

MODERN MANUFACTURING IN THE UNITED STATES

THE ILLINOIS **Manufacturer**

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Fall 2015

**Workers'
Comp
advice**

**The path to business growth —
How manufacturers can overcome
their biggest challenges**

**IMA MEMBER PROFILE:
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A recent study by Sikich LLP shows how manufacturers continue to face a number of obstacles that, if not properly addressed, could prevent them from taking full advantage of the economic recovery.

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On the cover: the Blue Cross Blue Shield of Illinois building at 300 East Randolph Street in Chicago on October 1, 2015 — Photo by Kevin Eatinger, Eatinger Photography of Chicago.

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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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Support of manufacturing crucial for Illinois



Illinois companies
exported more than
\$68 billion worth
of goods and services
and more than
93 percent were
manufactured
products.

*Pictured on the cover of
this issue is the
Blue Cross Blue Shield of
Illinois building at 300
East Randolph Street in
Chicago on October 1,
2015 — Photo by Kevin
Eatinger, Eatinger
Photography of Chicago.*

It was quite a sight. On October 1st, the Blue Cross Blue Shield building overlooking Millennium Park in downtown Chicago highlighting (both figuratively and literally) the start of "Manufacturing Month in Illinois." We thank our friends at Blue Cross Blue Shield for helping us remind all who could see their building that night about the importance of manufacturing to Illinois and its economy.

For nearly two centuries, Illinois manufacturers have played an historic role in some of our nation's most significant eras — including the Civil War, Industrial Revolution, advent of the assembly line and putting a man on the moon. The entrepreneurial spirit of those leading Illinois manufacturing companies resulted in innovations that have led to inventions such as barbed wire, bulletproof glass, Walkie-Talkies, condensed milk, dishwashers, electric brakes, plastic wrap, and even the zipper.

Throughout the month of October, the IMA was proud to help celebrate manufacturing with more than 120 events across the state. Governor Bruce Rauner issued a proclamation declaring it "Manufacturing Month in Illinois" and joined us for three visits in Teutopolis, Effingham, and Mattoon. Lt. Governor Sanguinetti and many agency directors and top staff attended events during the month. We certainly appreciate their strong support.

Manufacturers employ 575,000 workers in Illinois today and contribute the single largest share of the Gross State Product. Last year, Illinois companies exported more than \$68 billion worth of goods and services and more than 93 percent were manufactured products. There is no doubt that manufacturing is, and continues to be, a strong force in Illinois and the United States.

I wish I could continue to extoll the virtues of our state's economy, but the numbers tell a different story. The Illinois Department of Employment Security (IDES) released the employment numbers for September in late October. While unemployment remains low at 5.4 percent, the figures don't reflect the number of people who have given up looking for jobs. That September report highlighted that Illinois lost 6,900 jobs, and as IDES Director Jeffery Mays points out, "Illinois businesses have added only 2,200 new jobs since the beginning of this year. It's been six years since the recession and job growth is still dismal. We've got a long way to go before Illinois realizes real employment and economic recovery."

While some anemic growth has occurred in other employment sectors, manufacturing is down more than 9,000 jobs since last September. The trend continues downward.

And then, there are the problems in Springfield. As of this writing, no budget agreement has been found, no structural reforms have been made, and to make matters worse, the Governor and the four leaders have a problem in even scheduling a meeting.

Alarm bells are going off all over our state. The problems arising from not having a state budget are genuine. Real people are getting hurt. From social services, to public universities and efforts to keep up with crumbling infrastructure, we are all feeling the effects.

In the short term, the absence of a viable budget is causing harm in these areas. Still, the need for structural change is absolutely necessary. Kicking the can down the road has to end. Bloated pension benefits are now strangling the state's ability to provide other needed services. Tax and regulatory policies such as high workers' comp premiums are continuing to drive job creators out of this state.

A middle ground is always what politicians should strive for when both sides of an argument arrive at an impasse.

However, the goal right now needs to be a higher ground for our state's future. Our leaders have to set aside old ideas that have not worked in the past for new ideas that will give our state a chance. The old way has failed. Reforms are the only way forward.

If not, the lights on the side of a building won't mean much in the very near future. ■



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Small ball



The IMA led Illinois' effort to celebrate Manufacturing Month in October. Through our efforts and those of our partners, more than 120 events were held across the state.

As I bask in the glow of my Kansas City Royals finally winning the World Series after three decades of futility, I'm first reminded that it was a lot shorter wait than Cubs fans are enduring. I'll reminisce about the fact that a decade previously, the Royals set a personal record for futility by losing a whopping 106 games and the team only won 72 games three short years ago. How the did small market Kansas City Royals develop a championship winning team in the last three years? They managed to successfully implement the "small ball strategy" rather than relying on somebody to step up to the plate and hit the long home run.

For the past several years, the Illinois Manufacturers' Association has used the same type of "small ball" strategy to make progress for manufacturing companies around the state. While we are always looking for the home run on key issues such as workers' compensation reform or tax policy, our job is to advocate, promote and strengthen the manufacturing sector — a job that we take very seriously.

Often times, I'll regret the fact that we weren't able to hit the home run. However, I don't take enough time to sit back and recognize the small victories we achieve for our member companies. Some of these successes impact the entire manufacturing community, while others impact targeted sectors. Here are some recent victories the IMA has helped deliver.

Elect Governor Bruce Rauner: In 2014, the IMA polled members and more than 90 percent said the state was headed in the wrong direction. Our members strongly supported candidate Bruce Rauner, and the IMA was the first business group to endorse Rauner. The IMA raised and/or contributed nearly \$600,000 for his election, making us the largest donor of any interest group in Springfield. Rauner won and the IMA has developed an excellent relationship with the administration focussing on turning around the state's economy and ending business as usual.

EPA Permitting Process: The IMA crafted legislation and hosted the Governor for a bill signing ceremony that expedited the current air permitting process at the Environmental Protection Agency and eliminated the need for 3,500 construction permits, saving valuable time and money.

Midwest Environmental Compliance Conference (MECC): The IMA conceived and hosted the first annual MECC in Illinois along with our partner associations in the other five USEPA Region 5 states. More than 350 attendees participated. The event featured state and federal regulators and received rave reviews. We have already scheduled the 2016 MECC for next fall.

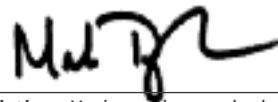
American Apprenticeship Grant: The IMA Education Foundation led an Illinois consortium and received notification that we are receiving one of only 57 grants nationally to help deliver apprenticeships in both manufacturing and Information Technology through 18 of the state's 48 community colleges. The five-year program is in its infancy, but apprenticeships will be available for industrial maintenance technicians, advanced CNC machining, logistics, secure software development, and tool and die making. This effort will be critical as we continue to develop a pipeline of qualified workers.

Manufacturing Month: The IMA led Illinois' effort to celebrate Manufacturing Month in October. Through our efforts and those of our partners, more than 120 events were held across the state. We used the opportunity to educate policymakers, with Governor Rauner and elected officials attending many of these events.

Ex-Im Bank: While not officially extended as I write this, the IMA has worked with many of our members — and the National Association of Manufacturers — to extend the Export-Import Bank that manufacturing companies depend on to compete globally. Last year, 400 Illinois companies used the Bank to export products around the world while making money for the U.S. Treasury. Both the House and Senate have passed versions of the Ex-Im Bank, and we're hopeful that final passage occurs soon.

Unclaimed Property: As detailed on page 7, the IMA partnered with State Treasurer Mike Frerichs and successfully helped return more than \$5 million in unclaimed property to more than 80 manufacturing companies.

At the IMA, we know that you continue to face challenges, both at the state and federal level, not to mention globally. We are doing our best to make Illinois a great place to do business and we appreciate your strong support and investment. As always, if you have concerns or questions, please don't hesitate to write. ■



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Illinois Treasurer's I-Cash Program partners with IMA to return millions to manufacturers

Treasurer Michael Frerichs' I-Cash program is currently safeguarding \$2.4 billion in unclaimed cash and 20 million shares of stock and mutual funds which need to be returned to Illinois residents and businesses. Those totals include hundreds of thousands of properties belonging to Illinois companies. The IMA is partnering with I-Cash to help IMA members discover property to claim and reunite them with their money as quickly as possible. Already, the Illinois Treasurer's office and the IMA have worked together to identify 80 companies with \$5 million in property to claim.

IMA staff is helping to notify companies that have already been identified and connect them with the I-Cash program. The \$5 million in claims range in value from \$10,000 to \$991,000. Treasurer Frerichs urges all businesses to search today to discover if they are among the remaining tens of thousands of companies with significant property to claim at IllinoisTreasurer.gov.

As part of the Illinois Treasurer's Unclaimed Property Division, the I-Cash program (IllinoisTreasurer.gov) connects residents and businesses with their unclaimed money and other assets that have been turned over to the state from government agencies, banks, insurers, utilities and other companies across the country. The I-Cash program works to notify rightful owners and reunite them with their money and other property. Some common examples of recovered property for companies include: properties that were held by predecessor companies prior to a merger or acquisition, misplaced pensions and investments, vendor reimbursements, insurance reimbursements and tax refunds.

The Illinois Treasurer's I-Cash program provides a free and simple way to discover and reclaim what is yours. Last year, the I-Cash program reunited individuals and businesses with \$163 million in cash and property. One in four Illinois adults discovers property to claim when they

search at IllinoisTreasurer.gov, and most claimants receive a check within about four weeks of submitting proof of ownership. Check back every six months because hundreds of thousands of new properties are added to the Illinois Treasurer's I-Cash program throughout each year.

If you would like information on

how you can partner with the Illinois Treasurer's office to help your employees or your customers discover unclaimed property through I-Cash, or if you have questions about how to claim on behalf of your company, please email Deputy Chief of Staff Dave Clarkin at dclarkin@illinoistreasurer.gov. ■



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Reliability, sustainability and long-term planning with Distributed Generation

For manufacturers, keeping the lights on and machinery running smoothly means more than a flick of a switch, and powering multiple facilities with diverse functions is no easy feat. Today, on-site generation technologies can mitigate the potential threat to power supply and stability and provide a method of delivering reliable, sustainable energy to a broad array of facilities, large or small.

We have observed that one of the primary concerns among manufacturers is not only to manage the energy consumption and intensity at their facilities, but also to more effectively manage price risk when purchasing supply. Manufacturers are often drawn to a certain technology because of a singular value proposition, such as its reliability as a back-up source, or because of its contribution to their company's sustainability goals. But to make the best choice in distributed generation assets, businesses should instead consider these three factors equally: economics, sustainability, and reliability.

Economics

Integrating distributed energy resources into an energy management strategy is most easily accomplished through long-term, fixed priced power purchase agreement (PPA) contract structures.

These contracting structures achieve budget predictability in a volatile market, as they allow businesses to hedge their price risk for a term (10-20 years), not generally possible through the five-year cap of retail energy supply agreements. More importantly, PPA contracts allow energy managers to treat distributed energy as another component of their operating budget, eliminating the need for large capital expenditures, complicated IRR

considerations, and capital approval processes.

Working with an energy manager ensures that, for complex businesses, multiple facilities can effectively budget long-term and avoid surprises and the kind of stop-gap solutions that can add up over time.

Sustainability

Distributed energy allows businesses to meet company sustainability goals through the use of cleaner technologies and renewable fuel sources. For example, some technologies may reduce emissions, like on-site solar, while others use recyclable fuels, such as a biomass plant. Also, a company with a goal of powering half its load by sustainable sources may hit a roadblock if only 20 percent can be sourced by solar power. Achieving the other 30 percent could be done with biomass,

fuel cells or a number of distributed generation options that could reduce or eliminate emissions.

Reliability

Distributed generation can work alongside the existing grid to increase energy resiliency and stability. Unforeseen weather events that seem to be increasingly more common result in more frequent and lengthy grid outages that can dramatically impact manufacturers' bottom lines. To prevent the effects of these events on a company's facilities, a common solution is a backup generator fueled by diesel or natural gas – but this trusted model of reliability is no longer the only means of combating grid uncertainty. Behind-the-meter resources such as fuel cells, batteries, and even solar, can play an important role in resiliency as well.

see **GENERATION** page 12



Constellation is the preferred energy provider for IMA members. For more information, visit www.constellation.com/IMA. Or, you may contact Constellation's Richard Cialabrini at 888-312-1563 or email Richard.cialabrini@exeloncorp.com.

MODERN MANUFACTURING

By Jasmin Welter, German American Chamber of Commerce of the Midwest



Apprentice and trainer at work

Manufacturing is dead, long live manufacturing!

Few industries have enjoyed as impressive a comeback in the last years as the United States manufacturing sector. The USA is among the most productive economies in the world when it comes to manufacturing, and companies — both American and international — are investing more and more in their USA production facilities. This dynamic growth is accompanied by a need for more skilled workers in the industry. The enormous potential in the manufacturing industry highlights one of the predominant challenges of the industry: finding the skilled workforce needed to excel in innovation, training, and production.

A question that remains is: “If manufacturing is the backbone of our economy, who’s the backbone of manufacturing?” The answer is the skilled workers needed by companies to succeed in the marketplace. Many companies are having problems attracting enough skilled talent to meet the needs of increased production capacities — a dilemma resulting in a “skills gap,” which accounts for a loss in productivity and ultimately, profits. In order to combat the skills

gap and stay competitive, several pioneering companies are turning to German style dual education programs to bolster their workforce.

Challenges in finding a skilled workforce

While their businesses grow, companies experience difficulties in filling the positions required to increase their production to fulfill the growing demand. With a steep increase in the number of high school graduates pursuing four-year degrees, many manufacturing companies face the challenge of being unable to fill positions that are sometimes referred to as “middle-skill positions.” These jobs require more education and training than a high-school diploma but less than a four-year college degree, and expand beyond manufacturing into the industries of healthcare, computers, logistics and sales. According to the *German American Business Outlook*, an annual study published by the German American Chambers of Commerce, 65 percent of German companies in the USA experience difficulties in finding employees with adequate skill sets. Due to their connection to Germany, these companies turn to the German dual training model to alleviate this problem — often with great success. Even

President Barack Obama pointed out German companies in two recent State of the Union addresses.

Unfortunately, manufacturing is still suffering from a public relations crisis: In many people’s minds, manufacturing is synonymous with dark, dirty and dangerous production halls and less than average salaries for hard, repetitive work. The truth is that modern manufacturing is anything but dirty. In 2011, the average manufacturing worker in the United States earned \$77,060 annually, according to the U.S. Department of Commerce. Adding to the pipeline running dry is the number of jobs becoming vacant due to the many workers retiring in the next few years.

Historically, companies have been slow to invest in long-term training programs in light of their immediate needs to fill open positions and additional costs associated with training. However, many companies are recognizing that as the labor market for qualified applicants has dried up with the economic recovery, retirements and the lack of quality training programs, they need to be proactive.

New HR strategies — apprenticeships German style

The problems mentioned have led to new approaches to companies’ mid- and long-term strategies. Today, being competitive doesn’t exclusively refer to high-quality products and services. HR is a crucial component of competitiveness, and developing and implementing proactive HR strategies is critical. But how and where to start?

It comes as no surprise that companies with strong German connections look to the German system of vocational training to find ways to establish similar programs within their facilities here in the USA. The German dual training system, with its combination of theory and practice — learning in a classroom while gaining first-hand experience on the shop floor — is recognized around the world as a highly effective training model. The dual system is firmly established in the education system and has a tradition that dates back to the Middle Ages. An essential

IN THE UNITED STATES



Representatives of GACC Midwest, Harper College, and participating ICATT companies with their trainees

characteristic of the dual system is cooperation between companies, high schools and colleges. What makes this system so efficient is the direct link between theoretical knowledge and direct application of those skills in the company. Likewise, high quality training standards are maintained by hands-on, competency-based final exams. This ensures a workforce with flexible skills that can adapt as future job requirements change.

"It is obviously important to ensure skills, knowledge and competencies are transferred. But there's another positive side effect to this system, which turns out to be a key factor for its success: increasing the retention rate by integrating an apprentice at a young age into the company's structures. Getting the apprentice familiar with the company, its products, structures and most of all its culture, while at the same time providing hands-on training, means a direct integration of young people into the labor market," according to Mario Kratsch, Skills Initiative Director at the German American Chamber of Commerce of the Midwest (GACC Midwest).

As the qualifications of skilled

employees becomes increasingly important worldwide, the interest in the dual vocational education system "made in Germany" is growing and new programs are springing up around the country.

ICATT for Illinois

As countries with strong, internationally competitive economic, scientific and technological capacities, the USA and Germany have a strong strategic interest in utilizing the best

GACCs across the country have been working hard and cooperating with member companies to find solutions to close the skills gap. As a result, GACC Midwest and the IMA established ICATT — the Illinois Consortium for Advanced Technical Training — which is open to all regional companies.

Benchmarked on the German Dual Education System, this program is an educational model developed

"I have already had multiple students come up to me and ask for more information or an application. To think you can have your schooling paid for, receive real world experience with a partner company and a paycheck is very enticing. I am excited as this program may open doors and opportunities for some of my students that previously did not exist."

— William Merchantz, Elk Grove High School Technology and Manufacturing Instructor, and Past-President, Technology Education Association of Illinois

concepts for training. Both countries design education based on the economic and societal demands of life-long-learning, which focuses on competencies and employability, as well as the promotion of transparent and transferable qualifications and the broadening of career paths. The

in conjunction with technology leaders. It combines practice, theory and work experience to train a globally competitive workforce by:

- Using industry-defined competencies and requirements as well as a standardized curriculum

see ICATT page 12

GENERATION

Cont. from page 9

In summary, the project economics, sustainability and resiliency goals for a manufacturer are subject to its footprint, which includes high intensity machinery, storage units, office buildings and other facilities that each has a unique function, hours of operation and peak load time. Geographic location, regulatory environment, energy prices and cli-

mate all add to the complexity of strategic energy considerations.

The reality is that manufacturers cannot streamline the same energy strategy across their diverse facilities. However, a distributed generation strategy can ultimately lead to more effective execution and better results across the business.

By working with an energy supplier with expertise in evaluating and acting on these factors and taking a comprehensive view of a company's needs, corporate leadership can develop an effective approach and

deployment strategy to better support sustainability goals, achieve optimal project economics, and gain long-term reliability for diverse facilities. The availability of energy solutions that are both sustainable and scaled for business growth and expenses will ultimately reshape the way manufacturers evaluate their energy strategy.

To learn more, contact Rich Cialabrini at richard.cialabrini@exeloncorp.com, 888-312-1563 or visit energy.constellation.com/IMA. ■

ICATT

Cont. from page 11

(according to the German "Training Profile") to create highly-skilled, capable, and readily employable graduates;

- Creating an accredited program in which students receive an associate's degree along with German DIHK/AHK certification and other accreditations, followed by a subsequent two-year employment guarantee;
- Offering an economically feasible pathway to education in which employers provide tuition reimbursement, school stipends and an increasing hourly wage for the duration of training and subsequent employment; and
- Allowing companies to "grow their own" employees and ensure their own professional competency standards by being directly involved in the education/training process.

Following the structures and worldwide recognized standards of the German dual system, this three-year program combines on-the-job training and theoretical training at a college for the profession of Industrial Technician.

"Maintenance technicians carry out work independently and coordinate their work with the entire process chain of their team. They make sure all technical systems operate correctly and identify, document and resolve faults in technical systems. It's a very multi-faceted job that requires a variety of skill sets," said Kratsch.

To ensure the best theoretical and lab training for its students, ICATT has teamed up with Harper

College, a recognized leader for innovative workforce programs. As the program grows, ICATT plans to expand to multiple community colleges to achieve the best training for each additional occupation, while adhering to German standards, including certification. Students who participate in the ICATT program will benefit not only from the hands-on experience, but they will also earn an associate's degree through the classroom program.

Innovate, train and grow – Benefits for all

Dual training programs come with a multitude of benefits for both companies and trainees. Alongside of the skills they acquire, trainees develop higher employer loyalty. And through this "learn and earn approach," they graduate with an associate's degree without accumulating student debt. And while the training itself is also broad enough for standardized certification, "the contents of training and teaching have been developed together with companies and Harper College to ensure the employees learn the skills needed," highlights Kratsch. "Luckily, we did not have to reinvent the wheel entirely, as we could refer to occupational profiles that were successfully implemented in Germany — and they were a fit."

Initiatives like ICATT provide companies with skilled employees to fully capture the increased manufacturing opportunities by a changed economic landscape. The standardized credentials ICATT graduates earn make it also easier for future hires: When manufacturing employers hire credentialed candidates they can be confident that they will maintain quality production and efficient operations. And most importantly, the career path doesn't end after

traineeship. Many companies are highly interested in their trainees furthering their career within the company. This dynamic opportunity allows for continuous growth of both the trainee and the company.

Moving forward

Having structures and a framework in place, it's only natural that ICATT will move forward to include other occupational profiles. Currently, programs are being prepared for Tool and Die Maker, Freight Forwarding Logistics Agent and CNC Technician.

"With cooperation between GACC Midwest, participating companies and our education partner, Harper College, we see a bright future for ICATT," says Mark Tomkins, President and CEO of GACC Midwest. "We are already working with other programs beyond Illinois, and there is a lot of interest to replicate this model around the country."

The success of ICATT has also received nationwide attention. The Illinois Advanced Apprenticeship Consortium (IAAC), on behalf of ICATT and the Central Illinois Center of Excellence for Secure Software (CICISS), has been awarded \$3.9 million from the U.S. Department of Labor to fund the creation of 600 apprenticeships over the next five years in Illinois. The IMA Education Foundation is facilitating the IAAC program in collaboration with the ICATT and CICISS whose key model programs were developed with support from GACC Midwest. For more information, please contact: Mario Kratsch, Director, Skills Initiative, 312-494-2171, kratsch@gaccmidwest.org, or visit: www.gaccmidwest.org/skills. ■

EEOC v. Abercrombie & Fitch Stores, Inc.: Taking a second look at employer hiring practices

On June 1, 2015, the United States Supreme Court in *E.E.O.C. v. Abercrombie & Fitch Stores, Inc.*, ruled in favor of the Equal Employment Opportunity Commission (“EEOC”) in its Title VII claim against Abercrombie & Fitch Stores, Inc. (“Abercrombie”). The EEOC brought suit on behalf of a Muslim job applicant who was denied a job at Abercrombie because her religious practice of wearing a headscarf conflicted with the company’s “look policy.” The Supreme Court’s holding sends the following message to all employers: “An employer may not make an applicant’s religious practice, confirmed or otherwise, a factor in employment decisions” and an employer must “make reasonable accommodations, short of undue hardship, for the religious practice of employees and prospective employees.” The June 2015 holding, coupled with the steady rise in religious discrimination charges filed with the EEOC, serve as a reminder that employers must continue to update their knowledge in this changing area of the law.

EEOC v. Abercrombie & Fitch Stores, Inc.

In 2008, Samantha Elauf, a practicing Muslim, interviewed for a sales position at an Abercrombie store in Oklahoma. During the interview, Elauf wore an Abercrombie-like t-shirt, jeans, and a black head scarf. One of Abercrombie’s assistant store managers interviewed Elauf and found that she met the basic requirements for the position. However, Elauf did not receive a job offer because the Abercrombie interviewers believed her headscarf was worn pursuant to her religious practices and violated the company’s “look policy.”

Abercrombie’s “look policy” is a neutral dress code that applies to all Abercrombie employees. Among other restrictions, the “look policy”

had a provision that prohibited “caps.” Elauf’s headscarf was considered a violation of the “cap” provision. As noted by the Supreme Court, during her interview Elauf never mentioned anything about her headscarf or the need for a religious accommodation. The interviewer never mentioned the look policy and if Elauf could comply with it. Instead, the interviewer and her supervisor *assumed* that Elauf’s headscarf was a religious practice and that Elauf would insist on wearing it thereby violating the company’s “look policy.” Accordingly, Elauf did not receive a job offer.

After Elauf did not receive a job offer, she filed a charge with the EEOC alleging religious discrimination against Abercrombie. The EEOC sued Abercrombie on Elauf’s behalf, claiming that its refusal to hire Elauf violated Title VII of the Civil Rights

Act of 1964. Title VII prohibits a prospective employer from, “refus[ing] to hire . . . any individual . . . because of such individual’s . . . religion” and requires employers to “make reasonable accommodations, short of undue hardship, for the religious practice of employees and prospective employees.”

United States Supreme Court holds in favor of the EEOC

The EEOC prevailed at the district court level, but the 10th Circuit Court of Appeals reversed holding that “an employer cannot be liable under Title VII for failing to accommodate a religious practice until the applicant provides the employer with actual knowledge of his need for an accommodation.”

Accordingly, the 10th Circuit found that Abercrombie was not liable because Elauf did not provide

see **HIRING PRACTICES** page 22



IMA MEMBER PROFILE: **CARUS** CORPORATION

In LaSalle, Illinois, population 9,600, in an otherwise middle class neighborhood, stands a grand, historic, seven-story mansion. Right behind that mansion, a sprawling manufacturing facility operates night and day. The properties share a unique history. The plant is the only one in the Western Hemisphere that produces potassium permanganate, a deep purple crystalline substance used as an oxidizing agent and sold to municipalities and industry around the world to treat water and remove harmful contaminants from polluted land.

Carus Corporation, which also manufactures catalysts for air purification, and phosphates for use in drinking and industrial water systems, has grown from a small, single-product startup in 1915, to a high-tech, global, specialty chemistry company, all the while maintaining operations in the same LaSalle location. The mansion was the childhood home of company founder Dr. Edward Hegeler Carus, who built his first laboratory in an old barn on his family's estate.

Today, that initial laboratory has been replaced by research and quality labs where chemists create and test solutions to pressing environmental concerns. New technologies for treating heavy metal contamination in mine water runoff are among the innovations most recently in the works at Carus. Nearby, engineering teams work to continuously improve manufacturing processes pioneered by the company's earliest innovators and redesigned throughout the years for greater quality and efficiency. In recent years, Carus has been recognized locally and nationally for reducing its energy consumption by 30 percent in six years.

One constant has been the company's ownership. Inga Carus, granddaughter of Dr. Edward Carus, is now Chairman and CEO. At a recent celebration of Carus Corporation's centennial anniversary, she spoke about the company's resilience. "My grandfather began the company during World War I,

and when the war ended all U.S. manufacturers of potassium permanganate closed. Carus was the only one to reopen," said Carus.

Before 1915, potassium permanganate was primarily imported from Germany, and it was mainly used in the manufacture of saccharin. When German imports became scarce, over two dozen potassium permanganate manufacturers popped up across the United States. Within a decade, Carus rose as the only one able to innovate manufacturing processes efficient enough to compete with foreign producers after the war. In the 1920s and 1930s Carus expanded, adding manganese sulfate and hydroquinone (a photographic developer) to its product line. Carus was the first company to sell manganese sulfate in large quantities to farmers in Florida, who used it to help fertilize the state's sandy soil and build Florida's agriculture industry.

After WWII, Carus was selected to receive the United States Army-Navy E Award for excellence in wartime production. Carus, which had supplied specialty chemistries to the military and to other U.S. manufacturers throughout the war, respectfully declined the honor to avoid publicity and potential sabotage. In the 1950s new technology, developed by Dr. Carus' sons Blouke and Paul, brought plant efficiency to a new level and elevated Carus to rank as the world's largest

producer of potassium permanganate for several decades.

"In our early days, process innovations kept the company in business against all odds. After my father, my uncle, and their team revolutionized Carus' manufacturing process in the 1950s, the focus shifted to product innovations and customer support," said Inga Carus. "We put our resources into discovering and developing new technologies to serve customers in new ways. Today, we focus on both creating the best products to meet customers' needs, and producing them in the safest, most efficient and responsible way possible."

Carus developed the potassium permanganate method for water treatment in the late 1950s and introduced it to municipalities across the United States. In the 1970s, Carus products and services helped industries comply with environmental regulations unveiled by the newly-formed Environmental Protection Agency. In the '70s and '80s Carus developed products for air purification, and in the 1990s, Carus was a leader in building the remediation market, developing efficient, cost-effective methods for removing toxins from polluted land. Denver's Lowry neighborhood and the Amway Center in downtown Orlando, home to the Orlando Magic, both sit on land made safe with the help of Carus remediation products.

What's next? Carus sees immediate



Product Development Chemist Rachel Dawson (left) runs tests in Carus' LaSalle laboratories. Right: In the 1960s, new uses for potassium permanganate were discovered and developed in Carus' End Use Research Lab.



Employees gather in front of Carus' LaSalle manufacturing facility to mark the company's centennial anniversary.

opportunities to make a difference in energy, supplying environmental solutions for the oil and natural gas industries. On any given day inside Carus' labs, new ideas are being prototyped and tested. No one knows yet which one of them might headline Carus' second century. The challenge will be finding the next generation of engineers, chemists, plant operators, and leaders to continue the company's legacy. Like most manufacturers, Carus recognizes a growing shortage of qualified candidates to fill key roles. It's a challenge the company is dedicated to addressing, through educational outreach and unique employee benefits.

On a recent Friday, a group of high school students toured Carus' LaSalle facility to learn about career opportunities in manufacturing and the skills necessary to pursue them. Career fairs, plant tours and school visits are routine at Carus. The company hosts a free, week-long summer camp for sixth-graders interested in science, and offers paid externships for local teachers so

they can become familiar with the job opportunities they are preparing students for.

"Carus employees interact with thousands of students each year," said Kegan Pakula, who facilitates Carus' community outreach program. "We break the ice with science demos. Chemical reactions that fizz, steam, or glow really get the kids engaged. From there, the conversation centers around chemistry, engineering, and manufacturing or STEM (science, technology, engineering, and math) careers. It's something our employees look forward to and about which the kids get so excited. This summer, a college student came back and told me Carus' science camp is what sparked her interest in a STEM career."

Carus also helps students financially. This year, in honor of its centennial anniversary, Carus awarded a \$10,000 scholarship to a college student who proposed an innovative environmental solution using chemistry. In the last 28 years, the company has given \$3.8 million to send

employees' children to school as part of its Tuition Assistance Program. Depending on their years of service with Carus, employees are reimbursed up to 60 percent of their kids' college tuition. Bradley University, which partners with Carus for the program, waives the remaining tuition costs for students enrolled there.

"The goal is to give young people every reason and opportunity to get an education and enter the workforce ready to tackle the challenges of tomorrow," said Phil Taylor, Human Resources Generalist. "And then we try to recruit the best and brightest to come back and work with us! The skills gap is a challenge all manufacturers are facing, and it's important that we work together to address this issue. Involvement in industry organizations like the Illinois Manufacturers Association is a great way to get started." Carus Corporation has been a member of the Illinois Manufacturing Association for more than fifty years. ■

Carus employee Jose Rios performs an air pressure demonstration with a student volunteer during one of Carus' school visits.



Carus' Centennial Scholarship winner, Katie Hoffert (center), poses with Inga Carus, Chairman and CEO, and Blouke Carus, Chairman Emeritus.





The path to business growth — How manufacturers can overcome their biggest challenges

By James Wagner and Jack Moran, Sikich LLP

Innovations in technology such as the growth of 3-D printing and the rise of the Internet of Things (IoT) have changed the manufacturing industry. These rapid shifts have led to upheaval but also offer opportunities for companies to grow and serve customers in better and more efficient ways.

A recent study showed how manufacturers continue to face a number of obstacles that, if not properly addressed, could prevent them from taking full advantage of the economic recovery. From technology to business strategy to their workforce, manufacturers need to adapt to address new challenges, and, in some cases, adopt a more aggressive posture to ensure growth.

Sikich surveyed 116 manufacturers and distributors — almost 75 percent of which have annual revenue of \$1 million to more than \$100 million — for its 2015 Manufacturing Report, which examines trends in the industry and the issues manufacturers face today. Drawn from the findings of the report, here are four ways manufacturers can overcome impediments and position themselves for long-term success.

Improve use of technology

Technology has rapidly evolved and offers manufacturers the poten-

tial for massive productivity gains in the years ahead.

However, many manufacturers find themselves behind the curve when it comes to technology. While manufacturers do spend money on technology today — often to support business growth and improve customer service, according to the Sikich survey — many fail to take full advantage of it.

Many manufacturers leave a significant amount of their technology investment on the table. For example, a majority of survey respondents (53 percent) said they still use spreadsheets and other manual processes to prepare key performance indicators (KPIs). Only 26 percent said they use a financial application module such as an enterprise resource planning (ERP) system to prepare KPIs.

The survey's findings about KPIs are particularly alarming because accurate KPIs provide manufacturers the metrics through which to measure the overall performance of their organization. Without full accuracy on this front, they are forced to operate in the blind, without confidence in their measures of firm-wide effectiveness.

And the trouble goes beyond KPIs. Across the board, manufacturers today often underutilize their technology investments, especially

with regard to their ERP systems.

While many companies have an ERP system, they fail to use all of its functionality, thereby wasting money and sacrificing productivity.

Additionally, there are other technologies available today that can help manufacturers streamline their transactional processes. Automated data collection systems, which include barcode-based systems and RFID-based systems, are prevalent today and can help companies improve the quality of data they collect. Unfortunately, many manufacturers are not investing in and realizing the potential benefits of these automated systems.

While many struggle to fully leverage the productivity-enhancing technologies available today, there are even more revolutionary technologies on the horizon that offer profound promise for the industry.

The Internet of Things (IoT) has the potential to remove the human factor in transactions by enabling machine-to-machine communications. It promises to transform data collection and boost company-wide efficiency. Further, holographic imaging devices such as Microsoft HoloLens and Google Glass can streamline the movement of data and improve interactions between workers and data systems. These devices also have the ability to pro-

vide users with richer and more complete real-time information. And as the amount of data companies collect continues to expand, big data, machine learning and advanced business intelligence analytics will become increasingly vital.

All of these technologies offer manufacturers enormous opportunities. Companies that fully utilize the technology available to them today and adopt newer technologies are quickly moving ahead of their competition.

One of the first steps for manufacturers is to look at their current operation and ask themselves if they are fully utilizing their existing technology. For instance, do they know all the capabilities of their ERP system? Many companies insist they don't need all the available features of their ERP system. If that's the case, they are throwing money away on features they leave on the shelf.

Others say they don't have time to learn everything their system has to offer. However, they are likely spending significant amounts of time creating and sharing spreadsheets. Learning their ERP system and leveraging its many uses can lead to improved data collection and accuracy, and efficiency gains.

Companies also need to ask if there are other technologies, such as automated data collection systems, that they can invest in today to further streamline or turbocharge their processes. Finally, manufacturers must commit to becoming early adopters of the next wave of technologies. Those that embrace these cutting-edge tools early will be better equipped to surmount future challenges and drive long-term growth.

However, those that refuse to do this and insist on maintaining the status quo will be increasingly uncompetitive. Manufacturers that don't fully take advantage of technology today are already behind. As new technologies emerge, they will fall even further back as their competition outstrips them again and again. And, at that point, it will be even harder to catch up.

Look to new markets

Beyond technology, manufacturers need to assess their comprehensive business strategy.

Manufacturers Sikich surveyed expressed optimism about the U.S. economy, and a majority (54 percent) said they expect their revenue to increase by more than five percent this year. Though seemingly bullish with regard to the broader economy, the survey also showed that manufacturers today remain cautious and hesitant to move into new markets or expand product offerings. They are instead committed to increasing growth through additional market share in their traditional lines.

According to the survey, nearly 40 percent of respondents view increased share in existing markets as their top opportunity for gains in the next 12 to 18 months. And more than 30 percent said they spend less than one percent of sales on new product research and development (R&D), a troublingly low number.

Starting the process today and engaging in a steady, smart move away from an entrenched, conservative position will enable manufacturers to continue to maintain competitiveness in the future.

In the wake of the economic downturn, this caution is understandable, if not prudent. Many manufacturers saw their workforces and sales depleted during the recession and, as a result, are holding onto cash and avoiding excess risk. By pursuing organic growth instead of acquisitions and new product development, the manufacturers we surveyed are signaling a great amount of lingering discomfort.

This conservative mindset will not sustain manufacturers over the long-term. Manufacturers operate in an ever-changing global marketplace, which will create new opportunities and new pressures. Advanced technology will expedite change, competition will grow, and companies that don't adapt and aggressively pursue growth will stagnate.

Eventually, manufacturers may have little choice in the matter. As the skills gap grows more pronounced, firms may have to embark on aggressive acquisition activity to find experienced and well-trained workers. Further, the skills gap could drive increased spending on R&D and equipment as firms look to more efficiently deploy their existing workforce at a time when they have fewer staffing options.

But manufacturers shouldn't wait for circumstances to force action. They should get on a more aggressive footing today, no matter how unsettling that may seem. Of course, it will look different for every company, but getting aggressive does not mean engaging in reckless risk-taking.

Manufacturers who have been stockpiling cash but are nervous about using it should begin to branch out in a measured, deliberate way — with a small acquisition, or an incremental increase in R&D spending. They should look strategically at where they can make investments in new markets and products.

Starting the process today and engaging in a steady, smart move away from an entrenched, conservative position will enable manufacturers to continue to maintain competitiveness in the future.

Reduce costs and boost efficiency with the supply chain

It's no secret manufacturers today face constant cost pressures. According to the Sikich survey, more than 90 percent of respondents expect taxation and labor costs to either increase or remain the same in the next year, and 86 percent said the same about the cost of raw materials.

At the same time, manufacturers need to invest in new equipment and technology. More than 30 percent of respondents said they plan capital expenditures this year on equipment while 42 percent expect to spend on computer hardware and software.

To address these competing pressures, manufacturers need to look to the supply chain. Nearly 60 percent of respondents in the survey said supply chain management is either important or highly important to their success over the next five years.

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BUSINESS GROWTH

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With strong supply chain management, a manufacturer can boost productivity and improve customer service by ensuring the on-time delivery of the correct quantities of products. But competition is increasing, and the pressures on the supply chain are constantly evolving.

In today's highly competitive environment, manufacturers can't afford to operate with excess costs. Therefore, manufacturers need to work to constantly optimize processes and squeeze cost savings out of their supply chain. Companies need to become as lean as possible and agile in the face of new challenges and evolving customer needs.

New policies, rules and regulations emerge frequently that require manufacturers to adapt to avoid wasted time and money. For example, the dimensional-weight pricing policies recently put in place by UPS and FedEx force manufacturers to adjust their shipping operations. Manufacturers must closely monitor all relevant rules and regulations and work to quickly and effectively address them.

It is also vital for manufacturers today to know their customers on a much deeper level than in years past. The days of meeting demand by simply carrying more inventory are long gone. Today, manufacturers must be plugged into their customers' businesses and work with them to engineer solutions, instead of simply providing a product. This will ensure manufacturers make the best, most efficient use of their resources and don't overinvest in materials or labor.

By being diligent and adaptable in the face of new challenges and highly responsive to customers, manufacturers can ensure their supply chain remains a strong asset that helps them grow and prosper.

Help develop the workforce of the future

As manufacturers look toward the future, the growing skills gap presents one of the biggest challenges they face.

The manufacturers surveyed by Sikich expressed optimism about

their short-term hiring prospects. More than half (55 percent) said they expect their hiring to increase in 2015, and more than 40 percent said they expect it to stay the same. Despite this current optimism, manufacturers face a significant challenge in staffing their operations in the years ahead.

The industry has shifted away from brute-force labor to technical and skilled labor with more of an emphasis on equipment than in the past. The robotics operators of today, for instance, need a vastly different set of skills than the assembly line employees of the past. And as advanced technologies continue to evolve and propel the industry forward, the skill sets needed from workers will only grow. Manufacturers are rapidly approaching a situation in which they may have the technology, money and will to grow their business, but not the workforce.

By aggressively working to build the workforce of the future, manufacturers can help ensure the future stability and prosperity of the industry.

To avoid this scenario, manufacturers must be proactive about laying the foundation for the workforce of tomorrow by helping the youth of today develop the science, technology, engineering and math skills they need to fill manufacturing jobs.

Some manufacturers today work with two-year technical schools as well as some four-year colleges to create apprenticeship programs where students work for the manufacturer part-time, earn credit, make money and gain valuable real-world work experience. Programs like these are a step in the right direction, and more manufacturers should participate.

Manufacturers also need to partner closely with technical schools to help them develop a curriculum that equips students with the specific skills manufacturers need from their future employees. By working together, manufacturers and schools can ensure classroom teaching is aligned with workplace needs. This, in the end, will benefit the students

who will soon be looking for jobs.

Further, manufacturers can encourage local high schools to take field trips to their plants. These trips can help students learn about the reality of modern manufacturing. Still seen by many as a "dirty" job, these visits show students how the industry is now filled with cutting-edge technology and can offer a rewarding career.

Though the skills gap presents a serious challenge for manufacturers, they can take steps to overcome the problem and equip future workers with the skills they need to operate the advanced machinery and technology that is now at the core of the industry. By aggressively working to build the workforce of the future, manufacturers can help ensure the future stability and prosperity of the industry.

Gain a competitive edge

With technology promising to help manufacturers boost productivity and change how they work in ways never thought possible a decade ago, the industry has significant upside. Many of the fears of the past have been proven wrong, and manufacturing remains a significant part of the United States economy.

The 2015 Manufacturing Report from Sikich presents an optimistic view of the industry. Of course, manufacturers face several challenges today, but they are all surmountable. From expanding use of technology to aggressively pursuing growth to improving supply chain management to working to build the workforce of the future, the solutions to today's problems are clear.

As long as manufacturers remain committed to constant improvement and innovation, the industry will continue to meet its challenges and grow and prosper in the years ahead. ■

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Workers' Comp: Your mod is costing you money — Creating a competitive advantage

For many employers, workers' compensation insurance is all about one number — the premium quoted. Understandably, employers want to pay the lowest possible amount for this mandatory coverage and, as a result, most brokers try to compete on the basis of a low bid; however, those who do miss the chance to educate their clients on how an experience modification factor [mod] affects their annual premium. Organizations that take the time to understand their mod and proactively address safety concerns in their work environments regularly experience a competitive advantage over their peers in the form of reduced workers' compensation costs and improved profitability.

What is an experience modification?

A key to understanding your workers' compensation premium is the experience modification factor, also known as your mod. Simply stated, your mod is a factor that compares your workers' compensation claim activity with other companies in similar industries based on payroll classification codes. The process of calculating the experience modification factor is complex, but the underlying theory and purpose of the formula is straightforward: ***Your company's actual losses are compared to its expected losses by industry type.***

Every year, the National Council on Compensation Insurance [NCCI] analyzes payroll and loss data over three consecutive policy terms, excluding the most recently completed year. In the end, the NCCI assigns a credit or debit mod factor to your business that is used by insurance companies to calculate your annual premium cost.

What does your mod reveal — and why should you care?

Ultimately, your mod determines your final workers' compensation costs. Your annual workers' compensation premium is calculated by multiplying your mod factor by your manual premium (based on payroll and classification code rates). An average mod of 1.00 indicates that your operation's claim activity is directly in line with your competitors. However, if your organization's actual losses are worse than the industry average, a debit mod factor is applied to your premium calculation which could have a substantial impact on the number of insurers willing to quote your business and will impact your overall cost for workers' compensation insurance.



Most employers realize their mod affects premiums in some way, but rarely connect the dots and realize what actions they can take — proactive and reactive — to lower their mod and reduce their annual cost of insurance. While the mod itself is a single number, an analysis of how your payroll and loss data functions in the experience rating formula provides valuable insight into your organization's operational health and will help you identify areas for improvement.

Mod Analysis

The NCCI Mod Worksheet that you receive on an annual basis may appear complicated but the data that

it contains tells prospective insurers a great deal about your company. What does your mod say about your business? Is it an accurate assessment of your company's commitment to maintaining a safe work environment? Right or wrong, perception is often reality; it's important that you take time to understand how your mod is impacting your premium dollars.

Before we can demonstrate the power of an effective Mod Analysis report, though, let's first review a few key terms:

- **Primary Losses** — Primary losses are an indicator of loss frequency (number of losses) and are used at their full value in the mod formula.
- **Excess Losses** — Excess losses are a measure of loss severity (the amount of each loss) and are weighted in the formula to reduce the impact of a severe loss.
- **Minimum Mod** — The lowest attainable mod factor for a classification of business (ie. similar industry); represents a loss-free rating and generally decreases as payroll increases.
- **Controllable Mod** — The difference between your actual mod and the minimum mod.
Translation: THE MONEY YOU COULD BE SAVING!

Now, let's take a moment to review a case study of a current MIS client and see what their debit mod is actually costing them.

Case study: ABC Manufacturing, Inc.

ABC Manufacturing, Inc.¹⁹ is a plastics manufacturer in Illinois. They currently employ 37 individuals and have an annual payroll expense of approximately \$2,000,000. Their manual premium is \$100,000.

Over the last several years

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Adam Hackman is the Vice President of Business Development for Manufacturers Insurance Services of Illinois (MIS). MIS and its manufacturers resource platform, MIS 360, is a group purchasing affinity program of the Illinois Manufacturers' Association. For more information, visit www.mis-360.com, email info@mis-360.com or call 855-607-6190.

Illinois Employer Support of the Guard and Reserve conducts Bosslift to Hurlburt Field and Eglin Air Force Base



Business leaders were flown to Destin, Florida, in an Illinois National Guard C-130 transport plane

By Michael Holub, Public Affairs Director — IL ESGR

The Illinois Committee of Employer Support of the Guard and Reserve (ESGR) is an office of the Department of Defense. Maj. Gen. William Cobetto, Assistant Adjutant General—Air, Illinois National Guard, provided an opportunity for Illinois ESGR to observe the training conducted by members of the Illinois Air National Guard. ESGR's mission is to gain support from employers for service in the Reserve Components by increasing awareness of the law, recognizing outstanding support and helping to resolve conflicts through informal mediation. Illinois ESGR partnered with the Illinois Air National Guard to provide employer outreach through a Bosslift. The Bosslift is designed to bring influential employers and community leaders to military bases to see the vital work of members of the Guard and Reserve. Because National Guard and Reserve forces comprise nearly half of the military's "total force" structure, it is more important than ever to have supportive employers.

On June 9, 2015, 37 employers from Illinois gathered in Peoria and

Rockford to board the Illinois Air National Guard's C-130 plane. Travelers were greeted by IL ESGR State Chair Ron Bacci, Dr. Michael Ayers—Civilian Aide to the Secretary of the Army (CASA) for IL-South, Maj. Gen. Cobetto, and a small contingent of IL ESGR Committee members. The destination was Hurlburt Field and Eglin Air Force Base in Florida.

The group was greeted in Florida by Maj. Gen. Eugene Haase, Vice Commander of the Air Force Special Operations Component of the U.S. Special Operations Command (AFSOC); Col. Steve Deranian, Reserve Advisor to the AFSOC Commander; and Col. Tim Gaasch, Air National Guard Advisor to the AFSOC Commander.

At Hurlburt Field, lunch was served followed by a briefing on the role and mission of AFSOC and the Special Operations Wing. Next the Bosslift group toured the CRATE Advanced Skills Training Center and observed the aquatics training facility. The tour included a static display of equipment and weapons used by the Special Tactics Training Squadron. An informal reception at

the Hurlburt Field Soundside Club concluded day one of the trip.

Day two took the group to the Air Force Research Laboratory Munitions (AFRL) facilities at Eglin Air Force Base. The AFRL develops technologies for the Air Force designed to neutralize potential threats to the United States. Brian Mitchell provided an overview of cutting-edge munitions and weapons development, followed by a tour of the McKinley Climatic Lab, which is the world's largest environmental chamber.

Following the McKinley Climatic Lab was a trip to the Explosive Ordnance Disposal (EOD) Unit where participants viewed equipment and detections robots used by EOD. During the visit, all eyes turned skyward to watch two F-35 jets perform maneuvers.

The group also visited the Khobar Towers



Michael Holub, IL ESGR Public Affairs Director



Illinois employer representatives who participated in the 2015 Bosslift

Memorial. The Khobar Towers bombing was a terrorist attack on a housing complex in Khobar, Saudi Arabia, on June 25, 1996. Twelve 33rd Fighter Wing Nomads were killed in that bombing.

Bosslift participants had lunch at Eglin's Bayview Club and then visited the 6th Ranger Training Battalion at Camp James E. Rudder. Lieutenant Colonel (LTC) Rob Robinson explained the role and mission of the 6th Ranger Training Battalion, which is where the final phase of the US Army Ranger Course is conducted. More than 2,500 Ranger students are trained each year in the coastal swamp around Camp Rudder.

One of the highlights of this tour was a visit to the snake house, where venomous snakes and alligators caught in the area are housed. The 6th Ranger Training Battalion maintains a "Reptile Team" whose mission is to educate Ranger students on the characteristics and threats posed by reptiles indigenous to North America. Some Bosslift participants handled the more docile snakes.

On day three we were joined by several Airmen, NCO's and Officers from Hurlburt Field, as well as by Col. Deranian and Col. Gaasch. Following breakfast, Herb Mason, AFSOC command historian, provided a talk on the history of the Air Force Special Operations Command from WWII to the present.

Later in the morning, participants visited the U.S. Air Force Armament Museum before the return flight from Hurlburt Field.

Illinois ESGR was honored to present several Seven Seals Awards and Commemorative Lincoln statues to the trip's hosts at various venues.

Col (Ret.) Ron Bacci, Dr. Michael Ayers—Civilian Aide to the Secretary of the Army (CASA) for IL-South, LTC Mark Whitlock and the Executive Committee of Illinois ESGR expressed their gratitude to Dawn Hart, Chief of Community Relations and Erica Vega, PA specialist, from

"The 2015 Bosslift was an amazing experience that gave me a much deeper appreciation for the work that our men and women perform in the military, including the Guard and Reserves. The tours and briefings provided an eye opening experience about their day-to-day activities and the sacrifices they make for all of us. As a representative of the manufacturing community, we owe them a debt of gratitude and we need to ensure that they experience a seamless transition back into the workforce."

*Mark Denzler, Vice President & COO
Illinois Manufacturers' Association, Springfield, Illinois*

Air Force Special Operations Command Public Affairs at Hurlburt Field. Mr Mike Spait and Kristin Stewart from Eglin Air Force Base Public Affairs were also a huge part of the success of this visit.

Finally, Illinois ESGR thanked all of the employers who took time out of their professional and personal lives to participate in the 2015 Bosslift. It was a great opportunity to learn more about how our National Guard and Reserve

Component members play a critical role in our security, at home and around the world.

If you would like more information on how your company can support this worthwhile program, please contact Michael A. Holub, Vice-Chair/Public Affairs & Director, Illinois ESGR at email mholub52@gmail.com, telephone: 708-420-3132, or visit the Illinois ESGR Facebook page at www.facebook.com/IllinoisESGR ■



Participants visited the snake house, where venomous snakes and alligators caught in the area are housed. The 6th Ranger Training Battalion maintains a "Reptile Team" whose mission is to educate Ranger students on the characteristics and threats posed by reptiles indigenous to North America.

HIRING PRACTICES

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Abercrombie with actual knowledge of her need for a religious accommodation.

On June 1, 2015 the Supreme Court reversed the 10th Circuit ruling and found that the 10th Circuit misinterpreted Title VII's requirements. The Court found that Title VII does not require "actual knowledge" of the applicant's need for an accommodation. Rather, to prevail on a disparate treatment claim under Title VII, an employee only needs to show that his or her need for an accommodation was a motivating factor in the employer's hiring decision.

After this lawsuit, but prior to the Supreme Court's decision, Abercrombie discontinued its "look policy."

Guidance for employers after EEOC v. Abercrombie & Fitch Stores, Inc.

The Supreme Court's opinion provides several lessons for employers. Employers should consider the following in order to reduce the risk of facing a religious discrimination claim.

1. Take caution when enforcing a dress code

Employers can still impose a neutral dress code for employees; however, Title VII requires that otherwise-neutral company policies must give way to the need for a religious accommodation as long as the accommodation does not result in "undue hardship" for the employer.

Absent undue hardship, religious discrimination may be found where an employer fails to accommodate the employee's religious dress or grooming practices. An employer should be cautious when enforcing a dress code and be willing to provide religious accommodations when feasible. Employers that currently have dress code policies should consider updating these policies to notify employees of their commitment to make exceptions to the dress code for those who require a religious accommodation.

2. Implement a standard hiring process for all interviews

Most employers have a standard hiring process. That process should also include a discussion about important company policies, such as a dress code, the necessity to work weekends, serve alcohol, or other policies that could impact an applicant's religious beliefs or practices. After providing this information, the interviewer should ask if the prospective employee can comply with the job requirements and the company policies. This process informs the employee of the employer's expectations up front and gives the employee an opportunity to inform the employer of his or her need for a religious accommodation. While this hiring process requires more thought, training and preparation for interviews, it facilitates a dialogue between the applicant and the employer about potential religious (or other) accommodations that might not otherwise be discussed during the interview.

As the Supreme Court's holding in *EEOC v. Abercrombie & Fitch Stores, Inc.* makes clear, an employee is not required to expressly tell a potential employer that he or she needs a religious accommodation. Employers, however, are still at risk for a potential religious discrimination claim if an employee later alleges that the adverse employment decision was motivated by the perceived need for a religious accommodation. If the employer "thinks" an employee may need a religious accommodation, it is best to have that discussion up front. Once the employer is put on notice, it can then determine if the accommodation can be made without undue hardship. Although employers have been generally reluctant to engage in any conversations in an interview that touches on religion for the fear that a rejected employee may file a charge of discrimination, the *Abercrombie* decision counsels that employers proceed at their own risk if they fail to hire an applicant based on the employer's perception and assumption that the applicant cannot comply with company policy without such a conversation and considering whether a reasonable accommodation is possible.

3. Implement regular training for employees involved in the hiring process

Employers should use this as an opportunity to implement or update its training on hiring practices. Such trainings should provide guidance on: 1) the types of questions that can and cannot be asked during an interview; 2) how to facilitate a lawful dialogue about potential religious or other accommodation issues; 3) the criteria that can be used to make a hiring decision (specifically noting that an applicant's religious practice or religious accommodation cannot be factors in the employment decision); and 4) when the employer has an obligation to make an accommodation for a religious practice or other reason.

Conclusion

As the United States become more diverse, people of different races, ethnicities, and religions will continue to enter the workforce. Employers must continue to adapt and have the policies and procedures in place to address these challenges. ■



Visit the IMA Video Reference Library
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Industry Insights: Staying closely held

A closely held enterprise is one with a limited number of owners who often have some direct involvement with the business. Even though their ownership interests are not publicly traded, privately owned enterprises often find their ownership roll growing as years pass. This can occur for a number of reasons:

- Parents distribute interest in the business to their children, some of whom may have no involvement in managing the business.
- Employees may be awarded equity interests — or the option to purchase them — as an incentive.
- Board members or key service providers sometimes are granted equity interests as compensation for their services.
- Acquisitions of competitors may be financed by issuing equity interests as payment.

Regardless of the circumstances, many companies eventually have a large number of minority equity holders, which can create a complex, cumbersome and downright expensive situation. Companies that establish a pattern of paying regular dividends or distributions may find that equity holders who aren't directly involved with the business come to expect — or even depend upon — regular cash distributions. As ownership becomes more diverse, executives may spend more time educating minority shareholders about the business or explaining and justifying business decisions or policies. Transactions that may be beneficial for the business as a whole or for the majority owners could be viewed negatively by minority owners, who may threaten litigation or otherwise attempt to interfere. Family politics may be more amicably resolved if kept outside the boardroom.

For these reasons and others, privately owned businesses often look

to limit the dispersion of ownership interests or reduce the number of equity holders.

Stopping the spread

As the saying goes, “An ounce of prevention is worth a pound of cure.” It can be effective to first put measures into place to slow or halt the further dispersion of a company's equity, positioning the company to reacquire outstanding interests over time. Here are a few steps to consider.

Buy/Sell Agreement — A buy/sell agreement is almost always a desirable arrangement for a private company to have in place and, if appropriately tailored for your company's situation, can be a great tool to help stop proliferation of ownership. While there are a number of common provisions that may be included in such an agreement, a well-written buy/sell agreement may provide a range of benefits to the company and its owners:

- A predetermined process for an owner who wishes to sell to obtain liquidity

- Protection for owners who wish to remain involved in the business
- A cross-purchase provision that can give existing business owners right of first refusal to acquire business interests that another owner wishes to sell
- A redemption provision, or entity-purchase provision, that can offer the company an option to reacquire the interest that must be waived before the interest could be sold to an outside party
- Specific provisions dictating how the value of the company's equity interest will be determined — whether through third-party valuation or a formula — or allowing the selling shareholder to obtain a firm offer from another third party to fix the price

Replace Stock Options or Grants with Other Incentives

Stock ownership plans, e.g., stock options or restricted stock grants, can provide a cash-deferred way to provide meaningful incentive to key

see **CLOSELY HELD** page 26



Gary Schafer and Jess Myers are members of BKD's Manufacturing & Distribution Industry Group. Gary can be reached at gschafer@bkd.com and Jess can be reached at jjmyers@bkd.com. For more information on BKD's services for manufacturers and distributors, please contact Mike Senko at BKD's Chicago Office. He may be reached at 630-282-9500 or msenko@bkd.com.

WORKERS' COMP

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they've experienced fairly consistent claim activity which has resulted in a 1.24 experience modification factor. The following information represents a very small sample of the Mod Analysis report conducted on January 1, 2015.

Through simple analytics we are able to dissect elements of ABC Manufacturing's current experience modification worksheet to identify the root cause of their debit mod factor. Let's start by taking a look at the Key Numbers:

The Key Numbers

Total expected losses	\$113,726
Total expected primary losses	\$30,704
Total expected excess losses	\$83,022
Total unlimited losses	\$113,035
Total limited/adjusted losses	\$106,930
Total actual primary losses	\$74,988
Total actual excess losses	\$31,942
Computed ballast value	52,350
Computed weighting value	0.10
Modification factor	1.24
ARAP factor	1.11

How ABC Manufacturing, Inc. compares to industry standards

- Their total losses were \$106,930. The industry average for a company of their size, as measured by payroll, was \$113,726. Therefore, their losses were 94 percent of expected.
- ABC's primary losses, which measure loss frequency, were \$74,988. The industry average for a company of their size is \$30,704. Therefore, their primary losses were 244 percent of expected.
- Their company's excess losses, which measure severity issues, were \$31,942. The industry average for a company of their size is \$83,022. Their excess losses were 39 percent of expected.

What this data tells us is that it is ABC Manufacturing's loss frequency, not severity that is driving their debit mod calculation.

Knowing that, we can take a deeper dive into their individual losses to better understand the impact that a single claim can have on ABC's mod and annual premium cost [see "The actual cost of an individual loss" table]. While this

The actual cost of an individual loss

State	Date	Incurred Loss	Limited/Adjusted Loss	Impact on Mod	Premium Cost	
					1 yr	3 yr
IL	1/1/2012	\$31,296	\$31,296	0.1028	\$10,280	\$30,840
IL	1/1/2011	\$28,620	\$28,620	0.1012	\$10,120	\$30,360
IL	1/1/2013	\$18,526	\$18,526	0.0951	\$9,510	\$28,530
IL	1/1/2013	\$11,356	\$11,356	0.0683	\$6,830	\$20,490
IL	1/1/2011	\$4,610	\$4,610	0.0277	\$2,770	\$8,310
IL	1/1/2011	\$3,560	\$3,560	0.0214	\$2,140	\$6,420
IL	1/1/2013	\$3,405	\$3,405	0.0205	\$2,050	\$6,150
IL	1/1/2011	\$4,610	\$1,383	0.0083	\$830	\$2,490
IL	1/1/2013	\$4,112	\$1,234	0.0074	\$740	\$2,220
Grand totals:		\$110,095	\$103,990	0.4527	\$45,270	\$135,810
					Premium cost estimates based on manual premium of	
					\$100,000	

form of analytics enables us to pinpoint which losses are causing the most damage to ABC's mod, it also helps us further identify specific trends in ABC Manufacturing's loss experience.

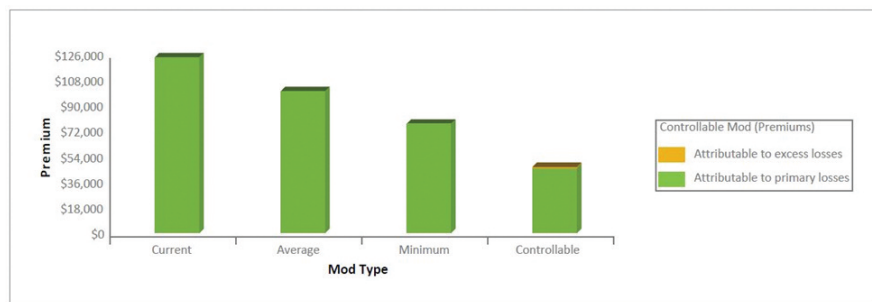
As the above table indicates, the injury that incurred a \$31,296 loss will likely cost ABC Manufacturing \$30,840 in annual premium costs over the next three years. While the sticker shock associated with that individual loss is troubling, it's important that we take a moment to better understand how that loss occurred and, more importantly, how we can prevent losses of that nature from happening again in the future.

A comprehensive mod analysis can provide businesses with a tremendous amount of analytical data. It can help you uncover loss trends by cause of injury, policy year, location, and payroll classification. It can show you how injuries

to specific body parts are impacting your mod and subsequent premium expense. It can help isolate problem departments within your organization. But most importantly, a detailed mod analysis can help you and your insurance agent determine the steps necessary to mitigate claim activity in your organization and improve your bottom line.

The executives at ABC Manufacturing always understood that losses impacted their annual workers' compensation costs; however, it wasn't until we were able to show them the disadvantage that their debit mod was putting them in relative to their competitors that they truly embraced the importance of maintaining a safety driven culture.

As the graph below shows, ABC's controllable mod was 0.47. This means that their average competitor (1.00 mod) realized an annual work-
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Mod Type	Mod Value	Premium	Description
Current	1.24	\$124,000	Your actual mod and estimated premium.
Average	1.00	\$100,000	The average mod is always 1.00. This premium represents what the average competitor in your industry is paying.
Minimum	0.77	\$77,000	The lowest mod and premium you could achieve if you had zero losses in the experience rating period.
Controllable	0.47	\$47,000	The mod points and premium amount you could have saved if you had zero losses in the experience rating period.



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ers' compensation premium savings of approximately \$24,000 compared to ABC while their best practices competitors who had achieved the minimum mod (0.77) would have a \$47,000 competitive advantage of ABC Manufacturing.

Creating a competitive advantage for IMA members

The team at MIS is prepared to conduct a free Mod Analysis for members of the Illinois Manufacturers' Association. The analysis will show you how your organization compares to your competitors, identify your minimum mod, and provide you with a preliminary snapshot of how individual losses in your business are impacting your

annual workers' compensation costs. Understanding how your claims activity is impacting your mod is the first step in reducing annual premiums and creating a competitive advantage for your company.

To find out how your business can obtain a free Mod Analysis, please email Adam Hackman, (adamh@mis-360.com) P&C Practice Leader, Manufacturers Insurance Services of Illinois. ■

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groups of employees. However, because this turns employees into owners, the true "soft" cost of these plans may not be apparent until after the options are exercised. If structured properly, incentive stock options can be tax-advantageous. Because of alternative minimum tax and other considerations, employees who exercise stock options that are in the money—where the stock value has grown to exceed the cost to exercise the option—frequently find they need to sell some of the stock they've just acquired to pay their taxes in the year they exercise the options. If that stock isn't publicly traded, they may have difficulty finding a buyer or getting a fair price for their shares.

As a result of these issues, companies with stock that's not regularly traded may wish to consider alternative incentive structures that offer many of the benefits of stock options or grants without some of these drawbacks. Examples of such arrangements include phantom stock plans, stock appreciation rights or other deferred compensation plans. A previous BKD article offers more information on some of these arrangements.

Be Cautious About Using

Equity as Currency — When negotiating a merger or acquisition, one approach has been to provide selling shareholders or key management of the acquired business with carryover equity in the acquiring company. This can be used to bridge a perceived value gap when negotiating a deal, as the seller often is more optimistic than the buyer about the profits its business would generate. While paying with equity

doesn't require cash, it ultimately can prove to be more expensive than anticipated when those interests are eventually repurchased. In addition, lenders sometimes may ask for stock warrants as an additional cost of financing, especially for a large, heavily leveraged transaction. As with compensating employees, there are alternatives to providing equity interest or warrants that companies may wish to consider:

Earn-out agreements measure the revenue, earnings or cash flow of the business's acquired elements and allow for calculation of additional contingent purchase price to be paid later — often one to three years after the purchase of the business closes

Similar arrangements can be crafted with lenders allowing them additional finance fees or interest if the company meets certain performance targets; this can offer the upside associated with warrants without the legal complications of potentially having the lender become an owner of the business

Buying it back

You also may have heard the phrase, "The best defense is a good offense." When planning to reacquire equity interests in the hands of owners, there are a variety of methods to employ. Below are some common approaches to reacquiring equity interests.

Equity-Holder Purchase — The simplest approach may be for one owner to purchase equity interests from another. This may work for small ownership groups; however, issues can arise if the purchase shifts the balance of power, i.e., if a new shareholder or shareholder group acquires a majority interest. A cross-purchase provision in a buy/sell arrangement can be put in place in advance to structure how such a transaction may occur.

Company Tender Offer for Repurchase

— This approach is common with public companies and can be quite useful for closely held enterprises. The company itself can offer to redeem equity interests from owners. This offer may take a number of forms; it's a good idea to consult with legal counsel when determining how a corporation should structure such redemptions.

Reducing the total number of outstanding equity interests increases the relative ownership percentage for owners who don't redeem their interests. While it reduces the company's assets — cash or other assets are transferred out to owners to reacquire the interests — this can actually have a beneficial impact on the company's performance ratios, e.g., return on equity or total assets, earnings per share or price-to-earnings ratio.

Leveraged ESOP — Rather than selling to owners or to the company itself, a third option may be to establish an employee stock ownership plan (ESOP). Unlike stock options or grants, the stock in such a plan is held in a trust and not actually distributed to or directly owned by employees. While employees get a retirement benefit derived from the growth in value of the company's stock over time, they don't directly participate in the governance of the sponsor company the way they would as actual stockholders. A leveraged ESOP can provide a cash-deferred incentive to employees as well as a current source of liquidity for stockholders who want to sell some or all of their stock without resulting in a change of control over the company. Depending on how it's structured, an ESOP also may provide tax benefits to the company in the form of additional deductions as well as potential benefits to shareholders selling their stock to the

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ESOP. However, an ESOP is a U.S. Department of Labor-regulated employee benefit plan that can be complex to establish and brings ongoing annual costs that can include valuation of the company's stock, administration of the plan and, potentially, an annual plan audit.

Tax implications

Each of the alternatives described above brings a number of financial, legal and tax issues that should be considered. From a tax perspective, it's important to understand how both the corporation and the shareholders will be taxed when a stock transaction occurs.

Sales/Purchases Among

Stockholders — The sale of stock from one shareholder to another is not taxable at the corporate level. At the individual shareholder level, the selling shareholder is taxed at preferential capital gains rates on the excess of the proceeds received over the amount paid for the stock, assuming the stock was held for more than 12 months prior to the sale. If the stock is sold at a loss, the loss will be disallowed if the stock is sold to a related person or entity.

While the corporation itself pays no tax related to the transfer of shares among shareholders, stock ownership changes could produce significant negative consequences at the corporate level in certain situations. If there is greater than 50 percent shift in corporation ownership, the rules of Internal Revenue Code (IRC) Section 382 will substantially restrict the corporation's use of tax attributes, such as net operating losses, on a go-forward basis.

Redeeming Corporate Stock —

At the corporate level, no deduction is allowed for any amount paid by the corporation to reacquire its own stock. However, interest and other fees related to debt incurred to finance the redemption are deductible. The Section 382 limitations described above also apply to redemptions.

The redeeming shareholder's tax treatment depends on the type of redemption and the shareholder's relationship to other corporate owners. In general, redemption payments are taxable to the shareholder

as if they were dividends, unless an exception is met. While dividends also are eligible for preferential rates, dividend treatment may not be the best tax answer as shareholders cannot reduce their dividend income by their stock basis (amount paid to acquire the stock) or offset other sources of capital losses. Therefore, it's often desirable to structure redemption payments to qualify for one of the exceptions described below.

When a redemption qualifies for an exception to dividend treatment, the redemption is treated as a payment in exchange for stock and the shareholder can offset the redemption proceeds with stock basis, thereby paying tax on only the gain (excess of redemption payment over cost of acquiring the shares). Assuming the shareholder owned the stock for more than 12 months, this gain will qualify for preferential long-term capital gains rates. While the IRC provides several exceptions to avoid dividend treatment, the two most common exceptions are substantially disproportionate redemption and complete termination of interest. Structuring a redemption to qualify as either of these two exceptions can be difficult for closely held businesses, due to the family attribution rules (discussed later).

• Substantially

Disproportionate Redemption —

To qualify as substantially disproportionate, the shareholder's interest after the redemption must be less than 80 percent of his/her interest before the redemption and the shareholder must possess less than 50 percent of the voting power after the redemption.

• Complete Termination of

Interest — In a complete termination of interest, the shareholder surrenders 100 percent of his/her interest in the corporation.

Family Attribution Rules — The family attribution rules attempt to restrict a shareholder's ability to easily manipulate stock ownership requirements by transferring shares among family members. To curb this perceived abuse, the family attribution rules consider a shareholder's stock ownership to include the shares held by certain members of his/her family. For corporate shareholders, "family" means spouse, parents, children and grandchildren. Note that grandparents, siblings and in-laws are not

"family" in this context.

For example, assume father, son and grandson collectively own 100 percent of a corporation's stock; each individual owns 33.3 percent. After applying family attribution rules, grandfather is deemed to own 100 percent of the stock (his own plus his son and grandson). Son also is deemed to own 100 percent (his own plus his parent and son). However, grandson is only deemed to own 66.6 percent (his own plus his father's).

The deemed ownership resulting from application of the family attribution rules must be used to determine whether a redemption qualifies as substantially disproportionate or as a complete liquidation. In addition, stock owned through other entities by or for the shareholder will be considered owned by the shareholder. Also, if a shareholder holds options, he or she is deemed to own the stock to which the options relate.

There's an important exception to note with respect to the family attribution rules: In a complete termination of interest, the family attribution rules will not apply if, immediately after the redemption, the shareholder has no interest in the corporation as a shareholder, officer, director or employee and doesn't acquire such an interest for 10 years after the redemption. In addition, a waiver of family attribution rules and notification must be filed with the IRS. This exception does not apply to substantially disproportionate redemptions.

Selling to an ESOP — ESOPs can provide major tax benefits to a company in the right situation. It's possible for a 100 percent S corporation-owned ESOP to be exempt from federal and most state income tax, regardless of profitability. More in-depth discussion of ESOP tax strategies and benefits is available on BKD's website.

Equity interest decisions can be difficult and complex, leading some to table them for a later time. However, if your company is facing these challenges — or would like to avoid them—you should consider taking some carefully planned steps today to avoid jumping through hoops tomorrow. Whether you're considering implementing an "ounce of prevention" or a "good offense" to remain closely held, BKD advisors stand ready to help. ■

Can you teach manufacturing skills?

Richard J. Daley College is looking for experienced manufacturing professionals to teach full time in their expanding program. Daley College stresses hands-on instruction, project-based learning and “soft skills” training so students will be successful in advanced manufacturing careers. Professional development and support to new teachers is also offered. Industry professionals with good communication skills are encouraged to apply.

For details or to apply, visit <http://tinyurl.com/q8cbu43> on the Web. If you have questions, contact Ray Prendergast, Dean, College to Careers in Advanced Manufacturing, 773-838-7786 or email rprendergast@ccc.edu.



Carus Group announces new CEO



New Carus CEO Dave Kuzy with Inga Carus at Carus' Centennial Celebration, August 29 2015.

IMA member Carus Group, a leading global provider of environmental solutions, announces the promotion of its new Chief Executive Officer. Effective January 1, 2016, Dave Kuzy, currently Carus' President and Chief Operating Officer, will succeed Inga Carus as CEO of the 100-year-old company.

Ms. Carus will continue to serve as the company's Chairman, a position she has held since 2013. She has been with Carus for 23 years, the last ten as CEO. Carus says she has been planning this transition for some time, and looks forward to

focusing more attention on growth initiatives for Carus as well as personal endeavors.

“We recruited Dave in 2013 with this transition in mind. Since then he has proven that he has the leadership, experience and desire to lead Carus to further growth and success,” said Ms. Carus. “This company has been in my family for three generations. Selecting a new CEO is not a decision I take lightly, and I have complete confidence that Dave is the right person for the position.”

Kuzy joined Carus with more than 25 years of leadership experience in operations, sales, marketing, product and business management, and strategic planning.

“I'm honored to accept this position, and I look forward to further strengthening Carus' focus on growth, supported by an innovative and ‘customer first’ culture. We're advancing into new markets with new technologies. I'm surrounded by a great team of leaders here at Carus, and I'm excited for what the future holds,” said Kuzy after Carus' board approved his promotion.

Acquisitions have long been, and will continue to be, a key component of Carus' growth strategy. “Carus has completed 10 acquisitions to date, and we are actively looking for new opportunities that will complement our existing businesses and fuel our growth aspirations,” Kuzy said.

For more information on the Carus Corporation, see the IMA member profile on page 14 of this issue of *The Illinois Manufacturer* magazine.



Chicago area companies, organizations honored for achievements in sustainability

The city's famous Shedd Aquarium joined the ranks of winners of the Illinois Governor's Sustainability Award this year by cutting its utilization of water by half between 2007 and 2014 and implementing other sustainability measures. Significant improvement to water infrastructure led to \$191,133

annual savings for the aquarium which slashed its use of ‘new water’ by more than 28 million gallons.

Nineteen Illinois companies and organizations were honored October 27th at the Chicago Sheraton Hotel and Towers for their demonstrated leadership in implementing sustainable principles and practices. The Illinois Governor's Sustainability Awards, the “Emmy Awards for Sustainability,” were presented by the Illinois Sustainable Technology Center (ISTC), a unit of the Prairie Research Institute at the University of Illinois at Urbana-Champaign.

“Businesses that invest in sustainability drive a thriving Illinois economy by creating jobs and making an investment in our future,” said Governor Rauner. “The Illinois Governor's Sustainability Awards foster sustainable innovation and encourage our public and private sector to build a stronger, more sustainable Illinois.”

Among other Chicagoland sustainability champions recognized as 2015 Illinois Governor's Sustainability Award Winners were:

Abbott Laboratories (IMA member) — Based in Chicago, this major diversified global health care company achieved broad reductions in waste generation as well as energy and fuel use. HVAC system improvements and upgrades to boilers and cooling tower water pumps contributed to electricity usage reductions of seven million kWh annually. Fuel switching from coal to natural gas helped the company reduce its carbon footprint by 25,000 metric tons of CO₂e. Recycling at the company increased 43 percent since 2013, while landfilled waste was cut 32 percent.

ComEd (IMA member) — While providing electric service to about 70 percent of Illinoisans, ComEd utilizes a ISO 14001 certified Environmental Management System (EMS) to track hundreds of environmental actions and improvements. Recent achievements include facility and process upgrades; reductions in hazardous waste; increases in recycling; protection of birds and endan-

gered species; protection of natural areas; community partnerships; and greenhouse gas reductions.

Since 1987, ISTC has presented Illinois Governor's Awards to organizations in Illinois that have demonstrated a commitment to environmental excellence through outstanding and innovative sustainability practices. Any Illinois public or private organization is eligible to apply for the award.

Sustainable economic growth is essential to the long-term competitiveness of the state, according to ISTC Director Kevin O'Brien. "These awards demonstrate that you can preserve natural and cultural resources and simultaneously grow your business," he said. "That is why this award is very critical. It demonstrates it can be done, it's being done in Illinois, and it is what sets us apart as Illinoisans."

The complete list of 2015 award winners follows.

2015 Governor's Sustainability Award Winners

Abbott Laboratories – Abbott Park
AbbVie Inc. – North Chicago
Argonne National Laboratory –
Lemont

Caterpillar – Morton Parts

Distribution Center

Clarke – St. Charles

ComEd – Oak Brook Terrace

*Cook County – Chicago

*Golden State Foods Chicago –
McCook

*Griffith Laboratories – Alsip

*Hoffer Plastics Corporation –
South Elgin

*Illinois Tollway – Downers Grove

J.L. Clark – Rockford

*John G. Shedd Aquarium – Chicago

*McHenry County Government –
Woodstock

*Public Building Commission –
Chicago

*Saratoga Food Specialties –
Bolingbrook

*Silgan Containers Manufacturing
Corporation – Rochelle

*University Housing at the University
of Illinois at Urbana-Champaign

*Western Illinois University –
Macomb

**Indicates a first-time winner of the
Illinois Governor's Sustainability Award.*

Additional information on the

Illinois Governor's Sustainability Awards program, lists of previous winners, and information on technical assistance for Illinois companies and communities are available from the Illinois Sustainable Technology Center, One Hazelwood Drive, Champaign, IL 61820, phone 217-333-8940, <http://www.istc.illinois.edu/>



Marathon Petroleum Company LP Refining Division awarded the Governor's Award for Contributions in Health and Safety

Illinois Department of Labor Director Hugo Chaviano recently presented the Governor's Award for Contributions in Health and Safety to the Illinois Refining Division of Marathon Petroleum Company LP for achieving the highest recognized safety and health program performance for contractor personnel nationwide. Director Chaviano presented the award at the 15th Annual Southern Illinois Occupational Safety & Health (SIOSH) Day Conference.

"I am proud to present the Governor's Award for Contributions in Health and Safety to the Illinois Refining Division of Marathon Petroleum Company LP who has helped to ensure that every worker makes it home at the end of a workday," said Director Chaviano. "We applaud their steadfast commitment to maintain a safe and healthy workplace for employees."

The Illinois OSHA Division enforces occupational safety and health standards for Illinois' public sector employers, provides consultation services to smaller businesses and is a member of the SIOSH Day Committee which highlights the importance of workplace safety. The Governor's Award for Contributions in Health and Safety recognizes the efforts of businesses who implement and maintain safe work environments for employees.

The Illinois Refining Division's (IRD) mission statement is "we will operate a safe, environmentally sound and reliable refinery, providing quality products in a competitive and profitable manner." The IRD

focuses on continuous improvement in all aspects of business. "You have the right and responsibility to go home uninjured" is the maxim for personal and process safety at the refinery. Safety integrity is a core value for the IRD and continual improvement of their practices and management systems is a focus every day.



October was "Manufacturing Month in Illinois"



On Friday, Oct. 2, the American Foundry Society (AFS) welcomed Illinois Lt. Governor Evelyn Sanguinetti (left) to its headquarters for the National Manufacturing Day Open House. The Lt. Governor joined more than 400 students and adults in attendance by participating in a Foundry in a Box demonstration, met with exhibiting companies and spoke with students about the importance of manufacturing in the local and national economy. State Representative Michelle Mussman (D-56) (right) also attended the open house.

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Summit, IL

AIR SERVICES COMPANY

Elk Grove Village, IL

ALPHA PRODUCTS, INC.

Bedford Park, IL

ASSOCIATED BANK

Chicago, IL

BANK OF AMERICA MERRILL LYNCH

Elmhurst, IL

BERNINA OF AMERICA

Aurora, IL

BRIDGEWAY, INC.

Galesburg, IL

CCK AUTOMATIONS, INC.

Jacksonville, IL

CHS, INC.

Itasca, IL

COMSTOCK CASTLE STOVE

COMPANY, INC.

Quincy, IL

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McCook, IL

GCG FINANCIAL

Rolling Meadows, IL

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2015-2016 Calendar of events

Friday December 4, 2015

IMA Annual Luncheon

JW Marriott, 151 W. Adams, Chicago

Our Luncheon Program's keynote speaker is Al Monaco, President & CEO, Enbridge Inc.

Sponsorship opportunities are available.

Thursday, January 21, 2016

IMA Breakfast Briefing:

Labor Issues: New Overtime Regulations & Interpretation of Independent Contractors

Mon Ami Gabi Restaurant, Oak Brook,

8:00-10:30am — Presented by: IceMiller

Breakfast sponsor: LP Management Services

Wednesday, February 17, 2016

IMA Breakfast Briefing:

Trademarks & Patents

Ditka's Restaurant, Oakbrook Terrace,

8:00-10:30am — Presented by:

Marshall, Gerstein & Borun

Sponsorship opportunities are available.

Wednesday, March 16, 2016

IMA Breakfast Briefing:

Financial Risks & Trade Finance

Mon Ami Gabi Restaurant, Oak Brook,

8:00-10:30am

Presented by: Bank of America

Sponsorship opportunities are available.

Thursday, April 14, 2016

IMA Breakfast Briefing:

OSHA: Machine Guarding & Lockout/Tagout

Ditka's Restaurant, Oakbrook Terrace,

8:00-10:30am

Presented by: Mostardi Platt

Breakfast sponsor: Rockford Area Economic

Development Council

SAVE THE DATE:

Wednesday, April 27, 2016

IMA's Business Day at the Capitol 2016

Springfield, Illinois

Sponsorship opportunities are available.

Thursday, May 12, 2016

IMA Breakfast Briefing:

Energy Update

Location TBD — Oak Brook area,

8:00-10:30 am

Presented by: Constellation

Sponsorship opportunities are available.

The Illinois Manufacturers' Association brings you monthly breakfast meetings to keep you up-to-date on issues such as OSHA, Global Business, Department of Labor Issues and Trademarks & Patents.

You can find more details on each breakfast meeting on our website: www.ima-net.org under the Calendar of Events tab. For questions or to sponsor a breakfast briefing, please contact Kimberly McNamara, Director of Conferences at kmcnamara@ima-net.org.

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, 800-875-4462, ext. 9371

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**Automotive and Light-Duty Truck
Antifreeze/Coolant**

Heavy Duty Antifreeze/Coolant

Antifreeze Services



Crystal Clean capabilities include:

- Solvent Parts Cleaning
- Aqueous Parts Cleaning Service*
- Containerized Waste Disposal
 - Hazardous & non hazardous*
- Aqueous Filtration Services (AFS)*
- Absorbent Products & Waste Services*
- Bulk Used Oil & Oily Water Disposal
- Vacuum Service
- Environmental Solutions Partners (sole-source environmental vendor program)
- Lab Pack & Other Environmental Services
- On-Site Distillation Equipment

*catalogs available

Program Elements

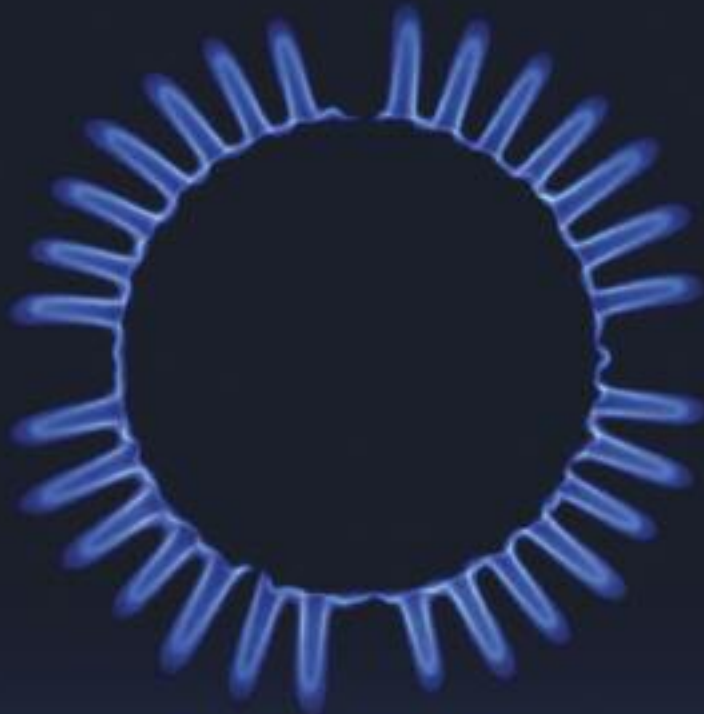
- Complete Turnkey service for used Antifreeze/coolant collection and new antifreeze/coolant delivery.
- Quality products made from reclaimed Ethylene Glycol, pure water and utilizing the best additives in the business.
- Pre-mixed to a 50/50 blend of Ethylene Glycol and water. The ready to use antifreeze/coolant provides proper freeze and boil protection.

Benefits

- Service tailored to your company's needs.
- Used antifreeze collected, transported and recycled by a leading Environmental Services company.
- No need to measure or mix for proper freeze / boiling points.



Heritage-Crystal Clean, LLC
2175 Point Boulevard,
Suite 375
Elgin, IL 60123
Phone: 877-938-7948
Fax: 847-836-5677
www.crystal-clean.com



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