

NORBIC network.

September 2005

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NORBIC is a nonprofit economic development organization that promotes job growth and community advancement through the provision of technical and professional services to manufacturers in the greater Chicago area.

Tax Incentives Help Keep Manufacturing in Illinois

VARIOUS TAX INCENTIVES AIMED AT keeping manufacturing and manufacturing jobs in Illinois can help give Chicago manufacturers a much-needed boost.

NORBIC Board Member Brian Kayman, a principal with the CPA firm Miller, Cooper & Co., Ltd., Northbrook, said one of the latest incentives, passed by Congress last year, is what is known as the federal "Domestic Activities Production Deduction." It provides a tax reduction for manufacturers of tangible personal property produced in whole or in significant part in the U.S. For this year and next, there is 3 percent

Don't leave money on the table. While a percentage or two savings here or there may seem like a small savings, the combination of several of these tax incentives can help Illinois manufacturers reduce their operating costs and increase their competitiveness.

reduction of income from qualifying domestic production activities, 6 percent for the years 2007 through 2009, then 9 percent beginning in 2010.

Some limitations apply, he said, such as the reduction cannot exceed 50 percent of wages. For more information you should visit www.IRS.gov or consult your accountant to see if you qualify.

In addition to the Domestic Activities Production Deduction, there are many other federal and Illinois tax incentive

programs that can aid Illinois manufacturers and encourage them to keep manufacturing here in Illinois.

For example, there are several incentive programs designed to aid business growth:

- ▶ **Manufacturing Purchase Credit**, which provides a sales tax reduction for companies that purchase manufacturing equipment.
- ▶ **Investment Tax Credits**, which equal .5 percent of qualified property that has a life of four or more years and is used in manufacturing.
- ▶ **Economic Development** for a Growing Economy (or EDGE) credit, which is a 3 percent wage tax credit on new hires for businesses that, as a rule, increase capital equipment spending by \$5 million and add 25 new jobs. Variations of the formula apply so more manufacturers can participate.
- ▶ **Enterprise Zone Credit**, for companies that create or retain jobs in a particular enterprise zone.

Illinois and federal tax credits are also available to offset the cost of existing business activities such as research and development. Research Credits for R&D wages, contract research and supplies.

Don't leave money on the table. While a percentage or two savings here or

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Automated Export System Makes International Shipping Easier, Faster

Sponsored by Fed Ex



THE AUTOMATED EXPORT SYSTEM (AES) is an online process for complying with various U.S. shipping requirements mandated by the U.S. government to monitor the movement of goods from the U.S. to international destinations.

In particular, goods valued at \$2,500 or more shipped to international markets must be registered with the AES. Every shipper of goods meeting this requirement must file a Shipper's Export Declaration, which today can be done easily and quickly online at www.AESDirect.gov.

AESDirect from the U.S. Census Bureau is a free, Internet-based system that replaces the paper Shipper's Export Declaration and can be used by U.S. Principal Parties in Interest (USPPIs), forwarders, or anyone else responsible for export reporting. Beginning later this year, exporters will be required to file their SED automatically through AES. Paper SEDs will no longer be allowed.

Donna Price, Senior International Sales Executive, Fed Ex, reported that it is incumbent on all shippers to be aware of the documents and related paperwork that must accompany international shipments. Fed Ex will discuss more about the AES and international shipping at a NORBIC-sponsored seminar on

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Photos from Golf Outing

NORBIC thanks LaSalle Bank, S&C Electric and its many sponsors for a fun day of golf and a successful fundraiser for NORBIC. We hope to see you all out on the course again next year!



NORBIC Board of Director John Blumenshine of S&C Electric not only sponsored the event but also brought lots of golfers out to the course



Pat Buckley of TechServe IT shoots for the Hole in One.



NORBIC President Chris Multhauf congratulates Jean Afman of Quickset International for being one of the best woman golfers



Aventine Renewable Energy's Jeff Rathmel led the Best Foresome

NORBIC Welcomes New Members

Holland & Knight is one of the 15 largest law firms in the world. With offices in Chicago and Oakbrook, Holland & Knight provides high quality legal services in the areas of Litigation, Government, Business, Real Estate and Private Wealth to clients worldwide.

R.G.RAY Corporation - is an ISO 9001, ISO 14001 and QS-9000 certified manufacturer of highest quality Engineered Clamps for a variety of markets and applications. Founded in 1972, R.G.RAY is the globally recognized industry leader serving original equipment and aftermarket customers around the world.

Midco International Inc/EmberGlo - Midco is the world's leading manufacturer of power burners, thanks to a combination of innovative product design, engineering and rigorous attention to quality at every step. They create durable, top-of-the-line products for a wide range of residential, commercial, and industrial applications. Their EmberGlo division encompasses not only gas and electric broilers but a full line of heavy-duty food steamers and commercial kitchen accessories.

NORBIC Facts & Features

"Competition is not only the basis of protection to the consumer, but is the incentive to progress."

Herbert Hoover

NORBIC has a new website. Visit us on-line at www.norbic.org. The site is still in progress and more changes will be coming soon.

Getting on Board with NORBIC's Board of Directors

Featuring Jerry Shields, Graymills Corporation

THIS SERIES ABOUT NORBIC DIRECTORS provides a look into these directors' companies, their involvement in NORBIC and their observations on issues facing Illinois manufacturers. This interview is with Jerry Shields, Chairman and CEO, Graymills Corporation, Chicago.

What business is Graymills in?

Graymills was founded in 1939 as a machine tool coolant pump manufacturer. Our pump/tank systems supply coolant to the area of a machine tool where the actual cutting is done. The cutting operation creates heat which can damage the cutting tool and material being cut. The coolant reduces the heat and also supplies lubrication.

Over the years, our product line was expanded to include parts washers, from small bench top models to the size of very large Jacuzzi's, used wherever service and maintenance work is done, from auto and bicycle repair shops to the largest manufacturing plants. Our other major product line is ink pumps and conditioning systems for flexographic printing, which is the type of printing seen on many grocery item packages, and gravure printing for such fine magazines as National Geographic.

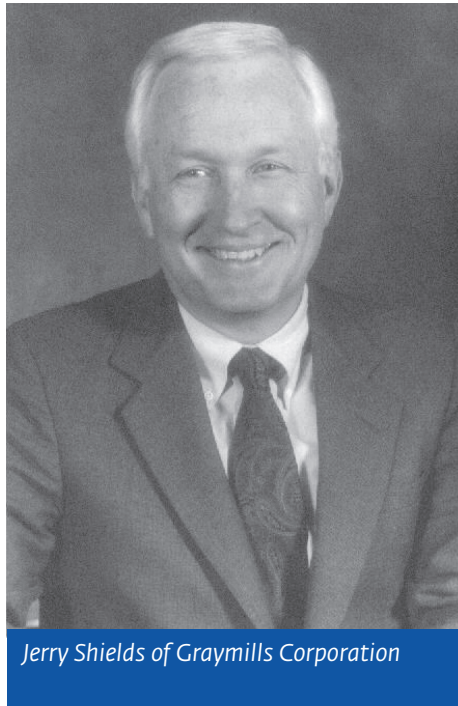
We are privately held and the Shields family is the third owner. We occupy an approximately 85,000 sq. ft. facility on Lincoln Avenue near Addison Street in Chicago.

How do you market?

Graymills sells through several types of distribution, including representatives. Our markets and our representation are worldwide. We recently participated in our first trade show in China. Our international business accounts for 15 to 20 percent of our sales.

What key challenges does your business face?

Competition and its ramifications is a huge issue. During the recent business slowdown, everyone was looking for business, so they looked at other markets to serve. We all did it. Customers also knew it was a buyers' market, so pricing pressures were tremendous and as a result profits suffered. This affects funds available to reinvest in the company.



Jerry Shields of Graymills Corporation

Another challenge is from rapid technology changes – both in manufacturing and support, such as IT and the use of electronic media, including the web. This further stresses already stretched resources.

On the positive side, I think this recent downturn made us better managers. We were forced to look at costs, and all the areas that affected costs. "Leaning" our operations was not an option – it was critical to survival.

With which business groups are you involved?

Graymills works with several business and business support groups. These are NORBIC, The Management Association, Chicago Manufacturing Center, National Safety Council, Illinois Manufacturers Association and the National Association of Manufacturers.

How long have you been active in NORBIC? How did you become involved?

I have been active with NORBIC since 1986. It began with a need for some help with a parking issue, and that initial involvement evolved into my becoming a member of the NORBIC board of directors.

How does involvement in NORBIC aid a company like Graymills?

NORBIC's various Business Centers have been helpful over the years. We've also participated in the training grants administered by NORBIC. With NORBIC's help, we were able to double our training program. Another example of how NORBIC assisted Graymills was during the recent business slowdown. Our sales department determined it wanted to expand our government sales. NORBIC's State-funded Procurement Technical Assistance Center assisted us and the results were very positive. Most recently, we've been working with NORBIC on strategies to increase our international sales.

In today's fast moving economy, it's important to have as many resources available as possible. NORBIC has a wide and varied set of resources for its members. NORBIC membership is like an insurance policy – when you have a need, NORBIC is there to help.

Tax Incentives

(Continued from page 1)

there may seem like a small savings, the combination of several of these tax incentives can help Illinois manufacturers reduce their operating costs and increase their competitiveness. Other tax incentives may be available, Kayman said, and manufacturing executives should consult their own tax accountants and other resources, such as NORBIC, for more information.

7 Habits of Highly Effective People

UIC Family Business Council presents Dr. Steven Covey

WHETHER YOU ARE A FAMILY OWNED business, or just looking for ways to be more successful in your own life, don't miss the opportunity to hear Dr. Steven Covey address the importance of communication and listening. Dr. Covey believes that families are the core of society and through our efforts to strengthen our own families we will help to strengthen society as a whole. The focus of his speech will be on how to move from a family of success to a family of significance. The program will take place from 7:00-9:00pm on November 15, 2005 at the University of Illinois at Chicago. The program is sponsored by the UIC Family Business Council, Sachnoff & Weaver, Mass Mutual, Bank One and Blackman Kallick and will be offered free of charge to the public as Dr. Covey's gift to the community. To register, contact Regina Walsh of the UIC Family Business Council at 312-413-2752.

Automated Export

(Continued from page 1)

the Automated Export System, September 21 at Wright College, Chicago.

AESDirect significantly streamlines the export reporting process by reducing the paperwork burden on the trade community, reducing costly document handling and storage, and ensuring that export information is filed in a timely manner. AESDirect improves the quality of the export trade statistics, helping the Census Bureau provide the government and the public more accurate information.

Shippers can register for their AES registration number online at www.aesDirect.gov. Once registered, the shipping process continues as usual with the customer's shipper of choice. The customer enters his or her AES registration number on the shipper's web site and it then flows seamlessly to aesdirect.gov to keep the shipping customer in compliance.

Make sure you understand how to comply with this new export documentation requirement by attending NORBIC's AES seminar on September 21st at Wright College in Chicago. Contact NORBIC @773/594-9292 to register."

Professional Plant Optimization Planning

THE HEADLINE FOR THIS ARTICLE IS a mouthful, and so are the results from this beneficial manufacturing improvement program available to you at a reduced cost thanks to the support of the City of Chicago's Department of Planning and Development.

Plant optimization studies, administered through the Illinois Institute of Technology, can help you better visualize how your manufacturing facilities and equipment may need to change to accommodate changes in your business, noted Will Maurer, a senior staff member of IIT. He has been providing professional plant optimization planning studies for area manufacturers for more than 18 months.

"Plant optimization takes into consideration alternatives for a facility, based on whether management is considering to right-size, expand or contract operations, and provides alternative facility and shop floor layouts that can help management visualize how their new space might look," said Maurer.

Maurer's group creates alternative plant layouts on CAD-CAM based on interviews with company owners, managers and shop supervisors, and using measurements and information gathered about process flows, manufacturing steps, storage, and trends.

The \$4,000 fee for the study is split between the requesting manufacturer and the City of Chicago. Each party writes a separate \$2,000 check to IIT for the service. Thus, this is not a reimbursement-type program. Paperwork for the program is handled by Nora Curry of the City of Chicago at 312-742-0830. For general information contact Will Maurer at 847-254-1162 or Angela Bertolo at NORBIC.

From start to finish, the plant optimization program takes about four weeks. After the study, management will have plant optimization guidelines useful to any architect hired to work on the facilities program.

Save the Date

14th Annual Motorola Excellence in Public Service Award Luncheon

Honoring Shirley Madigan, Chairman, Illinois Arts Council

October 12th 2005

11:00am Networking

12:00pm Luncheon

Hilton Chicago
720 South Michigan Avenue
Chicago, Illinois

Through her leadership and contributions to the community, Shirley Madigan has embodied the spirit of the Motorola Excellence in Public Service Award, which honors a public servant who has a vision for his or her government jurisdiction and a coherent plan for bringing that vision to life. Ms. Madigan is being honored for her service on the Illinois Arts Council as well as for her many contributions to her community.

For tickets and sponsorship opportunities, please contact

Marcy Glink of Great Events at 847-480-9500.

Helping You Choose the Right Tax Incentive

If you feel this is corporate welfare, get over it!

GOVERNMENT INCENTIVE PROGRAMS aimed at helping small- to mid-size manufacturers grow are good news for NORBIC member companies. Unfortunately, knowing which of these many programs are available to your business – and how to apply for them – can be a daunting task.

What a relief it is then to know that NORBIC is here to assist you in such matters. By helping you take advantage of these grant and incentive programs, your business will become more competitive here in Chicagoland and elsewhere.

This issue of the NORBIC Network addresses some of these key incentive programs. In one of the issue's articles, Brian Kayman, a principal with the CPA firm Miller, Cooper & Co., Ltd., Northbrook, notes the newest one, the federal Domestic Activities Production Deduction. He also outlines a number of other tax incentives and tax credits available from both the federal government and the State of Illinois.

These programs reflect the government interest in keeping our beleaguered sector of the U.S. economy healthy.

To help codify these programs, NORBIC has been busy this summer developing a deeper understanding of them. We have concluded that without the benefit of an organization such as NORBIC, it would be very difficult and time consuming for a manufacturer to sort out and understand all the various grant and incentive programs that are offered at the federal, state, county and local levels.

It is not that these incentive programs are that difficult to understand themselves – though some can be – but rather that these programs are scattered among so many various levels of government. And too often, we have found, the individuals responsible for administering a particular incentive program do not fully understand the incentives offered by agencies other than their own.

As a result of our efforts, we have developed an assessment process, which we introduced in July, that allows NORBIC to sit with you, talk about the direction

your business is headed – or where you'd like for it to be headed – and then match that strategic direction with the range of tax incentives available to get you to your destination faster with less cost.

You need to get over any lingering concern that such incentive programs are corporate welfare. They are nothing of the kind. What they are is a way to receive some benefit from the tax dollars you have already spent.

As an educator, information resource and a guidepost, NORBIC is here to help you better understand how to reduce your costs and compete more profitably.

Helping you better understand the available grant and incentive programs and how to apply the right one or ones for you business is another example of how NORBIC bridges the gap between the challenges you face and the knowledge that exists to help you thrive.



Chris Multhauf
President and CEO

Calendar of Events

September 8, 2005

Key Issues Seminar: Free Trade for Manufacturers - NAFTA Compliance Training

8:00 - 11:30am

Wright College
4300 N Narragansett Ave
Chicago, IL

\$50/members; \$65/non-members

For more information and to register, contact NORBIC 773/594-9292

September 13-14, 2005

Entrepreneurial Woman's Conference, Women's Business & Buyers Mart

Presented by the Women's Business Development Center

Navy Pier
600 E Grand Avenue
Chicago, Illinois

For more information and to register, visit www.wbdc.org or call (312) 853-3477, ext. 24

September 15, 2005

NORBIC Key Issue: Optimizing Your Government Sales

8:00 - 11:00am

Wright College
4300 N. Narragansett Ave
Chicago, IL

\$50/members; \$65/non-members

For more information and to register, contact NORBIC 773/594-9292

September 20, 2005

Business Killers for Manufacturers- Avoiding the Six Common Mistakes Business Owners Often Make

Presented by CenterPoint - Governor's State University and NORBIC

7:30 - 9:45 am

Hilton Oak Lawn
9333 South Cicero Avenue
Oak Lawn, Illinois

\$45

For more information and to register, visit <http://www.centerpointgsu.com>

September 21, 2005

NORBIC Key Issue: Automated Export System (AES) Compliance Training

Wright College
4300 N. Narragansett Ave
Chicago, IL

\$50/members; \$65/non-members

For more information and to register, contact NORBIC 773/594-9292

September 28 & 29, 2005

Making Lean Work for the Job Shop and Small Manufacturer

Doubletree Hotel Chicago-Oak Brook
Oak Brook, IL

NORBIC, SME, NAJS, AME & TMA members/\$695, non-members/\$795

For more information and to register, call 800/733-4763, or visit www.sme.org/training

About Network

NORBIC is a nonprofit economic development organization that promotes job growth and community advancement through the provision of technical and professional services to manufacturers in the greater Chicago area.

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Property Listings

Looking to relocate? Property Listings can be found on NORBIC's website at www.norbic.org or by calling Angela Bertolo at 773/594-9292.

Credits

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September Member Anniversaries:

Lyon & Healy Harps Inc 2003
Miller Cooper & Co Ltd 2004
Graymills Corporation 1988
Banco Popular North American 1993
Pyramid Mouldings 1989
Ajax Tool Works Inc 2001
Dura Automotive 2003

Tom Connolly Insurance 2003
Elliott M Black & Associates/EMBA 2003
Fredriksen & Sons Fire Equipment Co 2003
Belden Wire & Cable 2003
Takeda 2004

Hutchinson Associates, Inc.

**We Manufacture Compelling
Communication Design**

- ❖ Logo/Brand Identity Development
- ❖ Capability Brochures
- ❖ Sales Collateral
- ❖ Web Site Development
- ❖ Advertising
- ❖ Catalogs
- ❖ Writing
- ❖ Newsletters (This one for example)

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