electrical equipment and medical imaging manufacturers. In addition to GE, other charter members of the consortium include ABB, Eaton, Rockwell Automation, Schneider Electric, and Siemens. Together, these founding members supply an estimated 75 percent of the industrial controls purchased by U.S. companies.

For more information, visit the company's Website at www.ge.com.



SAVING MANUFACTURING

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- 61 percent of Americans “always or usually” live paycheck to paycheck, which was up from 43 percent in 2007.
- The bottom 50 percent of income earners in the United States now collectively own less than one percent of the nation’s wealth.
- For the first time in U.S. history, more than 40 million Americans are on food stamps, and the U.S. Department of Agriculture projected that number would go up to 43 million Americans in 2011.
- Approximately 21 percent of all children in the United States were living below the poverty line in 2010 — the highest rate in 20 years.
- 83 percent of all U.S. stocks are in the hands of one percent of the people.

Although many experts debate the extent and causes of the middle class decline, virtually all experts

agree the declining number of manufacturing jobs has had, and is having, a dramatically negative impact on America’s middle class.

The national decreases in both manufacturing jobs and middle class populations have impacted Illinois significantly. Today, based on dollars, Illinois is the fourth largest manufacturing state in the U.S. Consequently, it has been impacted more severely than most states. In fact, between 1984 and 2008, the number of unemployed Illinois residents was significantly below 600,000. Since 2008, the number of unemployed has been consistently above 600,000 and is currently at 640,000. Compared to 1998, Illinois’ unemployed population has increased a whopping 128 percent.

Illinois’ unemployment rate currently stands at 9.7 percent. The national unemployment rate is 8.9 percent. Given the current state of unemployment in Illinois, coupled with a longer-term prognosis of dwindling manufacturing jobs, progressive minded workforce develop-

ment professional, Dave Stoecklin, who is located in western Illinois, has decided to do something.

On November 3, 2011, Stoecklin, Executive Director for Madison County Employment and Training, attended a presentation by EDSI in Chicago. The topic was saving jobs by saving at-risk companies. During the presentation, we reviewed a pilot program we created in Michigan that focused on identifying at-

risk manufacturing companies, then working with the management teams to stabilize their companies. In Michigan, a state hit harder than most in recent years, the program was highly successful. From 2008-2010, 22 at-risk companies participated in the program. Today, all participating companies are viable, and in most cases, growing profitably.

The results were positive. At the same time, the program proved to be highly cost effective. On average, the cost per job saved or stabilized was less than \$500. Given the cost of unemployment, the cost to the local community and the disruption to families, the pay back for this program was less than six weeks.

During the presentation, Stoecklin immediately saw the value a similar project could have in Illinois. Unfortunately, one problem existed; how could it be funded? Federal funding was used in Michigan, but for the most part, the funding had dried up. So, like many other promising ideas, this concept faced a slow death without a clear way to fund it.

As Stoecklin and his team, along with his workforce development peers in western Illinois, considered possibilities, a potential funding opportunity became evident. The U.S. DOL issued a solicitation for grant applications for innovative projects. The team knew immediately this was their opportunity to create and fund a regional project to save companies and jobs.

The DOL, in an effort to find new, more innovative or more efficient methods to provide employment and training services to residents and companies, created a \$98.5 million fund. This fund is designed to support high-potential concepts and projects over a forty-month period. Ultimately, the DOL hopes to test these new programs to ensure they can do more with reduced budgets in the future.

As of this writing, the western Illinois team has created partnerships with other workforce development agencies in their area, economic development agencies, banks, chambers of commerce, private entities such as EDSI, associations such as the Illinois Manufacturers’

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THINKING BIG

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ures as part of their per kWh commodity charge over the length of the contract. There's no upfront capital or financing required, and customers retain the benefit of the installed energy efficiency measures at the end of the commodity contract.

INNOVATE

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age compensation — including benefits — is \$77,186 annually (2010). This is 27 percent above the average compensation of \$56,456 annually in the rest of the workforce, according to the U.S. Bureau of Economic Analysis.

Manufacturing is the principle engine driving American prosperity. Every dollar in manufactured goods generates an additional \$1.37 worth of economic activity — more than any other economic sector. And manufacturing pays 43 percent of all corporate taxes collected by state and local governments.

Manufacturing accounts for 65 percent of U.S. exports at \$77 billion every month. In comparison, agriculture, a key component of Illinois' economy and highly subsidized by the federal government, exports account for \$50 billion a year! (*Yes, you read that right — manufacturing exports 50 percent more each month than agriculture does in a year.*) Finally, manufacturers are responsible for more than 70 percent of all business R&D, which ultimately benefits other manufacturing and non-manufacturing activities.

These statistics present the power of, and our dependence on, manufacturing. But we need to balance the picture of manufacturing because we know that not all is positive in the manufacturing sector. Life is not a bed of roses.

Along with other U.S. business sectors, manufacturers were hard hit by the Great Recession. However, now we are leading the nation's recovery. Beyond that, manufacturing is threatened by a number of other issues.

First, it is costly to do business in this country and that diminishes our ability to compete. "Structural" costs

Easy E

Energy efficiency is an essential part of an effective energy management strategy. After all, the cheapest form of energy is the energy you never use.

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— the costs for corporate tax rates, employee benefits, litigation, pollution abatement and energy — give our foreign competitors a 17.6 percent advantage right from the start.

Second, we struggle in a world where U.S.-made products face closed markets, unfair currency regulation, and trade laws that are too often unenforced.

Third, we continue to experience a shortage of educated workers who have mastered the skills to employ and integrate new technologies. It's a real shortage that will grow dangerously as the recovery continues. Moreover, growing retirements of the "Baby-Boom" generation will serve only to aggravate the situation.

From a "succession planning" standpoint, boomer generation retirements will require careful planning. To meet the challenge in Illinois alone, we need a pipeline to replace a minimum of 30,000 workers every year for the next decade.

So, why are we still the dominant manufacturing country on the world's stage? The short answer is that we produce more with fewer resources and fewer workers, thus allowing us to keep our prices competitive. China, for example, consumes six times the resources to produce the same product at high environmental costs to its country and the world. The U.S. sustains world productivity leadership by injecting technology and utilizing automation to more effectively design, produce and distribute goods.

However, maintaining the status quo will not win future world-market races. We are nearing the end of our technological advantage as other countries implement our strategies. I believe the key to future productivity increases — and the key to competitiveness — will be innovation. New and improved designs, better processes, faster design-to-market timing and more innovative human resource management will be increasingly impor-

goals and, in some cases, achieving critical compliance objectives. By leveraging available energy efficiency incentives and financing options, it is one of the few capital investments that pays for itself — and that's something to think about. ■

tant. This reality exposes our most basic challenge.

A recent study by the National Association of Manufacturers, the Manufacturing Institute and the Boston Consulting Group, titled "The Innovation Imperative in Manufacturing: How the U.S. Can Restore Its Edge," on the importance of innovation and how education impacts a nation's ability to be innovative, confirmed what many had guessed: the U.S. is no longer the world innovation leader . . . in fact we're eighth among all nations. The report identifies education, the nation's education policies and our immigration policies as keys to improving our nation's innovation success.

Innovation depends on a prepared, capable and educated workforce and on workers who are proficient in continuing to learn as technology and the workplace changes. What does America's workforce look like?

Alarming, almost 75 million individuals lack high school or minimal college credentials or are challenged to speak English. Even a high school diploma no longer guarantees college or workforce readiness. In short, these folks will not easily be able to respond to the challenges of the workforce we require. We have too few individuals capable of learning and too few workers who can contribute to innovation. If we don't address this issue, the future looks grim. At Bison for instance, our diverse workforce pushed us to offer ESL as an in-house class taught by our local community college. The benefits were immediate.

We are ever more dependent upon the innovative thinking of manufacturing leaders, engineers and technicians to create new products and processes. However, we are desperately short of those with math and science degrees.

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Compounding the frustration are hundreds of thousands of jobless Illinoisans who remain on the sidelines due to the chasm between skills possessed by workers and skills required by technically complex manufacturers, while thousands of jobs in manufacturing remain vacant.

Workers seeking greater skill levels to maintain proficiency or move to a new job, look to schools for education and training programs. Unfortunately, many of our schools — and the approaches they employ to prepare workers — are failing to engage, educate, and retain young people. Many are not organized to serve unemployed adults and offer programs that are not aligned with the skill needs of employers. Others simply lack the capacity to prepare enough workers to meet coming needs. The result is our current pipeline is woefully inadequate.

Let me state clearly that the faults for the current state of America's worker preparation system do not lie entirely on the backs of educators. The system responds to the demands of its customers — mostly parents and elected school boards — who fail to accept the reality that all students must be prepared for employment. In addition, manufacturing has not been clearly articulating our needs or supporting current efforts by providing internships, mentoring for students or between-term externships for faculty, to keep abreast of new technology and processes. Clearly we need to change directions.

The IMA, NAM and the manufacturers each represents are calling for a renaissance in education. The changes we seek are far more than improving career and technical education — they are about improving delivery of education at every level. The plan includes a comprehensive evaluation of the education continuum from early childhood education, through K-12, postsecondary, and life-long learning.

We believe that the country can no longer tolerate dual-track thinking — that is thinking there is academic preparation for college-bound students and career/tech education for the rest. To survive in today's work environment — not just manufactur-

ing but any work environment — all students need a cleverly integrated set of academic and technical experiences with a heightened focus on sound STEM skills. High performance computing can no longer be seen as a luxury; it is a basic necessity in advanced manufacturing. This kind of integrated approach will prepare every student for work, college, or college while working.

We envision a system that is not a “one-path-fits-all, start-to-finish education,” but a system that allows each student to pursue pertinent learning experiences over a life-time, taking advantage of continuing education opportunities offered by many of our members. Finally, each educational experience and all training must be recorded on each student's “learning record,” a transcript of sorts. We believe that should include a series of industry recognized skills credentials.

Why credentials? They become the educational “targets” at which students aim so that the educational paths they choose lead efficiently toward real preparation for work and life. Credentials name and define the “educational standards,” or skills, that will leave the student really prepared to perform in college and on the job. Standards that are created by educators and employers assure that students are broadly prepared to succeed and that they always know precisely where they are headed.

The National Association of Manufacturers and the IMA support such a set of credentials, an integrated system of training programs and course curriculum resulting in portable validated credentials for training manufacturing workers.

To assure workers have the basic academic and general workplace skills, the NAM/IMA system is grounded on the ACT National Career Readiness Certificate. This certificate assures manufacturers that individuals who choose to enter the workforce immediately after high school, or post-secondary education, have the core academic and workplace competencies for employment.

Entry-level manufacturing careers across all sectors also require foundational competencies in health and safety, quality assurance and continual improvement, manufacturing processes, development and design, and production and supply chain logistics.

The NAM/IMA system includes:

- for entry level production workers:

the Manufacturing Skill Standards Council's Certified Production Technician (CPT);

- for metal-working: the National Institute for Metalworking Skills (NIMS) machining and metal-forming credentials;
- for welding: the American Welding Society's Certified Welder credentials;
- and, to meet our national need for the next generation of technicians, the certification programs of the Society of Manufacturing Engineers.

The certification system, and the career pathways in manufacturing that it supports, also align to education pathways in secondary and postsecondary education. In integrating the skills certifications into those education pathways, we believe they must become part of degree programs of study, leading to stacking of credentials throughout a lifetime of learning.

This is a system that can deliver the American dream to hundreds of thousands of workers in every sector of our industry. To assure success, we have to be willing to become wholly invested in the process as well as the outcomes.

When we get down to the “final finish” we really need to develop relationships with teachers and guidance counselors, the ones who know the students; the career-changers and the returning veterans. They're the ones on whom we must rely to implement this plan in the classroom and the school shop floors.

In return, we must be willing to offer them access to our companies through externships so they can keep up to date on the ever-changing face of today's advanced manufacturing environment. We also must be prepared to offer internships so that students, particularly those who learn best by doing, will have the opportunity to experience life in manufacturing.

It's truly a new day for manufacturers, and it calls for a new approach to developing the caliber of advanced industrial worker who will produce the products of tomorrow.

The choice is ours, and we can't wait for others to ride to our rescue. Manufacturers know best what skills are needed to move manufacturing forward and to remain the world's industrial leader.

As with everything we do, we must innovate, or we will evaporate. ■

SAVING MANUFACTURING

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Association (IMA), and community colleges. Collectively, this group has become the Great Rivers Consortium (GRC). Initially, the GRC is focused on writing a grant application for project funding. Should the group be successful, they will create an early warning network to consistently identify at-risk manufacturing companies. Then, once the companies are identified, the team will provide turnaround and training services to optimize the companies' chances of survival. As part of the program, the companies' workforces — from executives through hourly production and support staff — will be assessed. Executives will be trained in hands-on working sessions to stabilize their companies and address key issues within their own organizations. Hourly employees, on the other hand, will be assessed for skills gaps. Critical gaps will be identified and local community colleges will create targeted programs to provide specific training required, on a company-by-company basis.

In Michigan, the program was designed to demonstrate the success of a concept; that is, identify at-risk companies, then stabilize them. It was also intended to prove it could be done cost effectively with public funds and result in fewer lost jobs. In Illinois, the GRC program is designed to be a large-scale, 31-county, regional program that can be sustained indefinitely. More specifically, desired outcomes of the GRC's program include:

1. **Establishment of a sustainable, regional early warning system to identify at-risk companies and jobs** — For any layoff aversion system to work, it must first be able to identify at-risk companies before it is too late. The GRC is already hard at work establishing early warning network partners such as bankers, CPA's, attorneys, etc. As a partner, EDSI has created both public and private sector early warning networks. EDSI will lead the establishment of the network, but the GRC's other team members will maintain it into the future.
2. **Establishment of a sustainable, layoff aversion program that**

effectively stabilizes at-risk companies — The program piloted in Michigan will be replicated on a much larger, long-term scale. Initially, at-risk companies will be analyzed. Analysis will holistically assess financial, operational, organizational, strategic, and sales/marketing elements of each company. Once the analysis is completed, a specific plan of action will be created to stabilize the company, address key issues, and upgrade employee skill sets at all levels.

... the western Illinois team has created partnerships with other workforce development agencies in their area, economic development agencies, banks, chambers of commerce, private entities such as EDSI, associations such as the IMA, and community colleges. Collectively, this group has become the Great Rivers Consortium (GRC).

3. **Lower unemployment rates** — As at-risk companies are stabilized, layoffs will be slowed. And, as manufacturing companies have the highest job multiplier, every manufacturing job saved will save approximately six other jobs in the region. In the GRC's region, there are 936 manufacturing companies with over 10 employees. We estimate approximately 258,000 regional jobs are either manufacturing-based jobs, or jobs dependent upon other manufacturing jobs.
4. **Higher average regional wage rates** — Manufacturing wage rates are typically higher than service industry wage rates. Consequently, stabilizing and growing the manufacturing job base will naturally increase the region's average wage rate. When successful, this will help stabilize and grow the region's middle class population.

5. **Stable, growing, manufacturing industrial segment** — Part of the layoff aversion work will be focused on identifying actions required for stabilization, while other actions will be focused on growth. In Michigan, the statistics suggest sales growth and improved profits led to job growth.

6. **Better alignment of community college-based training programs with business needs** — When needed, workforce skills gap assessments will be included in the process. They will identify specific areas of training that are required. Communicating this information directly to the community colleges will help them better serve the basic needs of the local businesses.

7. **A more efficient and effective workforce development system that focuses on companies' employment needs** — The Federal government spends over \$9 billion per year on employment and training programs. Most of these are for unemployed workers. Minimizing unemployment will reduce the need for this expenditure. At the same time, actively assessing individual company workforces will enable training entities to focus training on company specific requirements, versus a variety of off-the-shelf standard programs that do not match companies' needs.

8. **A layoff aversion system that can be expanded to become the state or national model** — The GRC is interested in helping the regional economy in Western Illinois. At the same time, it wants to create a replicable model for the entire state, and perhaps the rest of the country.

A healthy manufacturing sector is good for Illinois, it's good for America, and it's good for our middle class-driven economy. Hopefully, the GRC grant application will be funded by the Department of Labor. If it is, we may see the beginning of the manufacturing turnaround in Illinois that could be implemented in other parts of the country and may one day provide the assistance your company needs to survive and grow. ■

New IMA members

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Joliet, IL

EPICOR SOFTWARE CORPORATION
Livermore, CA

**JUVENILE PRODUCTS
MANUFACTURERS ASSOCIATION**
Mt. Laurel, NJ

MARSHALL GERSTEIN & BORUN, LLP
Chicago, IL

MOBILEAR, INC.
Lisle, IL

RESTAT
Hudson, WI

ROCHE INDUSTRIES, LLC
Elgin, IL

SEYFARTH SHAW, LLP
Chicago, IL

SNACK-KING CORPORATION
City of Industry, CA

TRI INDUSTRIES
Chicago, IL

TRI-MERIT
Arlington Heights, IL

2012 Calendar of events

MAY 2012

May 2, 2012
IMA Business Day at the Capitol
visit www.ima-net.org for details

May 15, 2012
IMA-MIT Event: Essential Internal Training Skills & Techniques
DePaul University O'Hare Campus, 8770 W. Bryn Mawr Ave., Chicago, 9:00 am–5:00 pm
Learn the essential skills needed to deliver World Class training — skills that are absolutely essential to produce high quality outcomes.

May 16, 2012
IMA Breakfast Briefing: Global Economic Update & Business Opportunities
Mon Ami Gabi, 260 Oak Brook Center, Oak Brook, 8:00–11:00 am
Join Orest Temnycky, VP of Foreign Exchange Sales at Citibank and learn about the current economic trends, the impact of the European debt crisis and gain important information on strategies to manage foreign currency exposures. Visit www.ima-net.org/calendar-of-events to register, or for more information.

May 16-18, 2012
Illinois Enterprise Zone Association Spring Conference
Hilton Garden Inn, 1301 Avenue of Mid-America, Effingham — For questions, contact Betty J. Steinert at bsteinert@whiteside.org, 217-772-5182. Visit the IEZA at <http://www.ieza.org>.

May 22, 2012
IMA-MIT Event: Effective Business Writing Skills
DePaul University O'Hare Campus, 8770 W. Bryn Mawr Ave., Chicago, 9:00 am–5:00 pm

Learn the key skills needed to write clear, concise and easily understood messages, whether memo, email, business letter or full-length analytical report.

May 30, 2012 and July 25, 2012
Energy Market Intelligence Webinar
2:00–2:45pm CST — IMA & Constellation Energy, IMA's preferred energy supplier, invite you to participate in a series of bi-monthly Energy Market Intelligence Webinars, designed to provide you an understanding of the energy market and the factors that can impact energy prices. Visit www.constellation.com/partners/associations-chambers/pages/ima.aspx for more information.

May 31, 2012
IMA-MIT Event: Essential Leadership Skills for Front Line Managers & Supervisors
DePaul University O'Hare Campus, 8770 W. Bryn Mawr Ave., Chicago, 9:00 am–4:45 pm
Today's business environment requires strong leadership; leaders who can do more with less and still meet the ever increasing demands of the customer. Learn what "best of class" leaders practice on a daily basis.

JUNE 2012

June 21, 2012
IMA-MIT Event: Effective Presentation Skills
DePaul University O'Hare Campus, 8770 W. Bryn Mawr Ave., Chicago, 9:00 am–5:00 pm
Deliver your message with poise and power. Learn the key skills, techniques and methods that will help you create memorable presentations and deliver them with power and passion.

June 26, 2012

IMA-MIT Event: Essential Leadership Skills for Front Line Managers & Supervisors
DePaul University O'Hare Campus, 8770 W. Bryn Mawr Ave., Chicago, 9:00 am–5:00 pm
Today's business environment requires strong leadership; leaders who can do more with less and still meet the ever increasing demands of the customer. Learn what "best of class" leaders practice on a daily basis.

JULY 2012

July 10, 2012
IMA-MIT Event: Project Management Skills for Non Project Managers
DePaul University O'Hare Campus, 8770 W. Bryn Mawr Ave., Chicago, 9:00 am–5:00 pm
Learn the key Project Management skills to effectively manage small to medium sized projects.

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Visit <http://www.ima-net.org/calendar-of-events> for information, pricing, registration, etc., related to all IMA special events and IMA-MIT training events.

The Illinois Manufacturer is underwritten by Constellation NewEnergy

Quarterly Economic Update

Commercial Bank



Economic growth is continuing at a modest pace sustained by increasing employment, supportive policies and a mild winter. Financial conditions have improved in part on perceptions that tail risks have eased as solid job growth in cyclically sensitive areas is bolstering the view that recovery is less vulnerable. Even depressed housing markets are reviving in spots. Near term, the focus will be on possible payback from weather-induced gains as well as drag from surging gasoline prices. The more serious threat of major fiscal restraint looms over 2013.

To discuss how this data can impact your business please call:

Peter Moirano
VP Commercial Banking
312-627-3358
peter.moirano@citi.com

The Fed's new communications strategy has been a notable success in anchoring rates through a period of rising investor confidence and better economic news. Although policymakers do not seem predisposed to additional QE, the chance that growth could disappoint official projections this year has kept alive the option for reserve-neutral MBS purchases. Officials have cautioned that unemployment remains too high and despite easing financial strains, global threats to financial stability are unresolved. Broad tax hikes and spending cuts that could stall recovery are on tap for 2013 but forestalling action is unlikely before late this year or next.

Competitive pressures and economic slack have checked underlying inflation but rising oil and gasoline prices are pushing up headline measures again. Fed officials see this as a greater threat to growth than inflation as long as inflation expectations are checked. An improving job market may be just beginning to buoy wage growth and consumers remain highly resistant to broad based price increases.

United States — Economic Forecasts, 2011F-2013F


		2011E	2012F	2013F	2011		2012				2013	
					3Q	4QE	1QF	2QF	3QF	4QF	1QF	2Q
GDP	SAAR				1.8%	3.0%	2.0%	1.7%	2.1%	2.3%	1.2%	1.5%
	YoY	1.7%	2.1%	2.0%	1.6	1.6	2.0	2.1	2.2	2.0	1.8	1.8
Domestic Demand	SAAR				2.7	1.1	2.0	1.8	1.9	2.2	0.6	1.3
	YoY	1.8	1.8	1.7	1.8	1.4	1.8	1.9	1.7	2.0	1.6	1.5
Consumption	SAAR				1.7	2.1	2.1	2.1	1.9	2.4	1.1	1.6
	YoY	2.2	2.0	1.9	2.0	1.7	1.7	2.0	2.0	2.1	1.8	1.7
Business Investment	SAAR				15.7	2.8	2.8	5.3	6.5	5.8	6.4	6.3
	YoY	8.7	5.7	6.9	9.1	7.8	7.7	6.5	4.0	4.6	5.8	5.7
Housing Investment	SAAR				1.3	11.5	11.4	11.0	13.2	11.8	12.5	14.5
	YoY	-1.3	9.9	13.8	1.4	3.5	7.0	8.7	11.8	11.9	12.1	13.0
Government	SAAR				-0.1	-4.4	0.5	-1.9	-1.4	-1.4	-5.6	-3.4
	YoY	-2.1	-1.4	-2.7	-2.4	-2.8	-1.2	-1.5	-1.8	-1.1	-2.6	-3.0
Exports	SAAR				4.7	4.3	6.3	4.9	5.2	5.7	5.9	5.6
	YoY	6.8	5.1	5.6	6.0	5.1	4.7	5.0	5.2	5.5	5.4	5.6
Imports	SAAR				1.2	3.8	8.8	4.0	3.5	4.0	2.6	3.5
	YoY	4.9	4.5	3.6	2.1	3.6	3.7	4.4	6.0	5.0	3.5	3.4
PCE Deflator	YoY	2.5	2.1	1.8	2.9	2.7	2.3	2.0	1.9	2.0	1.8	1.7
Core PCE Deflator	YoY	1.4	1.8	1.7	1.6	1.8	1.9	1.8	1.7	1.7	1.7	1.8
Unemployment Rate	%	9.0	8.0	7.8	9.1	8.7	8.3	8.1	8.0	7.8	7.6	7.9
S&P 500 Profits (US\$ Per Share)	YoY	14.4	3.3	4.5	17.9	8.7	5.5	4.6	-0.6	3.8	3.0	4.0

Notes: F Citi forecast, E Citi Estimate, YoY Year-to-year percent change, SAAR Seasonally adjusted annual rate

Sources: Bureau of Economic Analysis, Bureau of Labor Statistics, BEERS, Treasury Department, Wall Street Journal and Citi Investment Research and Analysis

	Forecast End Period						
	Current	2Q 12	3Q 12	4Q 12	1Q 13	2Q 13	3Q 13
US							
Policy Rate (Fed Funds) End Quarter	0.25	0.25	0.25	0.25	0.25	0.25	0.25
3-Month Libor	0.47	0.48	0.50	0.55	0.65	0.75	0.80
2 Year Treasury Yield	0.35	0.35	0.40	0.50	0.65	0.85	1.00
5 Year Treasury Yield	1.13	1.15	1.25	1.40	1.50	1.70	1.85
10 Year Treasury Yield	2.37	2.40	2.45	2.50	2.60	2.75	3.00
30 Year Treasury Yield	3.44	3.60	3.65	3.70	3.80	4.00	4.25
2-10 Year Treasury Curve	201	206	205	200	195	190	200
2 Year Swap Spread (Swap Less Govt.) bp	25	45	40	35	35	35	35
10 Year Swap Spread (Swap Less Govt.) bp	6	15	20	22	24	25	25
30 Year Swap Spread (Swap Less Govt.) bp	-30	-35	-40	-50	-50	-50	-50
30 Year Mortgage Yield	4.03	4.10	4.20	4.35	4.50	4.70	4.85
10 Year Break-even Inflation	241	240	235	235	235	240	240

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