

# **THE ILLINOIS Manufacturer**

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Summer 2014

**Illinois' next  
governor:  
pro-jobs  
candidate  
Bruce Rauner**

**Illinois manufacturers and  
the Chicago-based Digital  
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**IMA MEMBER PROFILE:  
SWD, Inc.**



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# Summer 2014



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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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## Endangered species?



Job creators and homeowners will face higher property taxes to pay for schools that will be required to pick up increased pension costs. Parents will be outraged as taxes go up at the same time vital programs are cut from their children's schools.

**T**he purpose of the Endangered Species Act is to protect and recover imperiled species and the ecosystems upon which they depend.

Living and working in Illinois is going from bad to worse. Earlier this summer, Gallup reported that 50 percent of Illinois citizens want to move elsewhere.

According to the Bureau of Labor Statistics, Illinois lost 26,500 jobs from August 2013 to May 2014. In that same timeframe, 27,000 new jobs were created for a whopping net increase of just 500 jobs. As of June 2014, the Illinois Department of Employment Security reports manufacturing employment is down 47,000 jobs in the last decade.

Mayor Rahm Emanuel announced the results of a task force study on the minimum wage that supports a \$13 an hour rate for the city of Chicago. Over time, the mayor supports raising the minimum wage to that level.

And finally — maybe the most important development of the summer — the Illinois Supreme Court ruled on a case that seems to make it clear that our state's constitution will not allow, in any way, the diminution of pension benefits. This final piece of news just might be the icing on the proverbial cake for many of our members, and, sadly, for many of our citizens as well. They are going to be leaving.

*They aren't running away; they're being driven away.*

We now seem to have a state that will require citizens to pay for government pensions that under current funding schemes cannot be supported without higher tax revenue — much higher. Therefore, hold on to your wallet.

Job creators and homeowners will face higher property taxes to pay for schools that will be required to pick up increased pension costs. Parents will be outraged as taxes go up at the same time vital programs are cut from their children's schools.

In a classic case of treating the symptom instead of the disease, job creators will be told to pay a higher minimum wage to entry level workers, forcing companies to decide whether to fire employees or pass on higher costs to their customers. The notion that Illinois is a good place to grow a business is laughable. Our state government, much like Congress, is paralyzed. If the courts go on to rule as expected that the pension reforms passed last winter are unconstitutional, the exodus of manufacturing will accelerate at a frightening pace.

In 1973, the federal government passed the Endangered Species Act. As it states above, its purpose is to protect and recover endangered species.

**Attention government officials:** Aren't **JOBS** just as important as the Eastern Wood Rat\* or the Western Snail Darter?\* Isn't the ability of Illinois families to realize the American dream just as important as saving the Jefferson Salamander\* or the Smooth Soft-shell Turtle?\*

Isn't the ability to stop the frightening murder rate of 16-20 year old males in the state's largest city just as important as . . . well, you get the point.

It's time for our leaders to propose a series of reforms that will protect the **JOB**. Do Jobs count anymore? I say it's time to enact an Endangered Jobs Act — a program that focuses on saving jobs first and helping recover those jobs that have been lost. The specifics of such an Act can be proposed at a later date, but time is short.

Many of our society's woes stem directly from the job loss in areas where manufacturing was once strong. Community leaders cry out for stricter laws on guns while others shout for stiffer penalties on those who commit crimes. Do you think it's merely a coincidence that society has broken down in places where the American dream is no longer alive?

Jobs mean hope. Jobs mean a brighter future. Jobs provide those who were born into poverty with egress up and out.

Regrettably, jobs can't seem to make it into the psyche of lawmakers who decide what types of entities are endangered. But, please take solace in the fact that the Short-eared Owl\* is doing well.



*\*Species on the Illinois Endangered Species list as catalogued by the Illinois Department of Natural Resources.*



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# Manufacturers need to engage in the political process



Many companies are loathe to engage politically, worried about the message that it sends to their employees or customers in an increasingly polarized electorate.

Every other year, Illinois voters are bombarded with television commercials, radio advertisements, campaign mailers, automated telephone calls, tweets, emails and posts on social media from candidates for political office. Because I personally support candidates for office on all levels of government with my time and money, I seem to be on every possible list in the western hemisphere. And you'll understand my cynicism of the political process when I say that I'd probably be retired on a warm Caribbean island if I had a nickel for every candidate who tells me that they are "the pro-business" candidate in an election.

Unfortunately, in today's modern society, when more information is at our fingertips than at any time in our nation's history, too many voters are either uneducated about candidates and their positions or are too lazy and disinterested to engage. Others simply rely on 30-second television sound bites or repeat the talking points from their favored political party. Americans are shirking their responsibility, first secured in the Revolutionary War and in later wars, to participate in our democracy.

The numbers tell the tale. In 1860, when eligible voters were required to personally show up at a polling place and publicly announce their votes in front of political bosses, a whopping 81.6 percent of voters cast a ballot. Last year, scarcely more than 57 percent of Americans chose to cast a private vote despite the ability to vote early, cast an absentee ballot, and in some cases vote electronically from the comfort of home, work or an iPhone.

As we move toward the 2014 election, the Illinois Manufacturers' Association strongly encourages employers to engage in the political process — because it's too important to sit on the sidelines. Many companies are loathe to engage politically, worried about the message that it sends to their employees or customers in an increasingly polarized electorate.

But statistics suggest differently. In a 2010 survey conducted by the non-partisan Business Industry Political Action Committee, more than 60 percent of employees said they "trusted data" from their employers and found it helpful in deciding how to vote. That same survey found that 35 percent of employees ranked the employer as the single most credible source of information. For comparison, employers were twice as credible as the media (16 percent) and three times more trustworthy than political parties (12 percent). More than 50 percent of employees say that they would like *more information* about elections and the impact that it could have on their business.

Illinois' unemployment rate, while decreasing, is still significantly higher than the national average. Within the manufacturing sector, Illinois has bled more than 49,000 jobs since January of 2009, while other states have seen gains. Recently, an Illinois Supreme Court decision cast serious doubt about whether the state's pension reform package will pass Constitutional muster at a time when our pension debt is \$100 billion and the annual payment consumes nearly 20 percent of state general revenue spending. Finally, the temporary income tax increase is set to expire on December 31, 2014, at a time when state debt will still exceed five billion dollars. Illinois' fiscal challenges are daunting, creating uncertainty for job creators.

Our next Governor, whether Governor Pat Quinn is re-elected or Bruce Rauner wins his first campaign, will immediately face serious challenges. There will be no honeymoon.

As in past years, the Illinois Manufacturers' Association will engage in the political process by educating our member companies and supporting candidates for office that we believe will best

see **DENZLER** page 8

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# Ten research and development tax credit myths that may be costing you money

**T**he federal research and development (R&D) credit gives companies conducting qualified research the ability to generate a research credit of nine or 13 percent of R&D spending\* in order to lower their regular tax bill. The credit can be carried back one year and carried forward 20 years as needed, yet is surprisingly under-claimed. While nearly \$9 billion in R&D credits were claimed in 2010, National Science Foundation<sup>1</sup> statistics indicate that another \$4 billion in R&D credits could have been claimed but were not. Middle market companies are among those least likely to take advantage of this beneficial credit. In our experience, many companies that have eligible activity erroneously disqualify themselves from claiming the R&D tax credit because of one or more of the following myths:

**Myth #1: The R&D tax credit is only for companies that invent something revolutionary.**

**Reality:** The R&D tax credit is designed to encourage innovation. As such, it is equally available to companies that attempt evolutionary improvements to existing products or processes and companies that undertake revolutionary activities. The development or improvement effort does not have to equate to a moon shot. The regulations define research as activities “intended to eliminate uncertainty” based on information available to the taxpayer at the outset of the project. An experienced R&D tax professional can help you understand what types of activities meet the qualifying criteria.

**Myth #2: The R&D tax credit is only for companies engaged in basic research.**

**Reality:** The R&D tax credit also extends to applied science, something that many companies perform

on a daily basis as they try to improve their business and production processes through the use of technology and science.

**Myth #3: The R&D tax credit is not available for companies that fail in their research.**

**Reality:** You do not have to be successful to claim the credit. The R&D tax credit is an efforts-based credit. In fact, the regulations specifically state that success is not required in order to be eligible.

**Myth #4: The R&D tax credit won't help my company because my company is not profitable.**

**Reality:** It is true that the federal R&D tax credit is a credit against taxes, meaning you must be profitable to utilize the credit. However, the credit carries forward 20 years

and back one year. Thus, it could be of immediate benefit if your company was profitable in the prior year and can be banked for use in future profitable years. In addition, some state R&D credit programs provide for refundable credits.

**Myth #5: The R&D tax credit is only for big companies.**

**Reality:** While large companies may claim the biggest and most headline-grabbing credits, the program is open to all companies. There are no company size requirements; the credit is only based on type of activity. The credit, however, must be actively claimed — it is not automatically granted. In 2010, more than 12,900 companies applied for the credit. Eleven percent, or 1,441,

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## DENZLER

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represent the manufacturing sector. In the race for Governor, our Board of Directors chose to strongly endorse Republican businessman Bruce Rauner. This was only after surveying our membership and personally interviewing both candidates for office to get a true sense of their vision and plans for Illinois' during

these challenging times. The IMA will soon release legislative ratings for all current 177 members of the General Assembly, and that will be made publicly available.

I know it's cliché, but there is no election more important for the future of Illinois and our businesses. There are plenty of opportunities for employers to participate — whether it's making a financial contribution to the Manufacturers Political Action Committee, hosting a candidate visit, sharing the IMA's

legislative ratings with your employees, or educating your employees about the importance of voting and the potential impact on your business.

We're ready to help you engage! ■



## TAX CREDIT MYTHS

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of these companies had business revenues below \$25,000, and 39 percent, or 5,015, companies had revenues below \$5 million.<sup>2</sup> In other words, approximately half of the companies that claim the federal research tax credit are considered middle market companies or small businesses.

**Myth #6: The R&D tax credit is not available to my company because our research is funded by the government.**

**Reality:** This is an understandable misconception that invites deeper consideration. The R&D tax credit requires both technical uncertainty and financial risk. If a contract between the government (or other party) and the taxpayer requires the taxpayer to succeed or return funds, or to incur costs beyond what the government is paying, the taxpayer is at financial risk and thus eligible for the R&D tax credit. A determination can only be made by reviewing all of the contractual payment provisions. Taking the time for a thorough review usually proves rewarding.

**Myth #7: The R&D tax credit doesn't help with state taxes.**

**Reality:** About two-thirds of states have an R&D credit program. As mentioned previously, some of these offer refundable credits, while others offer credits that can be carried forward. Most state eligibility requirements mimic federal eligibility requirements, though some may restrict, include or provide for enhanced credits for specific types of research. The most common dif-

ferences between federal and state R&D credit computations relate to the credit rate and base amount computations.

**Myth #8: The R&D tax credit is not a big deal since my company is already getting a deduction.**

**Reality:** Smart tax planning includes taking advantage of all available benefits. An election under section 280C(c)(3) allows a taxpayer to take a reduced credit without disallowing the deduction for R&D expenses. Thus, a taxpayer may take a deduction for qualified R&D expenses in addition to a reduced credit at the tax-effected rate of 65 percent. The reduced credit is in addition to the deduction and represents a dollar-for-dollar reduction in regular income tax liability. Why leave money on the table and potentially put your business at a competitive disadvantage?

**Myth #9: The R&D tax credit is for increasing research; since my spending is flat, my company is not eligible.**

**Reality:** This is another tricky area full of misconceptions. The R&D credit does require an increase in research spending. However, current-year spending is compared to a base, which is 50 percent of the average spend for the prior three years, calculated under the ASC method.\* In reality, your company's research spending could actually be decreasing, and your company could still be eligible for the credit.

**Myth #10: The R&D tax credit expired, so it's too late**

**Reality:** Yes, the federal R&D tax credit expired on Dec. 31, 2013, but it is not too late. You may claim 2013 qualifying activity on your 2013 tax return. As the federal research

tax credit has expired and been renewed 15 times since 1986, it is also likely to be renewed again. The typical renewal has been retroactive, meaning your 2014 activity will likely qualify for the credit by tax return time. Since the state R&D tax credits have not expired and continue based on their individual sunset provisions, staying on top of your options is beneficial, even though the federal credit is currently expired.

If any of these ten myths have discouraged your business from claiming the benefits of the R&D tax credit, think again. It is not too late. Calendar-year C corporations that have extended their returns may make federal R&D credit claims for the current filing year through Sept. 15, 2014. Pass-through entities with April 15 deadlines should consider extending their returns until Oct. 15, 2014 to provide more time to properly determine the credit before filing. Key owners of pass-throughs should be consulted, as this would require extending their individual return filings as well. Under some situations, businesses may also be able to amend prior-year tax returns and retroactively claim the credit. Amended returns will invite IRS scrutiny, and a well-documented study is essential to sustain the refund claim. Additionally, many state claim periods are also open, including some that offer refundable credits—meaning you don't even have to wait until you are profitable to see the dollars enhance your bottom line.

We recommend you work with your tax team and tax advisors and enlist them to take a look at your various business activities to see

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**YEARS ATTENDING IMTS**

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Pictured from left: Rick Delawder, President; Matt Delawder, Vice President, Sales; Tim Delawder, Vice President, Operations; and Dick Delawder (seated), Chairman and founder of SWD, Inc.

## IMA MEMBER PROFILE: SWD, Inc.

by Dan Naumovich

**T**o the average do-it-yourselfer, coming across a misshapen screw head when assembling a piece of furniture or repairing an appliance is at best a minor frustration. It's simply a matter of chucking the damaged screw and picking up another one. On the assembly line, however, a defective screw can temporarily shut down operations, leading to a significant loss in productivity.

This is something that the average person would never consider, but it's something that Rick Delawder thinks about every day. Delawder is the president of SWD, Inc., located in Addison. The company produces and applies anti-corrosive coatings to fasteners, such as screws and bolts. Because the precision of these parts is so critical to the manufacturers who rely on them during production and for the performance of their products, he feels it is SWD's duty to strive for perfection.

"One of the responsibilities that we have as a company is to drive contin-

uous improvement and produce zero defects," Rick Delawder said.

In terms of fasteners, the defect is called recess fill and it occurs when the coating they apply partially fills up in the cavity on the top of the screw head.

"If that cavity doesn't allow the driver bit to fully fit, then the assembler can't assemble this joint correctly, and ultimately there could be a defect down the line. At a minimum, it's going to slow the line down," he said.

Getting the coating to adhere properly and consistently is a highly precise process, requiring the examination of different application angles and speeds to achieve optimal results. Although improvements achieved over the years have brought the defect rate down considerably, attaining that last small percentage to reach perfection has remained elusive. Because the solution is grounded in the principles of physics, Delawder began seeking opportunities for outside expertise.

"The original idea that I had goes back about five or six years ago. I was sitting on an airplane flying out of Washington and I happened to sit next to a lady who worked at Argonne National Labs. She told me that they were looking at losing some of the physicists there because of funding. So I said to her, 'would it be possible that one of these physicists might be interested in helping us understand one of the issues of the coating process that we're having?'" he said.

That opportunity didn't pan out, but it did keep his mind focused in that direction.

"My thought process was that maybe one of these physicists can design a model and then tell us what's the ultimate tilt angle and the ultimate RPM for these baskets to run at," he said.

Last year, SWD was approached by Jim Nelson of the IMA and Mary Rose Hennessy, executive director of the University of Illinois' Business and Industry Services, about an

opportunity to participate in the Digital Lab for Manufacturing. (see page 14) This research and development initiative combines private companies with university resources, including access to one of the fastest supercomputers in the world. Delawder put together a 15-page proposal and SWD was eventually selected as one of the pilot projects.

"We're probably a tenth of the way through. We still have a long way to go. Right now we're trying to quantify the value of the project," he said.

"We're really excited because this has never been studied or modeled in the past. And while we're excited to see the results, we really don't know. It could be that we can't achieve zero defects, but we do believe that we can get much better than where we are today."

In addition to perfecting their current offerings, SWD must further innovate and grow to anticipate the increasing demands of their clients that operate towards the end of the supply chain.

"It's a specification-driven process, so each OEM, whether it's General Motors, Chrysler, Ford, Mercedes Benz, BMW, or Volkswagen — will have their own

specifications and we actually have a special way of processing to meet each one of those customer's demands," he said.

"Years ago it wouldn't be uncommon for a warranty to be three or five years and have a certain amount of miles on it. Today, the automotive industry is attempting to achieve ten, and even up to 15 years for many of these vehicles. In order to achieve these longer periods of reliability, the requirements and demands for corrosion protection are going up. And so this is an area where we're finding that our coatings are playing a larger and larger role as time goes on."

In addition to the automotive industry, SWD also serves Illinois-based manufacturers John Deere and Caterpillar, as well as clients throughout the world. The global supplier has 150 employees that work in its 165,000 sq. feet facility. They've come a long way since Rick Delawder's father, Dick Delawder, founded SWD in 1980.

The elder Delawder was working as a high school teacher when he and a colleague decided to try their hand at construction. That experience introduced him to the materials side of the business and he found his niche in providing

metal finishing, dip spin coatings and sorting for fasteners such as screws, nuts, bolts and washers.

Dick Delawder started out not only as the company founder, but also the lift truck operator, equipment builder and maintenance man, among other duties. As the company grew, he was able to delegate some of his responsibilities to others, including some family members.

"I have three sons and they all work here. They all told me that they were never going to work here," he said.

In addition to Rick, son Tim serves as vice president of operations and the youngest, Matt, is vice president of sales.

"I'm very proud of my boys. They all do a great job," he said.

Where family-run companies in the metal finishing industry were once common, there aren't as many around today. Those that have survived have done so by committing to growth and development, or by finding a specific niche to serve. The Delawder's willingness to reinvest and transition, and to take on the risk that goes along with it, is a major reason they are in their third decade as an Illinois manufacturer.

"We're lucky in that we've grown. A lot of people in my past are no longer in business. We've worked very hard to grow the business. In my opinion, you either grow or desist," said Dick Delawder.

Among the company's strengths is the position it has carved out for itself along a vibrant supply chain that runs through the northern part of the Midwest.

"Ultimately, we're feeding the assembly plants. There are still, to this day, a significant number in the northern states. Illinois, of course, has the Belvidere plant, and the Mitsubishi plant in Central Illinois. Indiana has quite a few, and Michigan and Ohio of course. These plants, along with Caterpillar and John Deere, are all in a location where logistically, we are strategically located," said Rick Delawder.

SWD is also dealing with many of the same concerns that other manufacturers in the state are facing. Although they are located in a heavily-populated area, it is still a struggle to find qualified employees. In the early years, management could usually rely on current employees to

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SWD's automated fastener sorting division uses machine vision to detect and remove defective parts.



## SWD, INC.

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recommend friends who were qualified to step in on a second shift. Today, even the traditional outlets for reaching a larger pool of potential employees — such as newspaper ads or Internet services — are proving inadequate.

"It's interesting because you read the newspapers and watch the news on TV and they continue to talk about this high unemployment rate, but yet we advertise jobs and get a very limited number of people come through the door. And the people who do come through the door may not meet the criteria that we're looking for either from a skill level, or maybe even being able to pass a simple drug test. So we have these types of barriers," said Rick Delawder.

The company has had some recent success with job fairs, both hosting their own and participating in events hosted by area community colleges. They have also been working with the IMA's Education Foundation on efforts to align industry requirements with school curricu-

lums, from community college on down to the elementary level.

In addition to employee issues, SWD is also concerned with how the state and federal governments regulate their industry. They believe a more manufacturing-friendly envi-

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**"It ultimately impacts our ability to compete globally. This world is shrinking at a very rapid pace. So parts that are produced in China or Europe or wherever in the world, compete with parts that are produced right here in Illinois and throughout the United States."**

**— Rick Delawder**

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ronment would go a long way towards a more stable domestic economy in the face of increased competition.

"It ultimately impacts our ability to compete globally. This world is shrinking at a very rapid pace. So parts that are produced in China or

Europe or wherever in the world, compete with parts that are produced right here in Illinois and throughout the United States. So it's imperative that our government recognizes this and helps to minimize the hurdles that are erected in front of us as we attempt to navigate the future," said Rick Delawder.

These concerns are one of the reasons that SWD has been a long-time member of the IMA. Not only does the association provide them a voice in Springfield, it also puts them in contact with a network of people who are taking on the same challenges and looking for the same opportunities that they are.

"When I was a teacher, I had peers with a similar background so we could sit around and talk. When you get into business on your own, there's really no one there to talk to. At that point, I kind of missed being informed and I felt IMA would help me to become better informed," said Dick Delawder. ■

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
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# Politics in the workplace

Individuals should always be careful when they discuss topics that can be controversial such as politics, religion or sex. In 2014, 36 states and three territories will hold gubernatorial elections. In addition, all 435 seats in the United States House of Representatives and 33 United States Senate seats will be contested, along with numerous other state and local elected positions. As these elections draw nearer, employers may find increased discussions regarding candidates and political issues making their way into the workplace. Indeed, a 2012 survey sponsored by CareerBuilder® found that 36 percent of employees discussed politics at work.

Politics is one of those topics that can cause issues between employees and headaches for employees. For example, employee morale and productivity can be implicated. Some legal issues may also be involved, when, for example, the political discussion relates to race, sex, or religion. Whether and how an employer chooses to regulate these conversations may have legal implications as well. Employers are wise to review their policies to prepare for the coming election season.

## Regulating employee speech on the job

Many employees have the misconception that their First Amendment rights entitle them to say anything they want at work. Private-sector employers have a great deal of discretion when it comes to regulation of employee speech during working hours. For example, no one would argue that an employer can prohibit speech that would be harassing or discriminatory.

Generally speaking, private sector companies can likewise regulate political discussion without running afoul of the First Amendment. Employers are typically free to regulate discussions in the workplace for legitimate business purposes, even if

such regulation impedes on an employee's political expression.

Political discussions may involve issues related to race, religion, age, sex, and national origin. The range of political discussions related to an election can be broad. The topic of abortion can involve religion. A debate over immigration can involve race or national origin. When such discussions get heated, friendly debates may quickly turn bad and result in claims of discrimination or harassment, especially if a supervisor is involved in the conversation and expresses "strong views" on the topic. Supervisors should be reminded about not engaging in such discussions with subordinates. Supervisors should be able to tactfully diffuse a political conversation turning heated. Supervisors as well as

employees should also recognize that there is a difference between tactfully expressing your views and attacking the views of others. Employers must be prepared to properly handle comments or complaints stemming from political discussions.

Complaints of discriminatory or harassing comments must be promptly investigated in accordance with company policy. Discrimination and harassment policies must be in place and should be uniformly applied as situations arise.

Employers should recognize that an employee complaint arising out of a discussion involving politics must be investigated just as any other complaint. Employers should also consider implementing a bullying policy to address inappropriate behavior.

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## How can Illinois manufacturers help — and be helped by — the Chicago-based Digital Manufacturing & Design Innovation Institute?

By Jacob Goodwin

**W**hen President Obama announced the establishment of the Digital Manufacturing & Design Innovation Institute (DMDII) at a White House ceremony last February, he joked that the Institute would essentially be building Ironman.

The President did an excellent job of describing what the new Institute, more commonly known as DMDII, would actually be doing, but it was clearly a tough assignment. It's not easy to explain the audacious goal of DMDII, and even harder to explain precisely how Illinois-based manufacturers will fit into the Institute's grand plan. Here I hope to provide further enlightenment.

In short, DMDII is going to help revolutionize American manufacturing by organizing and funding research efforts aimed at making communications between players at every stage of the manufacturing process more efficient. This will speed up the "time to market" for U.S.-built products and reduce their costs, which in turn will make American manufacturers more competitive around the globe and hopefully bring thousands of manufacturing jobs back to our country.

The problems that DMDII aims to solve are little-known to the general public. Most people are unaware of the inefficiencies, gaps and bottlenecks that frequently plague the process of designing a part, building a prototype of that newly-designed

item, correcting imperfections in the original design, sending the revised design to the factory floor where computer-driven machine tools will build hundreds or thousands of the parts, spotting problems in having the machines hold the tolerances called for by the revised technical data packages, and tracking those parts as they are assembled into a larger, more-complex system and eventually into the final product, which will be shipped off the factory's loading dock so the product can perform in the marketplace for the next five, 10 or 20 years. In a nutshell, the goal of DMDII is to enable the people — and the machines they use — to communicate with each other more effectively and more interoperably, so that each of those manufacturing stages can be accomplished more smoothly.

American factories, which during the decades following World War II led the world in cost-competitive production, have in recent decades fallen behind the factories of several other nations — principally in Asia, and most especially in China — which have largely benefitted from the dramatically lower wages they pay their factory workers.

With the establishment of DMDII, and a handful of similar institutes across the country which will focus on other unique aspects of American manufacturing, the United States is essentially saying, "You might be able to beat us on the wages you

pay your workers, but we will regain our edge by tapping the best brains in our country to figure out better ways to streamline the manufacturing process, make it much faster and much cheaper, and thus restore American manufacturing to the supremacy it long enjoyed."

Great, that sounds good. But how does DMDII intend to accomplish this lofty goal? The federal government recognizes that some of the huge problems affecting American manufacturing cannot be solved by one company alone — even one gigantic, hugely-talented company — or one leading research university, acting by itself. Some of these manufacturing problems are so profound, and so systemic, they require the best brains available from many companies — both large and small — and many universities to drill down into the problem to identify the specific information gaps that exist, and then to undertake the painstaking research necessary to find innovative ways to fill those gaps with newly-developed digital tools.

The challenge, in short, is to create a research environment in which numerous companies, academic institutions and other organizations can work together collaboratively to pinpoint a vexing technical problem, and then develop an innovative new solution to that particular problem.

The federal government is doing its part by establishing DMDII and partially funding the research that



DMDII will undertake during the next five years to the tune of \$70 million. The companies and universities that will become official “Partners” of DMDII will do their part by offering approximately \$250 million in additional cost-sharing funds during the same five-year period, and by tackling the ambitious research agenda set out by the Institute. This “public/private partnership” will only succeed if DMDII can create a fair and impartial environment in which major corporations — such as Lockheed Martin, General Electric, Dow Chemical, Deere, Procter & Gamble, Rolls-Royce and Siemens, which have already pledged their support — find it advantageous to cooperate with each other, rather than compete with each other; and if research universities and nimble, innovative, dynamic small- and medium-sized companies — which frequently operate at the frontiers of technology — can be integrated into the Institute’s research process. Essentially, the goal of DMDII is to tap the best brains in American manufacturing to solve the biggest problems plaguing American manufacturing. As one participant described it, this is our moon shot.

To understand how all these pieces are supposed to fit together, it’s helpful to talk with the leaders of DMDII, as well as UI LABS, a forward-looking “research collaborative” based in Chicago which is DMDII’s parent organization. Dr. Caralynn Nowinski, the executive director of UI



**Dr. Caralynn Nowinski,**  
Executive Director,  
UI LABS

LABS, who spearheaded the proposal effort that culminated in UI LABS winning a nationwide competition and landing the \$70 million grant from the U.S. Army, understands the roles that each participant in the DMDII consortium must play. “We won the grant because we pulled together an extraordinary team comprised of the City of Chicago, the State of Illinois, more than a dozen major U.S. corporations, more than a dozen major research universities and hundreds of medium and small businesses, nonprofit organizations, local gov-

ernment agencies and other educational institutions,” explained Nowinski. “We will succeed in our mission by tapping into these organizations’ diverse talents in an ongoing and productive manner.”

Manufacturing companies across the country, and particularly those located in the State of Illinois, have expressed their eagerness to participate in DMDII’s research program. Dr. Dean Bartles, a longtime senior sales and manufacturing executive with the General Dynamics Corporation who was recently named executive director of DMDII, welcomes the involvement of such Illinois manufacturers. “Our Institute has a national mandate, but we



**Dr. Dean Bartles,**  
Executive Director,  
DMDII

“The technology projects in our portfolio are focused on solving business problems,” said Dr. William King, the Institute’s Chief



**Dr. William King,**  
DMDII’s Chief  
Technology Officer  
and College of  
Engineering Bliss  
Professor at the U of  
I, Urbana-Champaign

Technology Officer and the College of Engineering Bliss Professor at the University of Illinois Urbana-Champaign. Dr. King was a key architect of the UI LABS proposal, which focused on how digital technologies can unlock value for manufacturing companies. “When we unveil our specific projects, we hope that Illinois manufacturers will become members of the various teams that will compete for those

*“... we hope that many Illinois manufacturers will pitch in to help us establish our new headquarters and outfit our showpiece demonstration facility, which we intend to open on Goose Island — an industrial district just northwest of Chicago’s downtown — in less than one year.”*

**— Dr. Dean Bartles, Executive Director, DMDII**

expect the most active participation to occur among the manufacturing community located closest to our Chicago headquarters,” explained Bartles. “In fact, we hope that many Illinois manufacturers will pitch in to help us establish our new headquarters and outfit our showpiece demonstration facility, which we intend to open on Goose Island — an industrial district just northwest of Chicago’s downtown — in less than one year.”

Of course, the best way for Illinois manufacturers to participate in DMDII’s research effort is to become an active “Partner” of the Institute, to help identify the most vexing challenges confronting American manufacturing and their eventual digital solutions, and to win a role in the specific research projects that DMDII will be launching.

research assignments. For Partners that do not participate on project teams, we still invite them to visit us, share with us their challenges, and learn about what we are doing.”

The leaders of DMDII and UI LABS recognize that participants will be drawn to its profound mission by the desire for new revenues and the desire to help the country regain its role as the globe’s premier manufacturer. They welcome all participants who share DMDII’s broad goals. ■

*Author Jacob Goodwin is DMDII’s director of membership outreach*

**Editor’s Note:** Illinois manufacturers who wish to learn more about the opportunities offered by DMDII can contact author Jacob Goodwin at [jgoodwin@uilabs.org](mailto:jgoodwin@uilabs.org).





# Illinois' next governor: pro-jobs candidate Bruce Rauner

Candidate for Illinois lieutenant governor and Wheaton City Councilwoman Evelyn Sanguinetti (left), Bruce Rauner, and an employee of Quality Float Works, Inc., in Schaumburg

**B**ruce Rauner never imagined he'd run for any political office. He never even ran for student council. Now, he could very well be the next governor of Illinois.

## Illinois values

Bruce was born near Wrigley Field and spent much of his childhood growing up in Lake County. His upbringing was solidly middle class — his mother a nurse and his father a lawyer and engineer at Motorola. But the person who shaped his life the most was his grandfather, who lived in a double-wide trailer in Wisconsin.

His grandfather never had much in the way of material wealth, but Bruce recalls sitting in the church pew with him and watching him put money in the collection plate no matter how tight finances were at home.

In addition to teaching Bruce how to hunt and fish, his grandfather instilled in him the importance of three values that have guided Bruce's life: get the best education you can, work hard and give back to your community. Bruce has taken his grandfather's lessons to heart and they have motivated his entire life.

## Achieving success

Bruce's first jobs were as a short order cook and a parking valet, and he worked his way through Dartmouth College. One job Bruce had in college was working as a radio newsman. These days, whenever his friends see his political television ads, they remind him that he may have a voice for radio, but he has a face for radio too.

Following college, Bruce earned an M.B.A. from Harvard University where he graduated with highest honors.

He returned home to Illinois and began working at then startup investment firm Golder, Thomas, Cressey (later GTCR). His contributions and leadership quickly earned him a partnership, and he soon became chairman of GTCR.

Over the following decades, he helped grow GTCR into one of the most successful and respected investment firms in the entire nation. Among the accomplishments Bruce is most proud of is the fact that GTCR was trusted to invest some of the pension funds of state workers. For Bruce, playing a role in overseeing the retirement investments of first responders, teachers and other Illinois workers was a great honor.



And GTCR's investments paid off. Their funds' performance far exceeded the stock market's performance — nearly double, providing exceptional value for state workers and taxpayers alike.

But Bruce hasn't let his success change him. He still owns a 20-year old camper van, and wears an \$18 watch. He likes to stay in the cheapest hotel room he can find, often a Super Eight on the campaign trail.

### Giving back

Business though has not been Bruce's only focus. Over the years, he has invested his time and resources to improving the community. In addition to his involvement in many other civic organizations, Bruce has helped turnaround McCormick Place in Chicago by serving on the Metropolitan Pier and Exposition Authority. Tourism increased dramatically during his tenure as chairman of the Chicago Convention and Tourism Bureau. He has also helped fund the Red Cross regional headquarters and the YMCA in Chicago's Little Village neighborhood.

But Bruce's greatest passion has been improving educational opportunities for Illinois children.

Bruce has helped build multiple charter schools in the Chicago area and funded scholarship programs for disadvantaged public school students. He supports achievement-based compensation systems and has served as chairman of the Chicago Public Education Fund, among many other efforts.

Bruce's wife, Diana, serves as President of the Ounce of Prevention Fund, one of the nation's most respected organizations devoted to providing quality early childhood learning for those born into poverty.

### Running for governor

Bruce believes Illinois has everything going for it — a great location and smart, hardworking people — the exception is bad politics and policies. That's why he refuses to sit back while the politicians in charge of Springfield run the state into the ground.

Bruce won't take a salary or pension as governor. He says he's running because he loves Illinois and wants a brighter future for the next generation of Illinoisans.



The IMA officially endorsed candidate Bruce Rauner for Illinois governor at Quality Float Works, Inc. (QFW) in Schaumburg on July 17th. IMA member Quality Float Works, Inc., manufactures hollow metal float balls and assemblies used to level liquid controls in a variety of industries. Pictured (from left) are Jason Speer, Vice President of QFW; candidate for Illinois lieutenant governor and Wheaton City Councilwoman Evelyn Sanguinetti; an employee of QFW; QFW President and Design Engineer Sandra Westlund-Deenihan; and Bruce Rauner.

Bruce's platform is clear and focused: create more, better-paying jobs, reduce the tax burden and deliver value for your tax dollars, ensure every child has access to a good education, and enact term limits on the career politicians — his proposal is eight years and you're out.

Bruce knows how to bring back Illinois, he needs to fundamentally shake up how things work and dramatically reform state government.

In a series of Bring Back Illinois Blueprint policy proposals, Bruce has outlined a set of structural reforms to revamp the way Illinois does business.

Bruce has a plan to restructure state government that will save more than \$1 billion. His plan leaves no stone unturned. It includes selling planes from the state's air fleet, which is the largest in the country. He will institute Medicaid verification reform and overhaul the state's Central Management Services. Together, these two changes alone will save taxpayers hundreds of millions of dollars.

He will also make government spending more transparent and accountable, eliminate political slush funds and has pledged to line-item veto waste out of the state budget in order to protect taxpayers.

And Bruce will improve economic growth in Illinois. He often says Illinois can't tax its way out of our problems — we need to grow our

way out.

"Unfortunately, Illinois under Pat Quinn has been hostile to growth — and the result is one of the worst jobs and economic climates in the country," Bruce said.

Bruce spends seven days a week on the campaign trail, often meeting with manufacturers and other job creators. One of the scariest things he's learned is just how many businesses are planning to move or are quietly shifting operations to other states. Business owners tell him the combined regulatory and tax burden in Illinois make the state a hostile place to do business.

Bruce addresses these concerns in his detailed, pro-growth plan, which includes eliminating Pat Quinn's 67 percent income tax hike, freezing property taxes, enacting true workers compensation and tort reform, and strengthening vocational and technical training programs.

Of course, Bruce understands the critical role that manufacturing plays in Illinois' economy. He has proposed making the Manufacturer's Purchase Credit permanent, and he will actively recruit companies to move their businesses to Illinois, helping them grow and thrive.

Bruce says his mission as governor is clear: create a pro-jobs environment, reduce taxes and improve schools.

Bruce is excited to get to work. ■



## POLITICS

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Uniform application of all policies and procedures is key.

Regulation of political discussion and the handling of any resulting complaints must be consistent to avoid claims of discrimination.

### Regulation of campaigning at work

An employer may prohibit an employee from using company property such as computers, printers, faxes and the email system to campaign for a candidate. Regulation of campaigning at work may also be achieved through a non-solicitation policy. Employers have a legitimate business interest in restricting the type of activity employees can engage in at the workplace during working hours. For example, you can prohibit employees from fundraising or participating in a "get out the vote" campaign while at work. Non-solicitation policies should include a prohibition on soliciting other employees for political purposes during working time. The policy should treat campaigning in the same way as any other type of solicitation.

You may also want to restrict such activities or face the risk that customers and clients will associate your company with one side of a particular campaign issue or one political party.

To the extent employers wish to restrict campaign attire or accessories, they can do so via dress code policies. Political paraphernalia can generally be prohibited, provided the prohibition applies equally to all types of paraphernalia and regardless of the political party with which the employee is affiliated. A caveat exists under the National Labor Relations Act ("NLRA"). Under the NLRA, the wearing of union insignia by employees is presumed to be a valid exercise of the employee's rights. Consequently, prohibiting a "Teamsters for Obama" t-shirt, for example, would likely violate the NLRA. While exceptions to this presumption exist in certain workplaces and situations (e.g., where an employer can demonstrate a safety or business interest in requiring or banning certain attire), it is important for employers to be mindful of this legal issue.

### Regulating employee's off-duty political activity

Frankly, this is an area where employers should tread carefully. Some states expressly prohibit employers from adversely impacting a person's employment based on lawful off duty conduct; certainly, campaigning would fall into that category. Illinois law regulates employer-tracking of such activity. It prevents an employer from gathering or keeping a record of an employee's associations, political activities, publications, communications or non-

employment activities, unless the employee submits the information in writing or authorizes the employer in writing to keep or gather the information. Even in states that are silent on this issue, terminating an employee for off duty political actions or beliefs can lead to claims by employees. State laws vary regarding the influence an employer may have over its employees' off-duty conduct. For example, while some states are silent on the issue, others prohibit interference with terms and conditions of employment based on the off-duty conduct of employees, including political activity. It is important for employers to understand the extent to which off-duty employee political activity can be regulated given the laws of the particular state in which the employer has offices.

Employers seeking to regulate employee off-duty conduct must also remain mindful of the NLRA and ensure that any regulation does not chill employees' rights to discuss the terms and conditions of their employment with each other. A group of workers marching in a political rally to raise the minimum wage is likely to be protected activity under the NLRA.

### Providing time off to vote

Most states protect employees' rights to take time off from work to vote. Illinois law, for example, provides that employees must be permitted to take up to two hours off from work to vote. Employers must comply with applicable state laws related to voting leave.

### Conclusion

The election season is upon us. Freedom of expression is a good thing. It lets you honor diversity and respectful disagreement. However, remember that employers have a legitimate interest in keeping employees focused on work and limiting political debates in the workplace. Restrictions on political discussion and campaigning should be: (1) done in accordance with any applicable state and federal laws; (2) in furtherance of legitimate business interests; and (3) enforced consistently and evenhandedly among the workforce. Further, employers must be careful to ensure that political conversations do not become grounds for discrimination or harassment claims. ■

## IMA 2014 EVENTS — Plan to attend . . .

**Friday, September 5, 2014**

### Small Manufacturers Council Meeting

*Oak Brook Marriott, Oak Brook, Illinois, 8:00 am-12:00 noon*

**Wednesday, September 17, 2014**

### IMA Breakfast Briefing: Protecting a Manufacturer's Assets: Best Practices for Handling Incoming, Current and Departing Employees

*Presented by Dan Kaufman, Michael Best, LLC*

*Mon Ami Gabi Restaurant, Oak Brook Center Mall, 8:00-10:30 am*

**Wednesday, October 22, 2014**

### IMA Breakfast Briefing: Collective Bargaining

*Presented by Tom Biehl and Tom Posey, Faegre Baker Daniels*

*Ditka's Restaurant, Two MidAmerica Plaza, Oakbrook Terrace, 8:00-10:30 am*

**Thursday, November 13, 2014: IMA's Annual Sales Tax Seminar**

*Marriott Naperville, 1801 N. Naperville Blvd., Naperville, 8:00am-12:00 noon*

**Friday, December 5, 2014**

### IMA 2014 Annual Luncheon — J.W. Marriott, Chicago

For more information, visit [www.ima-net.org/calendar-of-events/](http://www.ima-net.org/calendar-of-events/)  
or contact Kimberly McNamara at 630-368-5300, ext. 9371, or [kmcnamara@ima-net.org](mailto:kmcnamara@ima-net.org)

# Starting a facilities project

**Y**our business may be changing or expanding. You need to remodel space in your existing plant or build a new building. The project has been approved. What are the next steps?

- Prepare a space program to define the project in terms of physical requirements.
- Prepare a budget estimate to define the project in terms of cost.
- Prepare a milestone schedule to define the project in terms of time.
- In a multi-project program, rank projects in order of importance.
- Organize the company to act effectively.
- Select a delivery method to determine how the design and construction will be sequenced.

In an industrial setting the building is essentially a shell for the equipment that it houses. However, that shell has to provide the environment required by the equipment. It is important to keep in mind that design and construction is a process more than a product. The new facility will be the outcome of that process.

## Prepare a space program

A space program is an informed evaluation of the space and physical requirements of the facility. Some requirements are relatively easy to identify: new equipment may need its own foundations, the facility may need additional parking. However, a renovation or new building may have other impacts on the company that are less easily identified. For example:

- Office space: Will the facility require the addition of staff? Where will that staff be located? Will present staff be displaced by new facility?
- Storage: Will the facility program require additional storage? Will present storage be displaced by the new facility?
- Existing lines of equipment: How

will these areas be affected?

- Are there other space demands, perhaps from other initiatives on the part of the company that are likely to surface during this project?

Allocation of space is often a sensitive issue in a company. The space program should be the projection of the space required for the facility, taking into account all the parameters identified above. This is typically not a linear, but rather an iterative, process. The first step is to project the requirements of each department in the facility over a defined time horizon. The second step is to review critically the space projections, in order to separate what is desired from what is truly required. The third step is to determine the final space program. In this entire process, it is critical to communicate both the goals and the mechanics of the entire process to the stakeholders in order to avoid raising expectations

that cannot be met.

The space program is not just a listing of spaces, however. It is also a listing of the desired flows through the spaces; the relationship of the spaces to each other, including adjacencies; and other requirements, including structural, mechanical, electrical, and data, for each space.

A space program should be carried out by a professional with experience in the building type being considered. This professional need not be the architect that will be retained later to design the expansion. A professional is trained to identify the issues, such as those outlined above, that should not be overlooked in initial planning. A professional will also identify other space requirements, including space required for mechanical and electrical equipment, and data requirements, which will become part of the project.

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## PROJECT

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### Prepare a budget estimate

The purpose of the space program is to identify all the physical requirements to support the facility being planned. Beyond any obvious physical constraints, it is difficult for a company to evaluate the feasibility of a project based on the space summary alone. Thus, it is important to prepare a budget estimate of cost based on the space program. A budget estimate is an estimate with sufficient accuracy to be used for budgeting the project as it is implemented. It is more detailed than an order-of-magnitude estimate and less detailed than a detailed construction estimate.

The accuracy of the estimate as a predictor of actual cost depends both on the information available and the experience of the estimator. Thus, an estimate based only on a raw estimate of area, without additional information, will lead to a very wide range of estimated costs. However, an estimate based on a space program that identifies the various types of spaces, all of which differ in complexity and can thus be built for different costs, will lead to a more accurate estimate that can be developed before design documents are prepared.

Selecting an experienced estimator is critical. A conceptual estimator must consider all the costs that are likely to be encountered in the course of the project, some of which are not easy to identify at this early stage in the process. For instance:

- Fees, not only for architects and engineers, but also for other consultants that are likely to be required, such as attorneys and code consultants.
- Furniture, fixtures and equipment that the company is likely to want, but that are typically not specified as part of basic architectural and engineering services.
- Contingencies: separate contingencies for design, construction, and the company's unforeseen costs for the project. It is very hard to predict the future. That is what contingencies are for.

The conceptual estimate may confirm that, based on the funds available, the company can carry out

the project within the budget. Or it may show that the budget is inadequate, leading to a revision of the project or of the budget.

### Prepare a milestone schedule

A milestone schedule refers to a schedule that shows the major milestones of the project. Milestones may include design by architects and engineers; internal review and approval times on the part of the company; building permit review and approval; and major construction activities. A milestone schedule will not only constitute a reality check for the project in terms of time; it will allow a better identification of many design and construction costs that are directly related to the duration of specific activities.

### Rank projects in order of importance

Even the best space program, estimate, and schedule cannot predict all the issues that will come to light as a project proceeds through design and construction. These may include:

- Changing technology.
- Changing economic conditions.
- Unsuitable or contaminated soil.
- Existing conditions that are exposed by construction.

Depending on their nature, such unknowns may lead the cost to rise or fall significantly, and the company may be able to buy more or less for its construction budget. For example, in a multi-year program, general economic conditions may require a modification of the entire program if they affect sales and profits. A strong economy may bring more profitability and allow the company to increase the scope of the project or projects. Conversely, a weak economy may force the institution to reduce the scope of the project or projects.

Thus, especially in the case of the multi-project expansion program, it is important to rank projects in order of priority, and in terms of timing. Projects that are more important should be completed before those which could, if necessary, be deferred to the future. The company should gauge the amount of flexibility that it has in setting the completion date for each project. Such ranking can help ensure that the larger goals of the company are met.

### Organize the company to act effectively

A project of any significant size will have an impact on the company beyond those discussed above

— an organizational impact. To the extent that the company prepares for this organizational impact, the project will have a more successful outcome.

An efficient design and construction process, one that brings the intended benefits with the most economical use of resources, must run in a directed manner such that:

- Lines of authority are clear.
- Information is precise and unambiguous.
- Decisions build on previous decisions.
- Time is a critical element.
- Interrelated activities are identified and planned in sequence.

A project should proceed from programming, where input is sought from many members of the company, to construction, where input is restricted to a few key members. To successfully carry out this process the institution should create a temporary hierarchical organization. The members of this organization should:

- Be a limited number of key managers with significant authority to speak for the company.
- Act as delegates to obtain internal decisions from other stakeholders.
- Have a constant membership to ensure continuity in decision making.

### Select the project delivery method

Your company's top priority on this project may be cost, schedule, or another factor. Selecting the appropriate project delivery method will not only help you meet the goals of the project; it will also help you retain the architects, engineers, and builders with the expertise that is consistent with your goals.

"Project delivery method" refers to the way that design, procurement, and construction activities work together on a project. The most commonly used are Design-Bid-Build, Design-Build, Construction Management, and Multiple Prime Contractors. Integrated Project Delivery, a newer approach, is being widely studied but not used at this writing.

### Design-bid-build

Design-bid-build is the process by which an architect designs the project, typically supplying engineering and other specialized consultants as necessary, such as for lighting or acoustics. The architect prepares all contract documents (drawings and specifications) in one "bid package."

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# How will climate change affect your energy management plan?

**M**ore than 300 climate science experts have spoken, and the message is clear: Climate change is affecting all of us in drastic ways. Extreme weather related to climate change has already cost the United States billions of dollars, and the impact will continue to grow.

The congressionally-mandated National Climate Assessment released recently “is the loudest and clearest alarm bell to date signaling the need to take urgent action,” John Holdren, assistant to the president for science and technology, told reporters during a press conference.

Presented in a format that’s visually appealing and easy for the average American to understand, the report outlines the ripple effects of climate change across the country, from receding ice in Alaska to rising seas in the South. It combines statistical data with computer simulation to predict the future impact on each region of the country. Communities in the Northeast, for example, are being affected by heat waves, heavier rainfall and coastal flooding due to rising sea levels.

**Until concrete policy changes come down the pike, here are three things every business owner should know about the 2014 climate change report.**

***Weather conditions caused by climate change will continue to affect energy demand, production and distribution.***

Evidence in the report shows human influence has already doubled the probability of extreme heat events. In addition, temperatures across the nation were above average during 12 of the last 14 summers.

These rising temperatures will increase electricity use, causing higher peak loads in the summer. Some of that may be offset by decreased energy demands for heat-

ing due to warmer winters, but net electricity use is projected to increase, according to the report.

While a changing climate causes our energy needs to rise, it also makes it more difficult to produce and distribute it. The greater frequency of storms and high tides will affect coastal infrastructure that distributes energy.

Producing energy from fossil fuels requires an adequate water supply, which will be compromised by regionalized drought and increased demand for water. The Electric Power Research Institute projects one-fourth of all power generation facilities are located in counties that face water shortages in the coming decades.

***The pressure for businesses to reduce their carbon footprint with emissions targets will grow stronger.***

To meet the lower emissions scenario used in the National Climate Assessment, the global carbon diox-

ide emissions would need to be capped at 44 billion tons per year within the next 25 years and decline after that. In 2011, global emissions were approximately 34 billion tons, and they have been rising by about 0.9 billion tons per year for the past decade, according to the assessment. That means the world is on a path to exceed 44 billion tons per year within a decade.

Although a variety of policies and voluntary efforts are in place to reduce emissions, no comprehensive national legislation exists. Key statistics in the report point to the need for reform in energy creation. Consider this passage:

“Carbon dioxide accounted for 84 percent of total U.S. greenhouse gas emissions in 2011. The vast majority (97 percent) of this CO<sub>2</sub> comes from energy use. Thus, the most direct way to reduce future climate change is to reduce emissions from the energy sector by using energy more

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## CLIMATE CHANGE

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efficiently and switching to lower carbon energy sources.”

President Obama’s Climate Action Plan outlines a goal of reducing emissions to 17 percent below 2005 levels by 2020, which could result in policies that include:

- A limit on carbon dioxide emissions from new power plants;
- Energy efficiency standards and codes for commercial buildings; and
- Additional financial incentives for energy efficiency and renewable energy.

**Energy management will increasingly be integrated into overall management strategy.**

The president’s Climate Action

Plan outlines the goal of making commercial and industrial buildings 20 percent more energy efficient by 2020. So far, more than 120 organizations are on track to meet that goal set forth in the Better Buildings Challenge. The Obama Administration anticipates expanding this program and encouraging state and local policies to cut building energy usage.

Buildings that have already succeeded in this, such as Walgreens, PNC and Nike, have done so with a multi-pronged energy management strategy that includes continually monitoring usage, diagnosing problems and assessing performance. A comprehensive energy management strategy also involves efficiency measures such as lighting upgrades, HVAC improvements and building automation systems, as well as shifting to renewable sources as much as possible.

Constellation offers energy efficiency programs that allow businesses to finance these projects over time through energy cost savings.

The implications of the National Climate Assessment are far-reaching. The Obama Administration has emphasized an urgent need for action — action that will no doubt affect the way your company buys and manages energy.

Businesses that take voluntary steps to reduce energy usage now are more likely to benefit from financial incentives and realize greater savings over time. To learn more about what your company can do to develop a more comprehensive energy management strategy, visit [www.constellation.com/IMA](http://www.constellation.com/IMA). ■

## TAX CREDIT MYTHS

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whether you qualify. By uncovering the truth behind a frequently misunderstood credit program, you may bring substantial dollars to your bottom line. ■

*\*Credit calculation note: The standard credit is 13 percent of the current-year qualified research expenses (QREs) over a historical base amount computed by applying a fixed-base percentage to the average of the prior four years’ gross receipts. The fixed-base percentage is a func-*

*tion of aggregate QREs divided by gross receipts for the 1984 through 1988 base period. Companies that do not have QREs in at least three of the five base years use a start-up method based on a complex, five-year sliding scale formula. Under an alternative simplified credit (ASC) method, the credit is 9.1 percent of current-year qualified research expenses over 50 percent of the prior three years’ QREs. Because the regular method can penalize companies whose R&D spending grows more slowly than revenues and the difficulties associated with documenting QREs in the base years, the ASC is often the more favorable approach.*

[1] National Science Foundation, National Center for Science and Engineering Statistics; U.S. R&D Resumes Growth in 2011 and 2012, Ahead of the Pace of the Gross Domestic Product, Arlington, VA (NSF 14-307, December 2013).

<http://www.nsf.gov/statistics/inf-brief/nsf14307/>

[2] Statistics of Income Division: 2001 — 2010 Corporate Returns Data; Figure B. Corporations Claiming a Credit for Increasing Research Activities; Number of Credit Claimants by Size of Business Receipts; Tax Years 1990-2010. ■



**Visit the IMA Video Reference Library**  
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# Twenty questions to ask insurance coverage counsel in business litigation

**M**ost business owners and executives know the basics of liability insurance coverage, such as giving timely notice of a claim. But insurance law can be a complex maze of twisted policy language and myriad regulations. Here are 20 common — and a few not so common — questions companies may want to discuss with their insurance coverage counsel when faced with potential liability for a business tort or related dispute. The answers, of course, will depend on the particular policy language and will vary from jurisdiction to jurisdiction, but knowing what questions to ask up front will make a business a more informed policyholder.

## Defense cost questions

### 1. Can an insured choose who it wants as defense counsel?

Some policies expressly permit the insured to select its own attorney, but such provisions often need to be explicitly negotiated into the policy. Otherwise, an insurer with a duty to defend can typically appoint defense counsel, which is often a law firm beholden to the insurer. In most jurisdictions, if the insurer has a duty to defend and the interests of the insurer and insured potentially conflict, the insured has a right to select independent counsel of its choosing, whose fees will be reimbursed by the insurer. Conflicts of interest often arise when the insurer — or the law firm it hires and pays — has an incentive to steer the evidence or the case toward a result that will result in no indemnification obligation for the insurer.

### 2. Can the insurer allocate defense costs?

In many jurisdictions, if a complaint alleges a single cause of action that triggers coverage, the insurer

must defend against the entire complaint, including uncovered claims. In some jurisdictions, however, the insurer is only required to pay for the defense of covered claims, and it can demand that defense counsel allocate fees between covered and uncovered work.

### 3. If the insurer accepts coverage and then changes its mind, what happens?

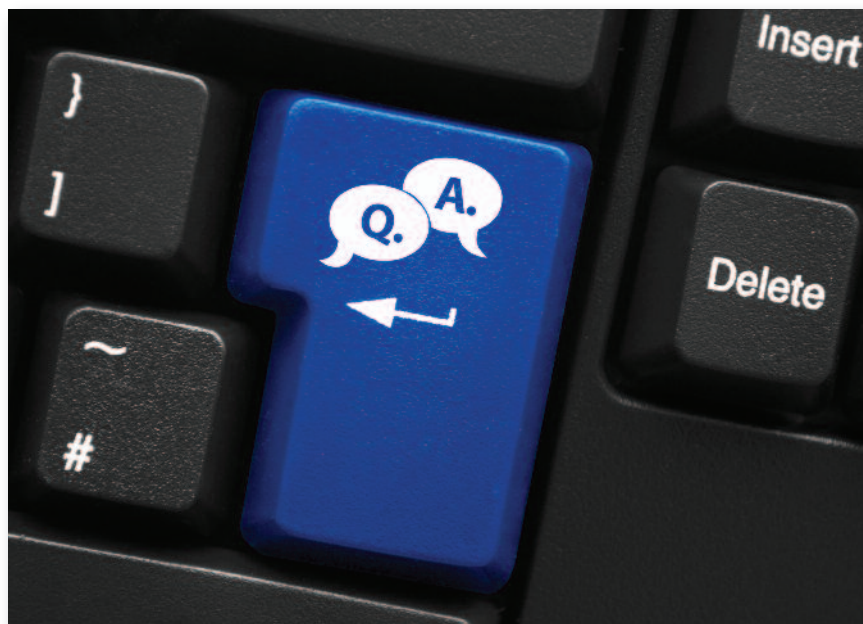
In many jurisdictions, the answer may depend on the insurer's conduct. For example, if the insurer did not defend under a reservation of rights or seek a declaration from the court regarding its rights, the insurer may be estopped from asserting certain policy defenses. If the insurer misrepresents the coverage, traditional estoppel rules may also prevent the insurer from backing out of coverage.

### 4. Can the insurance company recover defense costs if it is later

### determined that there is no coverage?

Often an insurer will agree to defend but reserve its rights to deny coverage. When the insurer later denies coverage, it may seek to recover the defense costs it already paid. Some states permit this on the theory that to hold otherwise would unjustly enrich the insured. Other states only permit this if the policy expressly provides the insurer with this right, and others preclude the insurer from seeking reimbursement altogether. See, e.g., *General Agents Ins. Co. of Am., Inc. v. Midwest Sporting Goods Co.*, 215 Ill.2d 146, 828 N.E.2d 1092 (2005) (insurer cannot seek reimbursement of defense costs where policy does not provide for reimbursement); *Buss v. Superior Court*, 16 Cal.4th 35, 939 P.2d 766 (1997) (insurer that reserves right to seek reimbursement can recover

see **INSURANCE** page 26



**Jason M. Rosenthal** is the managing partner of Chicago-based business litigation firm Schopf & Weiss, where he regularly represents corporate policyholders in disputes with insurance companies. He can be reached at 312-701-9349. Schopf & Weiss is an IMA member.

## PROJECT

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The bid package is sent out to bid to general contractors, typically by the owner, the architect, or a project manager acting as the owner's representative. Once the bids are received, the owner selects a general contractor and enters into a contract for construction. Alternatively, the owner may choose to negotiate the total cost with a pre-selected general contractor. The general contractor itself solicits bids from specialized subcontractors and coordinates and supervises the construction of the project. In Design-Bid-Build, the owner typically has separate contracts with the architect (who normally has under contract the engineers and specialized consultants) and with the general contractor. Thus, each party bears its share of risk based on the services that it provides.

In design-bid-build the definitive cost of construction is established when the bidders submit their bids based on the bid package. Thus, the cost of the project is established before construction begins. That is its main benefit. Its main drawback is that the total duration of the project, including the total time of the design, procurement, and construction phases, can be longer than with other delivery methods, since construction typically does not start until the cost is established.

To shorten overall duration, it is possible to issue documents on a "fast-track" basis. In a fast-track project the specific sequence of design activities (for example, the design of the foundations, the core, and the elevations) is determined by the point at which the procurement and construction schedules require the specific bid documents for those areas of the building. This may modify somewhat the establishment of the total cost of the project, but does not change the basic fact that the cost is basically established before construction begins.

### Design-build

Design-build refers to the process by which one contractual entity designs and builds the project. The design-build entity may be one firm providing both the design and the construction, typically referred to as an integrated design-builder; or it

may consist of an architect and a contractor joining forces for a specific project to provide design and construction services as one entity. In Design-build, it is common to overlap the design activities of the project (architecture and engineering) with the construction activities to shorten the total duration of the project. In Design-build, the owner typically has a single contract with the design-build entity. Thus, the design-builder as a whole bears the risks associated with both design and construction.

Design-build projects are commonly designed on the fast-track basis described above: That is, the sequence of design activities is determined by the point at which the procurement and construction schedules require specific bid documents for those areas of the building. A Design-build project may be organized in two overall phases. The first phase takes the project through Schematic Design, with enough information to develop a milestone schedule and a budget estimate of cost. Once the owner approves these documents, the second phase completes the balance of design and construction.

In Design-build the total cost of the project is established at the point that the design-builder submits the price. This timing is normally negotiated by the design-builder and the owner, and reflects the willingness of each party to bear the risk of uncertainty. The main benefits of Design-build are earlier establishment of guaranteed cost and reduced total project duration. It does not necessarily entail higher aggregate project cost if each subcontract is bid competitively. In addition, the reduced total project duration may reduce other owner costs, such as financing and opportunity costs based on when the new facility can start operation.

### Construction management

Construction management refers to the process by which an independent party, the construction manager, solicits subcontractor bids based on the documents prepared by the architect. The construction manager is a consultant with a direct contractual relationship with the owner. The construction manager (often called the "CM") manages the bidding and the construction as a specific service but is not necessarily

"at risk" for the total cost or the total schedule of the project. In construction management, the owner typically has separate contracts with the architect (who has contracts with engineering and specialized consultants), with the construction manager, and with each individual subcontractor. Thus, the architect bears the risk for design services, individual subcontractors bear risk for the specific services that they provide, and the owner bears the risk for the total cost and schedule.

Construction management is typically used on large, complicated projects, in which the total scope is defined over time and is thus difficult to define under either the Design-bid-build or Design-build project delivery systems. Thus, the total cost of the project may develop over time, depending on the timing for issuing various individual packages for bid and on the number of modifications made to the scope over the life of the project.

### Multiple prime contractors

A less common method of project delivery is one in which there are Multiple Prime Contractors. A "prime contractor" is one that has a contract directly with the owner. Under this delivery method, the entire scope of work is typically distributed among several prime contractors. The number of prime contractors is usually limited to less than five because of the increased coordination effort that this delivery method requires on the part of the architect and the owner. Prime contractor assignments may include separate prime contractors for mechanical work; electrical work; and general building work including supervision and management of all construction.

Multiple prime contractors are sometimes used on projects that require intensive mechanical and electrical work and on projects where the owner wishes to maintain close control over the work.

### Integrated Project Delivery

Integrated Project Delivery (IPD) is "... a project delivery approach that integrates people, systems, business structures, and practices into a process that collaboratively harnesses the talents and insights of all participants to optimize project results, increase value to the owner, reduce waste, and maximize efficiency

see **PROJECT** page 27



# ***We remember our Illinois roots...***

As we move to transform manufacturing  
across the entire United States,  
the Digital Manufacturing and Design Innovation Institute  
would like to thank the Illinois manufacturers,  
Illinois academic institutions,  
Illinois governmental agencies  
and our elected leaders  
who have supported our efforts so steadfastly



DIGITAL MANUFACTURING  
& DESIGN INNOVATION INSTITUTE

+ a UI LABS Collaboration



## INSURANCE

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defense costs later determined not covered by policy).

### **5. Will amounts the insurance company pays for attorney fees reduce the policy limits?**

This depends on the coverage and the language of the policy. Under some policies, defense costs are outside the limits, meaning that the policy limits available for any judgment or settlement are not reduced by the payment of attorneys' fees. Other policies have wasting or eroding limits, meaning that each dollar spent on defense costs is one less dollar available to indemnify the insured for any judgment or settlement.

### **Indemnification issues**

### **6. If the insurer is obligated to defend a lawsuit, does it also have to indemnify the insured for any settlement or judgment?**

The duty to defend is broader than the duty to indemnify. The duty to defend is triggered by the potential for insurance coverage. Whether the duty to indemnify exists will depend on what grounds the insured is ultimately obligated to pay any settlement or judgment.

### **7. Can policy limits from multiple years be combined?**

This is often referred to as stacking limits. Suppose a claim implicates coverage spanning five years and five separate policies each with a \$1 million limit. Does the insured have \$1 million for the loss, or \$5 million? The answer may depend on both the policy language and the applicable law, which can differ from state to state.

### **8. If multiple policy periods each with primary and excess carriers are implicated, which pays first?**

The answer to this question can be complex and varies from jurisdiction to jurisdiction. It can involve questions concerning the triggering of coverage, which determines whether one or multiple policy periods apply, and if so, which one(s). This often depends on the nature of the alleged loss. The answer can also involve questions of vertical

versus horizontal exhaustion, which determine whether the limits of all primary policies need to be used up before any excess coverage is implicated.

### **9. Is the insurance company required to settle within policy limits?**

Just because a party is willing to settle for an amount that is within the policy limits does not obligate the insurer to pay the settlement. That said, an excess insurer that refuses a demand to settle for an amount at or below the policy limits can sometimes be held responsible for any judgment that exceeds the policy limits.

### **10. Is the insurer required to pay for the entire settlement or judgment up to its policy limits?**

Unlike many jurisdictions in which an insurer cannot allocate defense costs to uncovered claims (see question 2), the insurer is typically only required to pay for the covered portion of any settlement or judgment. Disputes in regard to what portion is covered often arise. This is particularly true of settlements, which resolve both covered and uncovered claims. Insured parties and their defense counsel should keep these issues in mind at the outset of any settlement discussions.

### **Policy language considerations**

### **11. If the insured negotiated certain policy language, does the ambiguity rule still apply?**

In virtually every (if not every) jurisdiction, ambiguities in an insurance policy are interpreted in favor of the insured and against the insurer. This is because the insurer typically drafts the policy and is in the best position to avoid ambiguities. However, when the insured (or its broker) had a role in drafting the policy, certain jurisdictions may not apply the typical ambiguity rule.

### **12. What if an endorsement conflicts with the form language of the policy?**

Typically endorsements will control over an inconsistency with the form policy language. If there are two endorsements that contradict one another (which are not uncommon), usually the most recent endorsement will control. If both endorsements are issued at the same

time, there may be a mistake or the policy may be ambiguous.

### **13. What happens if there is a mistake in the policy language or an endorsement?**

An insurance policy is a contract — albeit a contract with special regulations and rules of interpretation. In the event of a mistake, traditional contract rules typically will apply. Usually, when an insurer seeks to reform a policy based on a mistake, a court will require clear and convincing evidence of a mutual mistake (i.e., a mistake by both the insurer and insured). A unilateral mistake may be grounds for reforming a policy in certain instances, such as when there is evidence of bad faith or fraud.

### **14. What happens if a renewal policy changes the existing coverage?**

Many states have regulations that require the insurer to provide advance notice of any material changes to the policy. If a new endorsement was added to the policy that precludes coverage, an insured should ensure the insurance company provided any required notice. If it did not, the insured may be able to extend the prior coverage to apply to an otherwise excluded loss.

### **Other considerations**

### **15. Does the insurer have a right to access privileged communications between the insured and its defense counsel?**

Most policies require the insured to cooperate with the insurer. The Illinois Supreme Court has taken this requirement to an extreme. Even where the insurer has denied coverage, it has a right to access privileged attorney-client communications regarding the underlying claim and use them against the insured in a coverage dispute. *Waste Mgmt., Inc. v. Int'l Surplus Lines Ins. Co.*, 144 Ill. 2d 178, 190-91, 579 N.E.2d 322, 326-27 (1991). Fortunately, at least for policyholders outside the state, Illinois is an outlier in this area. Keep in mind that privileged communications regarding coverage issues themselves should not be discoverable by the insurer.

### **16. When must an insured give umbrella or excess carriers notice of a claim?**

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## PROJECT

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through all phases of design, fabrication, and construction.

“IPD principles can be applied to a variety of contractual arrangements and IPD teams can include members well beyond the basic triad of owner, architect, and contractor. In all cases, integrated projects are uniquely distinguished by highly effective collaboration among the owner, the prime designer, and the prime constructor, commencing at early design and continuing through to project handover.” [AIA National and AIA California Council, Integrated Project Delivery: A Guide, Version 1, 2007]

IPD is a delivery method that is in the process of being developed. It seeks to bring the talents of all the professionals on the team (owner, designers, contractors, and suppliers) to bear at the points in the project where the benefits of that expertise can be maximized. It is not clear at this writing how contractual arrange-

ments will evolve to allocate risk and reward among the parties.

IPD is sometimes confused with Building Information Modeling (BIM), which typically uses building modeling software to gradually create a three-dimensional model of the building and can be used to generate other documents including estimates of cost and bills of materials. While an IPD project can use BIM, the two concepts can be, and often are, implemented independently of each other.

### Conclusion

The key to a successful project is planning. No one likes surprises, especially unpleasant ones, and good planning and communication are the keys to avoiding surprises. If your company does not have staff with the time or the background to manage a project internally, you may consider retaining a program manager to help you manage the project.

A program manager is a professional that is retained to manage the process on behalf of the company. In the course of managing that process, the program manager can:

- Guide the company by facilitating the process of programming, design, and construction.
- Identify resources such as consultants and suppliers.
- Bring professional expertise to the process of evaluating and selecting consultants for design and construction services.
- Bring professional expertise to the negotiation of contracts with consultants.
- Evaluate the performance of those consultants on an ongoing basis, including monitoring of schedules and evaluating requests for contract modifications.
- Help the company deal with specific time-sensitive problems by providing emergency staffing.

The Program Manager's ability to perform these essential functions effectively can help ensure the completion of a project in a way that successfully meets the goals and expectations of the company. ■

## INSURANCE

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Like the answer to many coverage questions, it depends on the policy language. Typically, however, an insured does not need to notify these carriers until it becomes reasonably likely that any loss will implicate the excess coverage. In certain jurisdictions, to prevail on a late-notice defense, insurers need to show that the late notice prejudiced the insurer.

### ***17. If the insurer denies coverage, can the insurance claim be assigned to a third party?***

Most policies state that the coverage cannot be assigned. This makes sense because when the insurer underwrites the coverage, it is assessing the risk profile of a particular insured. Allowing another insured to substitute in the original insured's place would change that risk. Often, however, an insured may assign a particular claim for coverage without violating an anti-assignment clause. Thus, suppose a plaintiff is willing to take a million-

dollar settlement and execute that settlement only against the insurer. The defendant insured may assign its claim to the underlying plaintiff who can then pursue the coverage. This does not always make sense to the plaintiff, but it may be an attractive alternative when the insured has limited ability to satisfy a judgment and the insurer has denied a claim that appears to be covered.

### ***18. What state's law will govern the policy?***

Insurance policies typically do not have choice of law provisions. What law governs will depend on the particular state's rules. Most states have specific choice of law rules applicable to insurance policies and other contracts. For example, many states will apply the law of the place where the policy was negotiated and delivered. Other factors may include where the risk insured was located and which state has the most interest in addressing the particular dispute.

### ***19. Can the insurance company cancel coverage?***

An insurer is not required to renew coverage once the policy period expires. Similarly an insurer

can often cancel the coverage before the end of the policy period. Many states, however, have regulations requiring notice of any cancellation or non-renewal. If the insurer fails to comply with those regulations, the insured may be able to extend the coverage.

### ***20. Is there any basis for recovering attorney fees in a lawsuit with the insurer?***

Insurance policies typically do not have fee-shifting. Some state statutes allow a prevailing insured to recover attorney fees when the insurer denies coverage. Usually, however, this requires a showing of bad faith or other misconduct by the insurer.

An insurance policy is a valuable asset. The more policyholders know about how their coverage works, the better decisions they can make when it comes time to call on an insurer to respond to a claim. There will often be other questions to ask, but the foregoing is a good start. ■

### LaSalle students tour Carus' manufacturing facility



On May 22, 2104, 23 eighth graders from LaSalle's Lincoln Jr. High School got a behind-the-scenes glimpse of operations at IMA member Carus Corporation's LaSalle manufacturing facility. Students toured Carus' research lab and warehouses recently, and learned about jobs available in manufacturing.

"I thought I would only see people who liked machinery or chemistry on the tour, but I learned that Carus has a lot of different people who do a lot of different things to make the product and sell it," said eighth-grader Dakota Clausen.

The tour followed a series of classroom visits by Carus' Chairman and CEO Inga Carus, who taught the eighth graders skills that will help them set and achieve career goals. The lessons were part of Carus Corporation's longstanding partnership with Junior Achievement.

"These are great kids, and to see their faces light up as they start to think of, and plan for, their future is immensely rewarding. As a community, we all need to help our young people prepare for entry into the workforce by educating them about the jobs that are available now, and the skills they will need in order to succeed in the real world," said Carus employee Jim Koster, who assisted in leading the tour.

Celebrating its 100th anniversary in 2015, Carus is an environmental company that produces and supplies products, equipment and services for water treatment, air purification and remediation. For more information, visit [www.caruscorporation.com](http://www.caruscorporation.com).



### Bison's Sylvia Wetzel joins Elgin Community College Foundation Board of Directors

Sylvia Wetzel, Chief Learning Officer at IMA member Bison Gear and Engineering, has joined the Elgin Community College (ECC) Foundation Board of Directors. The Foundation is crucial for raising funds and identifying ways to improve lives through learning for ECC. Already an active member at ECC, Ms. Wetzel seeks to not only improve the quality of life for students while they attend ECC, but also in their careers to follow.

Ms. Wetzel joined Bison in 1994, where her career has encompassed marketing, information technology, international strategy and corporate training and development. Ms. Wetzel's work has led her to be honored at the 2014 STEP Awards honoring women in manufacturing.

"We are so pleased to have Ms. Wetzel join the Elgin Community College Foundation Board of Directors," said Katherine Sawyer, the organization's executive director. "Her commitment to the college's mission, knowledge of the district, and expertise in the manufacturing industry will enhance our work on behalf of ECC students."



### Tyson Foods among Fortune's "Most Admired" food production companies

*Fortune* magazine has named Tyson Foods, Inc. as one of "America's Most Admired Companies." The magazine compiles a list of top companies each year. Tyson Foods was one of six companies to make the most admired list in the Food Production category and the only meat company among them.

"To receive this type of recognition is very humbling," said Donnie Smith, president and CEO of Tyson Foods. "It serves as a reminder to the hard working Tyson team members that they're doing important work each day — helping to bring families together around their tables with safe, affordable, quality foods."

"The rankings also take into account areas like innovation, financial stability and social responsibility, all of which are fundamental to our business," added Smith. "I'd like to congratulate not only our team members, but also many of our retail and food service customers that were also recognized."

*Fortune* assesses leading businesses in 57 industry sectors. It partners with the Hay Group which surveys executives, directors and analysts within their respective industries to rank the companies on nine criteria. Tyson Foods has perennially been on the contenders list for "most admired" recognition, but 2014 marks the first time since 2007 that it has received the top designation.

Tyson is also a major supplier of protein products to the school hot lunch program. Through product innovation, it has been able to reduce overall sodium levels in Tyson Foods products served to schoolchildren by 12 percent — and as much as 46 percent in some specific categories, such as pepperoni.

*Fortune* is the second major financial magazine to recognize Tyson Foods recently. In its December/January edition, *Institutional Investor* named Smith and Tyson Chief Financial Officer Dennis Leatherby to its "2014 All-American Executive Team" within the food category.

IMA member Tyson Foods, Inc., with headquarters in Springdale, Arkansas, is one of the world's largest processors and marketers of chicken, beef and pork and the second-largest food production company in the Fortune 500.



### Graymills celebrates 75 years in business

In 1939, "Graymills" was established in Chicago, Illinois, as a metalworking pump company, which supplied pumps to the war effort. Soon after the war, the company saw opportunity in the parts washing industry. These parts washers meet the growing needs of a burgeoning auto industry. In the 1960's



Graymills expanded from its machine tool, general manufacturing and industrial cleaning base into the printing industry by developing market specific products, such as inking systems and filters for flexographic and gravure printers. Now a global company recognized as a quality brand, Graymills continues to exemplify the best in U.S. manufacturing.

IMA member Graymills attributes its success and longevity to three key groups: their customers, their knowledgeable field representatives, and their employees.

To learn more, visit their Website at [www.graymills.com](http://www.graymills.com).



### **MSSC wins prestigious award: "Best U.S. National Manufacturing Workforce Program"**

The Manufacturing Skill Standards Council (MSSC) was selected as the "Best U.S. National Program" for workforce development on June 12, 2014. The Talented Workforce Initiative of the Great Lakes Manufacturing Council (GLMC) was crafted to distinguish the "most imaginative and effective solutions for building the region's pool of manufacturing talent." This initiative elected the nation's leading training and certification body, which focuses on industry-wide core technical competencies, as the best of the best. MSSC certifications enable employees to exhibit procurement of valuable skills needed in the technology-intensive jobs of the 21st century. Under ISO quality standard 17024 (Personnel Certification), MSSC is the only national certification program accredited by the American National Standards Institute (ANSI) and endorsed by the National Association of Manufacturers for both logistics and manufacturing.

"It is an honor to receive this prestigious recognition from the Great Lakes Manufacturing Council," said Leo Reddy, CEO of the MSSC. "We are encouraged by the growing adoption of MSSC's Certified Production Technician (CPT) and Certified Logistics Technician (CLT) training and credentialing programs throughout the Great Lakes region

which represents the world's fourth largest economy."

The Talented Workforce Initiative's long-term goal is to share the finest ideas and approaches for resolving the stark workforce shortage that overshadows almost all manufacturers and communities in the bi-national Great Lakes economy. Characteristics of successful initiatives include the ability to recruit talented workers, train new employees, retrain incumbent workers, and retrain displaced employees.

"Credentials like those developed by MSSC are critically important in today's advanced manufacturing environment," said Greg Baise, president and CEO of the Illinois Manufacturers' Association. "They assure entry level competency for those applying for jobs in manufacturing and logistics, and form a solid foundation for earning additional credentials throughout one's career. For Illinois manufacturers, MSSC is a key ingredient to closing the Skills Gap."

The Great Lakes Manufacturing Council is a business-led organization, which represents the eight Great Lakes States plus the Canadian Provinces of Ontario and Quebec.



### **Wisdom Adhesives Worldwide announces the promotion of Tom Rolando to Chief Operating and Technical Officer**

Wisdom Adhesives Worldwide, an IMA member for 50 years and the longest continuously operating adhesives manufacturer in the world, recently announced the appointment of Tom Rolando to Chief Operating and Technical Officer. He previously served as Wisdom's Chief Technical Officer.

In his role as Chief Operating and Technical Officer, Tom will combine his extensive technical adhesive industry knowledge with managing Wisdom's day-to-day global operations and focus on production, global distribution channels, customer service and human resources. In addition, Tom will oversee the company's new product and business technology efforts.

With over 25 years of experience in adhesives, coatings and sealants

technologies, Tom has significantly added to Wisdom's product line portfolio. Additionally, Tom spearheaded the Wisdom Total Quality Management (WTQM) and LSS-FAST business programs, which increased production and enhanced communication.

Before joining Wisdom Adhesives Worldwide, Tom Rolando ran H.B. Fuller's Flexible Packaging Program in a dual role as Technical and Business Manager. He also worked as Technical Director at both Akzo Nobel and Cargill. Tom Rolando holds a M.S. in Organic Polymer Chemistry from the University of North Dakota, Grand Forks, North Dakota and a B.A. in Chemistry from the College of St. Scholastica, Duluth, Minnesota.

Since 1875, Wisdom Adhesives Worldwide has been advancing the technology of adhesives. The company's exceptional leadership has been headed by five consecutive generations of the Wisdom family, still exceeding the expectations of worldwide customers at an unparalleled pace.

For more information, visit [www.wisdomadhesives.com](http://www.wisdomadhesives.com). Wisdom Adhesives Worldwide is headquartered in Elgin, Illinois.



### **Illinois CPA Society Manufacturing Conference — "For corporate finance leaders and professionals"**

The Illinois Certified Public Accountants Society has announced a manufacturing conference to be held on October 22, 2014 at Drury Lane in Oak Brook, from 8:00 am to 4:30 pm. Sessions will cover General Management, Operations/Technology and Performance Operations Management. With three keynote speakers, including the IMA's president and CEO Gregory W. Baise delivering the final keynote address, this conference promises to be one worth attending. For more information, visit [www.icpas.org](http://www.icpas.org).



## New IMA members

### AMITY DIE & STAMPING COMPANY

Lake Forest

### APICS FOX RIVER CHAPTER 207

Aurora

### AQUA-AEROBIC SYSTEMS

Rockford

### ASSURANCE AGENCY LTD.

Schaumburg

### BEHR IRON & METAL

Rockford

### BKD LLP

Decatur

### CARL BUDDIG AND COMPANY

Homewood

### CHARTED COURSE ADVISORS, LLC

Chicago

### CHICAGO BLOWER CORPORATION

Glendale Heights

### CLYDES DELICIOUS DONUTS

Addison

### CUSTOM GEAR & MACHINE

Roscoe

### DAYTON SUPERIOR CORPORATION

Kankakee

### EXCEL FOUNDRY & MACHINE, INC.

Pekin

### FRESENIUS KABI USA, LLC

Melrose Park

### HORIZON PHARMA

Deerfield

### INTEGRATIVE SYSTEMS

Itasca

### JOLIET CABINET COMPANY, INC.

Lockport

### KIMMERIDGE ENERGY

New York

### KRONOS PRODUCTS, INC.

Glendale Heights

### LEAN TRAINING & CONSULTING, INC.

Willowbrook

### NORTHSTAR METAL PRODUCTS

Glendale Heights

### PEPPERIDGE FARM, INC.

Downers Grove

### RAYNOR GARAGE DOORS

Dixon

### RICH PRODUCTS CORPORATION

Niles

### ROCKFORD CEMENT PRODUCTS

Rockford

### RUPARI FOOD SERVICE

South Holland

### SMF, INC.

Minonk

### STEPAN COMPANY

Elwood

### SYMONS BY DAYTON SUPERIOR

Elk Grove Village

### TUTHILL CORPORATION

Burr Ridge

## 2014 Calendar of events

Friday, September 5, 2014

### IMA Small Manufacturers Council Meeting

Oak Brook Marriott, Oak Brook, Illinois,

8:00 am-12:00 noon

September 14-16, 2014

### State Science and Technology Institute 18th Annual Conference

Westin Chicago River North Hotel, Chicago  
The Illinois Science & Technology Coalition (ISTC) and the Illinois Department of Commerce and Economic Opportunity (DCEO) announced that SSTI (State Science and Technology Institute) — the leading national organization dedicated to improving the economy through science, technology and innovation — has selected Chicago as the location for its 18th annual conference. For more information on the event, visit <http://ssticonference.org>.

Wednesday, September 17, 2014

### IMA Breakfast Briefing: Protecting a Manufacturer's Assets: Best Practices for Handling Incoming, Current and Departing Employees

Presented by Dan Kaufman, Michael Best, LLC  
Mon Ami Gabi Restaurant, Oak Brook,  
8:00-10:30 am

Thursday, September 25, 2014

### IMA Public Affairs Conference

Naperville — SAVE THE DATE

Friday, October 3, 2014

### 14th Annual Chicago City Treasurer's Entrepreneur Business Expo

For more information, visit the Business Expo website at [www.chicagosmallbusinessexpo.com](http://www.chicagosmallbusinessexpo.com).

Wednesday, October 22, 2014

### IMA Breakfast Briefing: Collective Bargaining

Presented by Tom Biehl and Tom Posey,  
Faegre Baker Daniels  
Ditka's Restaurant, Oakbrook Terrace,  
8:00-10:30 am

Thursday, November 13, 2014

### IMA's Annual Sales Tax Seminar

Marriott Naperville, 1801 N. Naper Blvd.,  
Naperville, 8:00 am-12:00 noon

Friday, December 5, 2014

### IMA 2014 Annual Luncheon

J.W. Marriott, Chicago

Visit <http://www.ima-net.org/calendar-of-events> for information, pricing, registration, etc., related to all IMA events. For more information on IMA events, contact Kimberly McNamara at [kmcnamara@ima-net.org](mailto:kmcnamara@ima-net.org), 800-875-4462, ext. 9371

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