



# THE STATE OF MANUFACTURING



AS NATIONAL MANUFACTURING DAY  
DRAWS NEAR, IOWA COMPANIES  
REFLECT ON THE INDUSTRY

**MARY LANDHUIS** *president, Lisle Corp.*





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The Iowa Association of Business and Industry (ABI) is the voice of Iowa business. It is Iowa's oldest and largest business network, representing 1,500 businesses that employ more than 333,000 Iowans. ABI benefits members by advocating on their behalf at the statehouse, connecting them with decision-makers to share ideas and services, offering solutions and best practices for issues that affect their businesses and developing our state's business and civic leaders.

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## A CUSTOM PUBLICATION FOR ABI

### A VIEW FROM THE TOP



**Cindy Dietz**

*ABI Chair  
Collins Aerospace  
Cedar Rapids*

# Members Place a Premium on Education, Learning

At ABI, our members place a premium on education and learning. In response, the association significantly increased the number of programs and events it holds each year. This was done to give ABI members more opportunities to interact with each other and to ensure that ABI members have the latest information about issues that bring the future in focus and help grow their business.

In any given month, somewhere around Iowa, you will find ABI programming activities. Public policy events, Foundation programs, technical seminars, peer groups and the Connecting Statewide Leaders series are a few examples of these programs. I hope you and your employees take time to visit [www.iowaabi.org](http://www.iowaabi.org) and click on the Events button to find the latest offerings in your area.

ABI members also value the opportunity to share best practices and learn from each other. One topic that is often discussed is the state of manufacturing in Iowa and the nation. That topic is the focus of this month's cover story.

As a final note, last month's annual policy committee meetings drew near record attendance. These meetings are a key step in the policy development process, giving ABI members a role in setting an aggressive policy agenda for our organization each year. That kind of participation, which involves hundreds of members, is a chief reason for ABI's decades-long public policy success. On behalf of the board, a big thank you to you and your employees for taking an active role in the policy process in particular, and the association in general. Your support and participation make all the difference in ABI's success. ■

### EXPERT ADVICE

# Four Steps to Mitigating the Effects of Tariffs on Your Business



**Mark Wyzgowski,**  
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Tariffs are wreaking havoc on the manufacturing industry and disrupting supply chains as prices of thousands of imported goods increase. The trade war appears to be a lingering reality, so don't put your head in the sand or just try to wait it out. Take back control of your business and stay sure-footed yet flexible by following four steps to mitigate their effects on your bottom line.

**1. Assess risk and identify any available exemptions.** Quantify any tariff exposure on products sourced overseas, calculate your bottom-line effect, and identify tariff exemption opportunities and any best practices for becoming exemption-eligible.

**2. Develop a strategic tariff response plan.** If there is a significant bottom-line effect, consider alternative suppliers. By modeling cost differences, you can weigh the impact of a supply chain move. Continue to optimize and pursue exemptions.

**3. Adapt and execute.** Interface with regulatory agencies, evaluate results and be nimble, as changes can occur overnight.

**4. Reinforce with training and education.** Use the trade war as an opportunity to deepen your supply sourcing options and hone your supply cost management. Develop a process to stay up to speed on short- and long-term trade policies and their effect on your business.

Following these steps can help you adapt and compete in a volatile international trade environment.

*The information contained herein is general in nature and is not intended, and should not be construed, as legal, accounting, investment, or tax advice or opinion provided by CliftonLarsonAllen LLP to the reader. Visit [CLAconnect.com](http://CLAconnect.com). ■*







EVENT REWIND

# Leadership Iowa University

August 4-8 | Greater Des Moines

At Leadership Iowa University, Iowa college students experienced what makes our state the best to live and work as young professionals, entrepreneurs and civic leaders. The weeklong program develops Iowa's future workforce by equipping them with the knowledge, skills and perspectives to achieve their personal goals and build bright futures. Leadership Iowa University is a program of the ABI Foundation, a 501(c)(3) organization. Read more about their experience in the "Ahead of the Curve" column. ■



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**McKenzie Kielman**  
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Four-and-a-half days. More than 80 volunteers. Countless conversations and connections. And repeat.

While we at the Iowa Association of Business and Industry (ABI) Foundation breathe a sigh of relief that another summer of programs came to a successful close, and with them the end of our year, it is in that same breath we express our gratitude to the volunteers, sponsors and supporters who make these experiences possible, and for the 140+ participants of all ages who will go forth and lead our state now and in the years to come.

## **Business Horizons** *Real-life experiences, life-changing results.*

Over 75 high school students from more than 45 high schools across the state joined us July 14-18 at Central College in Pella to team up and take part in exciting competitions. They navigated the world of business and entrepreneurship alongside 17 Iowa professionals who served as weeklong advisors and expert consultants. Our students gained hands-on experience, received advice from expert speakers, explored career options in Iowa and developed their leadership and professional skills.

Here's what Business Horizons 2019 participants shared about their experience:

**"Business Horizons has pushed me out of my comfort zone and made me think out of the box."**

– Suzy Brewer | Johnston

**"Business Horizons has been the best program that's ever been 'strongly suggested' by anyone, and I'm so glad I've had this opportunity."**

– Chloe Swanson | Maquoketa

**"Business Horizons has shown me how Iowans care and support each other through business."**

– Ethan Geifman | Bettendorf

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## **Leadership Iowa University Opportunities a step above.**

Our class of 20 college students from Iowa spent August 4-8 in Greater Des Moines visiting a variety of organizations to learn more about Iowa's top industries, hear from dynamic speakers with unique perspectives on relevant topics and connect with Iowa professionals at roundtable discussions and networking events. These young professionals came together and gained a new perspective on what it could mean to live and work in our state as an entrepreneur, civic leader and more.

Here's what members of the Leadership Iowa University Class of 2019 shared about their experience:

**"This program opened my eyes to the great professional opportunities in Iowa. I always knew they existed, but getting exposure through Leadership Iowa University convinced me to find a career in this great state."**

– Parker Rodenberg | Iowa State University '21 | Marion

**"This program really reinforced, 'If you want to be a number, move elsewhere. If you want to be a leader, stay in Iowa.'"**

– Jules Martinez | Dordt University '21 | Ankeny

**"I have never connected with a group of people on this level. Leadership Iowa University is truly a life-changing program. Everyone is dedicated, ambitious and genuine. I'm so excited to see where everyone ends up and the change they will create."**

– Lane Kiple | University of Iowa '22 | Johnston

Thank you to our annual sponsors: Grinnell Mutual, Interstates, Iowa Soybean Association, Farm Bureau Financial Services, DMACC, Iowa Army National Guard, Wells Fargo, United Equipment Accessories, Musco Lighting, Pella Corporation, The Wellmark Foundation and Agri-Industrial Plastics. ■



Scan the QR code to see more of the ABI Foundation programs by following us on Facebook, Twitter, Instagram and LinkedIn!







## CAPITOL BUSINESS



# Engaged Electorate is Key to Pro-jobs Environment

This edition of Business Record Iowa comes on the heels of the ABI Board of Directors meeting held on September 11. The meeting was the first for new board members, but the last step in the ABI policy development process. The board has the responsibility to approve the 2020 policy positions and priorities for the association. This year, when you include all members of the ABI Board of Directors, more than 300 people participated at some stage in the process. This number reflects strong participation by the ABI membership and includes a cross-section of members from every industry.

When we look back at the ABI policies and priorities from recent years, the main goal has been workforce. Whether its public-private partnerships, new initiatives or state funding to help young and adult students get the training they need to be qualified for the jobs of tomorrow, ABI has been at the front of those efforts. ABI is also on the front lines when legislative and regulatory proposals threaten certainty and stability for employers and employees. We spend a lot of time educating legislators and regulators about the impact of certain proposals. And, thanks to the support and expertise of members, we have had success.

One key piece to a pro-jobs environment is an engaged electorate. Although Iowa has some of the highest rates of voter participation in the country, we can do even better, especially in years where there isn't a national candidate on the ballot. To vote, you need to be registered. This year, as in past years, ABI is participating in Employee Voter Registration Week. The goal is to increase the number of registered eligible private sector voters across the country. The initiative does not tell employees how to vote or who to vote for; instead it provides information to help employers encourage voter registration. In a 2018 BIPAC survey, 96% of employee respondents from a company with a sustained engagement program voted early or on Election Day.

I hope you will encourage your employees to get registered to vote or update their voter registration the week of September 23-27. Employee Voter Registration Week 2019 is right around the corner. If you don't have something planned yet, it's not too late. You can find all kinds of information online at [www.employeesvote.com](http://www.employeesvote.com). Please contact me if you want to learn more. With more employers participating, we can ensure more individuals are voting in the elections, whether it's for school board or U.S. President! ■



**Nicole Crain**  
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## TOP TIPS

# Where to Start in Utilizing Software for Growth



**Brett Burkhart**  
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Every business is trying to provide a great product or service, be efficient in their operations, be profitable in their execution and gain/retain good people to get it all done. With workforce being a challenge and technology advancing quickly, now more than ever it's important to look at software as a solution to getting more done with less.

You can't do all things at once, so utilize these four steps to get confidently on the path to success with creating software that makes a difference in your business.

## 1) Identify Your Greatest Pain Points and Greatest Growth Potential

Make a list of pain points and a list of growth opportunities and rank them in order. Where are you asking your people to do increasingly more with their time or missing out on capturing attainable revenue? In what areas do you see the most opportunity for growth?

## 2) Find A Partner You Can Trust

Interview potential development partners for technical competency so that they can utilize the best technology for your need.

Interview them for personality fit because creating a software application that drives real results is going to require honesty about both your shortfalls and opportunities, so having a partner you trust is important.

## 3) Define Success Up Front

For the pain points or growth areas you've decided to target, define specific metrics you are aiming to achieve. While you may not know exactly what is realistic, setting goals and having expectations will help you make decisions throughout the process of building your software application that are tied to outcomes.

## 4) Implement in Phases

Just like breaking down annual goals into quarterly goals into monthly goals, you shouldn't set out to change everything at once. Start by creating small efficiencies or improvements to get an understanding of what's possible, and you'll quickly be able to project the impact that a software application can make in your business. ■

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**MARY LANDHUIS** *president, Lisle Corp.*





National Manufacturing Day is quickly approaching. Scheduled for Oct. 4 and part of the larger National Manufacturing Month, the annual event provides an opportunity for manufacturers and trade organizations to educate and create awareness about the industry.

On last year's National Manufacturing Day, nearly 3,000 events took place across the country, according to the Manufacturing Institute. Iowa businesses and organizations are involved, too. Iowa State's Center for Industrial Research and Service (CIRAS) holds events all month long. Last year, ABI and Elevate Advanced Manufacturing hosted a Legends in Manufacturing Awards Dinner and an Advanced Manufacturing Conference.

In 2019, the state's manufacturers have special plans for the day. Lisle Corp. and its sister company EZ Way of Clarinda host elementary and high school students in their facilities every year. At least 100 students are expected to come through the plants.

"We host students who are interested in manufacturing," said Mary Landhuis, president of Lisle Corp. "Tours get them some exposure to what manufacturing is all about."

Agri-Industrial Plastics of Fairfield will roll out a new solar panel array on its factory rooftop for National Manufacturing Day. The 1,350-panel project is expected to produce more than 500 kilowatts per hour and is fitted with a Tesla battery for extra storage. The company will also be presenting the project at the Advanced Manufacturing Conference in early October.

"Innovation and sustainability, we're all in it together," said Lori Schaefer-Weaton, president of Agri-Industrial Plastics. "It's not just for ourselves, but for the community we live in. We're excited about that."

National Manufacturing Day comes at a positive but trying time for the manufacturing industry. Revenues are on the rise, but workforce issues, advances in technology and geopolitical trends are all having an impact on how Iowa companies operate and plan for the future.

## CONTINUING THE WORKFORCE FIGHT

It's become somewhat of a recurring theme for Schaefer-Weaton. She said fighting for talent is her top priority. Agri-Industrial Plastics is located in a city of about 10,000 people with a number of other manufacturers as well, making the task that much tougher.

"We're fighting everybody for talent," Schaefer-Weaton said. "Workforce is at the top of my list all the time. I can tell a pretty good story when I'm recruiting someone about why small-town Iowa is a great way of life. Cost of living is reasonable. You can get entrenched and involved in your community. I can tell that pitch all day long."

Landhuis' company is dealing with the same problem, and there hasn't been much of an improvement in the workforce space in the past year or so. Statewide initiatives such as Elevate Advanced Manufacturing and Future Ready Iowa are more long-term plays, she said, so it could take a while before real change comes to fruition.

According to Iowa Workforce Development, which keeps a running survey of Iowa businesses, 32.5% of respondents reported a vacant job position. Almost 50% of respondents said "agree" when asked if the vacancies were due to lack of applicants.

"We haven't seen a huge change [in the past year]," Landhuis said. "It's good to be highlighting the issue and really bringing it to light. It's good to see that activity is happening because it's reaching those kids at a young age and talking about what manufacturing is. There's a bad rap sometimes, but I think that identity is making a shift."

Miller Products, an on-demand machine shop and components manufacturer in Osceola, runs programs through local schools that involve students at younger ages. Jack McFarland, president of Miller Products, said generations of children have been told they have to go to a four-year college to find a good job and live a good life.

But that's not the case anymore, he said. A trade school or community college can lead to good jobs and well-paying careers without the same debt.

"What we're trying to do is work with schools and other businesses in town to educate people to come and see what we do," McFarland said. "You can play with computers. We have state-of-the-art stuff right here. You don't need school debt. You've got to convince parents that their kids can do something different."

The push to find more employees has led to heavy investments in internships, apprenticeships and other training programs. Miller Products has partnered with Des Moines Area Community College to conduct employee training. The company of about 40 employees has one person going through the program right now to pick up technical machine skills.

Lisle Corp. has leaned into its internship and summer student employment programs. Many local young adults will go to college and pick up a job in manufacturing when home for the summer, working in packing, shipping and assembly. Internship opportunities also pull in college-aged adults and are wide-ranging, with jobs in engineering, sales, marketing and more.

"That helps them get a taste of manufacturing," Landhuis said.

Agri-Industrial Plastics offers both internship and apprenticeship programs. Over the summer, the company had four interns in engineering, quality engineering, robotics and human resources. Schaefer-Weaton said the program has been successful. A number of current full-time employees have come from internships.

Apprenticeships at the company help employees ramp up their current skills and advance their career paths. And since the company is always looking to promote from within, apprentice-style training can afford employees plenty of opportunities.

Going forward, all three companies agreed it's important to continue educating people about the opportunities in manufacturing. It's also essential to find new ways to boost career advancement for potential employees.

"The best thing we can do is hire good people, loyal people and people who are willing to come into our organization and improve themselves," Landhuis said. "Then we can provide upskilling and training to boost their career. There's so many areas you can go into in manufacturing, but again it's the willingness to learn and better themselves that's the big key."

## INNOVATION LEADS THE WAY

The workforce issue goes somewhat hand in hand with the burgeoning innovation happening in the manufacturing industry. More manufacturing companies are investing in technology to offset workforce issues while subsequently boosting production.

A recent study from Deloitte, the Council on Competitiveness and Singularity University found that 86% of the top 100 companies in research and development spending worldwide are from the manufacturing industry.

Anecdotally, that increase in attention and spending has been happening in Iowa, too.

"Technology is moving so quickly that sometimes it's difficult to keep pace," McFarland said. "There's a lot of interest, work, effort and investment being made in additive manufacturing or 3D printing. We're going to see some significant changes in our industry."

While innovation is happening on a national scale at a rapid pace, investment in new machines and products has to be strategic. Schaefer-Weaton provided an example: Installing a new robot to build parts that bring in \$50,000 per year isn't worth the investment. But a machine that builds parts worth \$500,000 every year? The return is much easier to see in that scenario, she said.





***“IT’S GOOD TO SEE THAT ACTIVITY IS HAPPENING BECAUSE IT’S REACHING THOSE KIDS AT A YOUNG AGE AND TALKING ABOUT WHAT MANUFACTURING IS. THERE’S A BAD RAP SOMETIMES, BUT I THINK THAT IDENTITY IS MAKING A SHIFT.”***

*Mary Landhuis, president, Lisle Corp.*



More technology also creates a need for highly skilled workers, which spells another challenge for employers. As automation becomes increasingly prevalent, workers will need to know how to operate and program advanced machinery. That’s why robotics and advanced manufacturing programs at community colleges are becoming a bigger priority for manufacturers.

“What we need today are more skilled people through automation and process improvement,” McFarland said. “The real simple manual labor jobs are not available and you need someone to run the more sophisticated equipment and programs.”

But that also means fewer labor-intensive jobs, which opens the pool of potential job candidates. As the price of new technology becomes more cost-effective, Landhuis believes manufacturers will increasingly implement robotics into their processes, creating new avenues for potential employees who were perhaps skittish of hard labor.

“For a highly repetitive job or a job with a risk of injury, that’s where robotics makes sense,” Landhuis said. “The price point has become much more reasonable and much safer. Now when you see a robot operate, they sense if someone is close and then automatically stop. You don’t have to worry about the new safety factor being introduced into your [facility].”

## **TARIFFS REACH THE BOTTOM LINE**

Many think of farming as the biggest industry affected in the ongoing and escalating trade war between the United States and China, but manufacturers, many of which import parts or materials from overseas, have also felt an impact on their bottom line.

Miller Products creates low-cost components for larger manufacturers and has actually seen a boom in business since the tariffs were first implemented last year. McFarland believes the spike may be due to larger manufacturers searching for material options inside the country just in case prices become astronomical overseas. Miller Products can also deliver parts much faster than manufacturers in Asia.

“Price is always an important part of it, but when you make low-dollar parts, a few cents or dollars to get your product out the door quicker versus not out the door is important,” McFarland said. “So part of it is delivery, but I think the other part is just fear of having an adequate source [for these components].”

Despite the recent increase in business, he said the cost of materials has increased and that price increase is being transferred to the customer. Lisle Corp. is in the same boat. Tariffs have forced the company to push costs onto customers as well.

“It’s affecting us, but we understand the big picture and we feel the initiative,” Landhuis said. “In the short term, it does affect us, and we have to pass that along to our customer base.” ■





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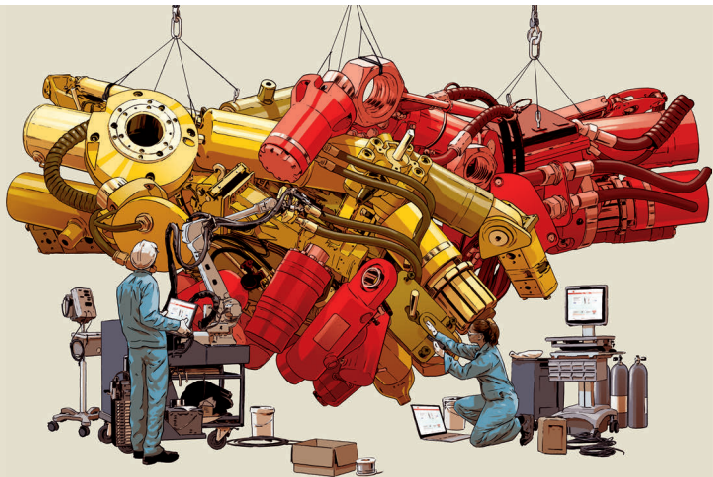
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Iowa Community Foundations is an initiative of the Iowa Council of Foundations.



## CALENDAR OF EVENTS



### OCTOBER 1

#### Legends in Manufacturing Awards Dinner

The Meadows Event Center | Altoona

### OCTOBER 2

#### Iowa Manufacturing Matchmaking

The Meadows Event Center | Altoona | 7 a.m.

### OCTOBER 2

#### Advanced Manufacturing Conference

The Meadows Event Center | Altoona

### NOVEMBER 12-13

#### Manufacturing Technology Roadshow

Tour Locations from Ames to Minneapolis

### JANUARY 15

#### Legislative Briefing and Reception

Hy-Vee Hall at the Iowa Events Center | Des Moines | 4 p.m.

### MARCH 11

#### Iowa Business Day on the Hill

ABI Office | Des Moines

### JUNE 9-11

#### Taking Care of Business Conference

Cedar Rapids Convention Complex | Cedar Rapids

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# 3 Strategies to Reduce Business Risk



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Starting a business is a handful. No matter how well you prepare, there is always the risk of the business going south. In addition to financial risks associated with running a business, business owners should consider the following for their business.

## Legal

It's critical to understand all applicable labor laws before starting a business. Research the rules and regulations specific to your state. Be familiar with regulations and requirements pertaining to all areas of the business.

Laws and regulations are constantly changing—the research is never ending. Business owners should stay up to date with new laws and changes made to existing laws.

## Manpower

There are some businesses that only require one person to keep the business afloat. However, for the most part, businesses need to be staffed with skilled employees. The business owners should include the cost of employee wages into their financial plan.

Ask yourself: "Can I meet my staffing needs without breaking the budget?" If the answer is no, the business owner may consider outsourcing some business services to a third-party vendor.

Hiring qualified employees is only half the battle. Retention is another risk.

Ask yourself: "What am I doing to retain my best employees?"

## Time Commitment

Maintaining the day-to-day operations of a business is a full-time job. To keep a business running and employees happy, a variety of tasks need to be taken care of daily.

Ask yourself: "Do I have the time and/or manpower to accomplish these tasks?"

Maintaining good business practices should always be a priority for business owners. This will help the business avoid compliance-related issues that could be detrimental to its success. ■

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## SUCCESSION PLANNING

# For Business Succession, Planning is Everything

It is often said time waits for no one. The timing of business succession can often be voluntary and measured. The unlucky or unwise, however, may experience a crash course in implementing succession without a plan. While the timing of succession is not always controllable, starting a succession plan does not need to be overly complex or exceedingly costly. A succession plan addresses two primary concerns across varied time horizons: management and economics. Practical protocols can be implemented to address these components.

- **Immediate operations:** If a key person cannot perform customary duties, a written playbook to backfill these duties is paramount. The primary focus of this planning is operational continuity. Powers of attorney, insurance, employment agreements, managerial redundancy and corporate officer designations can be useful in this planning.
- **Long-term operations:** A succession plan may allow business continuity, but create an unsustainable managerial or economic situation in the longer-term. The primary focus of this type of planning is equally divided between management and economics. Buy/Sell agreements, voting trusts, life insurance, deferred compensation, managerial redundancy, third-party investment or an orderly sale of the business are possible components of a succession plan.
- **Economics:** No matter the time horizon, a succession plan should consider the economic impact to the stakeholders (employees, owners, suppliers, etc.). Ultimately, if the economics do not work for the business and its owners, the business succession plan is flawed. In this arena, buy/sell agreements, life insurance, non-owner management, deferred compensation, an orderly sale of the business, additional investors, ESOPs and corporate structure can assist with making succession economically feasible. Further, a will or trust can also allow cash to flow to the appropriate individuals while allowing others to manage the business.

As President Eisenhower indicated when faced with uncertainty, "Plans are worthless but planning is everything." ■



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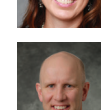
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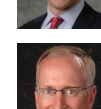
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