



**July 2022** 



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#### JULY 2022 VOLUME 12 | NUMBER 7



# Iowa Association of Business and Industry

The lowa Association of Business and Industry (ABI) is the voice of lowa business. It is lowa's oldest and largest business network, representing 1,500 businesses that employ more than 333,000 lowans. 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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Business Record® (USPS 154-740, ISSN 1068-6681) is published by Business Publications Corporation Inc., The Depot at Fourth, 100-4th Street, Des Moines, Iowa 50309, (515) 288-3336. Contents © 2022 Business Record. Published weekly. Annual subscriptions \$69.95. Single copy price is \$1.75. Copies of past issues, as available, may be purchased for \$4.50 each. Periodicals Postage Paid at Des Moines, Iowa. POSTMASTER: Send address changes to Business Publications, The Depot at Fourth, 100-4th Street, Des Moines, Iowa 50309.

#### A VIEW FROM THE TOP

## **Moving Forward - In Business and at ABI**



Kim Augspurger

ABI Chair

Pigott

Des Moines

On behalf of ABI, welcome to this month's edition of Business Record Iowa. The cover story highlights food manufacturing in Iowa. This is a robust segment of our state's economy, and I hope you enjoy reading more about it.

This edition of Business Record Iowa also provides my first opportunity to write this column as the incoming Chair of ABI. Under the leadership of outgoing Chair, Jack Hasken, and thanks to your support, ABI enjoyed another impactful year. With your help, we plan to continue to build upon the tremendous track record of success going forward.

Many of you know that I recently sold my former company, Saxton, to Pigott, which has offices in 5 locations across Iowa and South Dakota. As a result of the merger between our primary manufacturers, Herman Miller and Knoll, we now represent the newly formed, largest commercial furniture manufacturer and design brand in the world, renamed as MillerKnoll. Our primary purpose at Pigott is to elevate the human experience and inspire lives, one space at a time. As

you know, your people matter, and the space we give them to do their best work can fuel results for your organization and individual team members. I am grateful for the opportunity to work with Pigott and make a difference in the lives of Iowans across our great state.

I am also thankful for the opportunity to serve ABI and its members during the coming year, and for the opportunity to help advance ABI's mission.

At this time of year, we are celebrating another successful annual conference. Last month's Taking Care of Business Conference in Dubuque was a great success. If you weren't there, you missed one of the best business meetings and networking opportunities of the year. Make plans now to join us in Cedar Rapids next June for the 2023 conference. You will not want to miss it!

My goal this coming year for ABI is to build on the association's tremendous record of positive impact on Iowa and Iowa businesses. Thank you in advance for your help and support as we continue to move forward.

#### **EXPERT ADVICE**

# Four Risks Eating Away at Food Manufacturing

The food industry is one that the world cannot do without. But there are growing risks eating away at food manufactures. That's why it's vital to be aware of the common risks involved with food manufacturing in order to effectively protect workers from harm.

Here are four significant risks impacting the food processing industry and how to control them:

- Slips, trips and falls—Frequent wash downs required by the food manufacturing industry create slippery surfaces that put workers at risk for slips, trips and falls. Plus, excess dust, fluid and other ingredients that accumulate on the floor pose an additional threat. Prevent slips, trips and falls by using floor mats, anti-slip footwear and immediately cleaning any spills.
- Dangerous equipment—The machinery utilized for food manufacturing can place workers at risk for amputations or other injuries unless organizations focus on ensuring proper machine guarding and Personal Protective Equipment (PPE).

- Chemical—Food manufacturing workers routinely utilize chemical soaps, detergents, sanitizers and disinfectants to help keep food free of unwanted microorganisms and other contaminants. Food processing also uses refrigerants such as ammonia which can be highly dangerous even in small quantities. Invest in the right engineering controls to guard workers against long-term side effects.
- Ergonomic—Like many jobs requiring repetitive motion, workers in food manufacturing may be susceptible to ergonomic injuries and musculoskeletal disorders. Use overhead cranes, forklifts and carts to reduce the need to lift heavy materials, when possible, and look for opportunities to incorporate automated processes.



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#### **CULTIVATING IOWA'S TALENT CONTINUUM**

# Salute to the 40th Class of Leadership Iowa



Jessi McQuerrey
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When Leadership Iowa began in 1982, it began a profound wave of leadership and connectedness across our state that continues today. Much can transpire over 40 years – similarly, much transformation can take place in just eight months.

Last month, we graduated the 40th class of Leadership Iowa. At a time when the world can be more divisive than collaborative, they came together and demonstrated the good that we can accomplish when we come together and show up for one another, simply in the spirit of humanity. They sought to do better and be better; together.

"Leadership Iowa has been one of the greatest personal growth experiences of my life. This program allowed me the opportunity to really get to know people with vastly different life experiences than my own and in the process learn about important issues facing our great state. These individuals have developed me into a better person." - Matt Doty (LI '21-22), Weaton Companies, Fairfield, IA

While they explored the challenges and opportunities in our state, they also gave back. Though not a component of Leadership Iowa, the class contributed more than \$15,000 in support of local causes in host communities, additional charities, and in support of one another in celebratory times and difficult moments.

"Leadership Iowa is the ultimate experience. I have been able to visit incredible cities and see people in action working together to improve their communities. Each local development makes Iowa an even better place to live, work, and play. Equally as valuable, I have 39 thoughtful, interesting classmates (now friends), each with their own unique perspective. I have learned so much from this group and will forever be grateful for these relationships. The speakers, hosts, mentors, staff, planners, cities, and my classmates, all have given me a richer understanding of the great state of Iowa."

- Meredith Jinks (LI '21-22), SixtyFiveEightyFive Consulting, West Des Moines, IA

Our sincere gratitude goes out to our session hosts this year of Okoboji, Mount Pleasant, Pella, Des Moines, Council Bluffs, Decorah, Iowa City and Dubuque. More than 300 individuals across the state supported the Leadership Iowa program in some way this year. 300 Iowans invested time, resources, and energy into making an incredible experience for these 40 individuals.

Thank you also to our presenting sponsor this year, EMC Insurance, and other annual sponsors: CIPCO, Community State Bank, Grinnell Mutual, Iowa Soybean Association, Bank Midwest, Black Hills Corporation, BrownWinick Law Firm, Kemin Industries, MidAmerican Energy Company, Pella Corporation, Principal Financial Group and Winger Companies.

Leadership Iowa is proud to have served more than 1,300 Iowans over its 40 years. The number of individuals, companies, communities and more who have made this program what it continues to be today are incalculable. We thank you for allowing us to host this opportunity and continue the legacy of leadership in Iowa. ■



Leadership Iowa Class '22-23

#### **CAPITOL BUSINESS**



# Public Policy: Looking Back, Looking Forward - Get Involved!

At the writing of this article, the 30 day window for Governor Reynolds to take final action on legislation sent to her at the end of the 2022 Legislative Session has closed, and has cocluded. The Governor approved many pieces of legislation that were ABI priorities. The ABI policy process groups priorities into five committees - Employment and Workforce, Tax, Environment, Economic Growth, and Workplace and Product Safety. The 2022 Session was a success across the board, and below are the highlights for just two of our policy areas:

#### **IN WORKFORCE**

- The unemployment system is reformed to become a re-employment system with caseworkers assigned to displaced workforce participants in the first week of their unemployment to keep them connected to job opportunities. Benefit duration was reduced from 26 to 16 weeks to recognize the typical time needed to re-enter the workforce and to encourage job-seeking.
- Work-Based Learning programs that expose high school students to job opportunities in their hometowns while earning school credit are now easier to administer, and more participation is expected.
- Childcare availability in the workforce was addressed through business incentive grants for onsite childcare and to secure additional slots from available childcare to match with workforce.
- The Workforce Housing Tax Credit program funding is continued at the high levels established in 2021.
- Last Dollar Scholarship funding for needed worker training and the registered apprenticeships programs were reauthorized.

#### **IN TAXES**

- Individual tax brackets were reduced to a single rate that will drop to 3.9% by 2026.
- Corporate tax brackets were reduced to a single rate that will drop to 5.5% over time.
- All taxes on retirement income are eliminated by 2023.
- Bank franchise taxes were reduced to 3.5% to better align with state tax levels for other lending institutions.
- New rules for the application of taxes on the production of foods for human consumption could have exposed more products to taxation. The legislature acted to ensure that the new rule would not lead to new tax exposure.

The Legislature and the Governor are to be commended for being responsive to the needs of Iowa employers and specifically the members of ABI. None of this would have been possible without the strong leadership of ABI members in setting clear public policy goals.

Now it is time for members of the association to look ahead and plan for 2023. Each August the five public policy committees meet to develop priorities for the upcoming year. Subject matter experts and other interested parties from ABI member companies are encouraged to attend and guide this process and to be a resource throughout the policy-making process.

To become involved, or for details on how to become a committee member simply visit **www.iowaabi.org/events**. For questions on this or any of the policy successes listed above contact JD Davis at 515-979-1212 or jddavis@iowaabi.org. ■



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# THE STATE OF PLAY FOR THE **FOOD MANUFACTURING INDUSTRY**

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BY HAILEY ALLEN

In a perfect world, the process of food manufacturing would be fairly straightforward. Farmers would grow crops, those crops would be shipped swiftly to manufacturing plants where workers diligently produce the myriad products we find on grocery store shelves, and those products would arrive safe and sound to consumers. What we've seen in the past, especially in recent years, is that this perfect world does not exist.

The food manufacturing industry has always had to work around its fair share of roadblocks, but "it's a convergence of a lot of different things going on at the same time," said Rich Dwyer, senior vice president of corporate affairs and enterprise risk at Kent Corp., that are making things particularly difficult right now. COVID-19 disrupted supply chains and the workforce, a bird flu outbreak damaged chicken and egg production rates, inflation made shipping prices skyrocket and resulted in higher price tags in stores. All of these backto-back challenges mean businesses must remain flexible and adaptable.

"It's probably one of the most difficult seasons we've been in," said Miriam Erickson Brown, CEO of Anderson Erickson Dairy. None of these issues has

one, easy solution. It is a nuanced, unpredictable world we live in. Finding creative and innovative ways to overcome challenges is necessary for success in the food manufacturing industry. As Brown puts it, "it's going to take grit and sound strategy ... and a little grace."

#### A LEARNING CURVE

The old adage "expect the unexpected" has never seemed so ubiquitously useful. While the curveballs keep coming, the industry is actively learning to adjust. According to Dwyer, "people dwell on the negative side, but there's also opportunities."

New priorities and solutions are what will make food manufacturers more resilient against future challenges. In an initiative to address workforce concerns, Kent plans to match \$4 million in funds raised to help establish a new health clinic in the company's home community of Muscatine, Dwyer said. By focusing attention on building a strong and safe surrounding community, he said they hope to attract and retain a stable workforce, a solution that will not only help the manufacturer, but positively affect residents as well.

In another instance of new opportunity, food manufacturers have been "forced to grow into markets that they weren't in before," said Rachel Hahn, food industry account manager at Iowa State University's Center for Industrial Research and Service. The food service industry is another big component for manufacturers that was devastated during lockdowns, especially areas like hotel breakfast services and airport restaurants. Some manufacturers made a pivot toward retail sales, an area they had not previously explored, in order to make up for the losses. Now, said Hahn, as people are beginning to go back to traveling and eating out, these food manufacturers "have two really strong channels to deploy their product and are doing quite well, so that's optimistic."

#### ADAPTING EXPECTATIONS

Beyond learning new ways to handle current issues, there are additional changes replacing old standards in the food manufacturing industry. With many still seeing supply chain disruptions, plus new added input costs due to inflation, manufacturers just can't rely on operating with the same consistency they may have been used to. This doesn't mean lower-quality items, but it does mean product delays and slimmer inventory on store shelves.

Brown is experiencing this firsthand, making adaptations on the fly as the supply chain ebbs and flows. "Within the past few months we've had to quit making our Mexican dip. We were out for about 10 days because we could not get the seasoning. Some of our cottage cheese did not have any print on the lids because it was going to take too long to get. We're still seeing all kinds of things like that," she said. AE Dairy, a third-generation family business that began in the Depression year of 1930, is no stranger to adapting to hard times. "It's like playing that game 'Whack-A-Mole.' You handle one thing and then something else pops up, and you have to be creative to be able to weather through it."

Hahn said, "Ingredients are a challenge when it comes to the supply chain for food manufacturers, but what I hear more is [challenges with] packaging material." She explained that while before, there may have been 12-ounce,

> 16-ounce and 18-ounce options available for products like sauces or dressings, manufacturers are now finding it easier to consistently get only 12-ounce bottles rather than scramble to find all the other sizes. This reduction in offerings may leave consumers with fewer options, but it may become a new normal to adjust to.

## "It's probably one of the most difficult seasons we've been in. None of these issues has one, easy solution."

- Miriam Erickson Brown, CEO Anderson Erickson Dairy

#### **WHAT'S NEXT**

Unique to the food industry was the expectation during COVID-19 for most manufacturers to continue to supply their biggest customers with what they've always supplied. This resulted in

some manufacturers having to pivot resources away from research and development and into other staff areas in order to fill the necessary orders. Concerns about product supply, on-time shipments and price increases passed on to customers are in the forefront of manufacturers' minds. But as the industry works to address these concerns, will there be a neglect of product development in exchange for simpy meeting the bare minimum?

"Food is normally a place of some pretty significant innovation," Hahn said. "We're all used to seeing new products on the shelves on a regular basis. ... I think we're going to be in an interesting place for new products in the next six months to two years."

Additionally, the situation in Ukraine is on the radar for many companies. There's speculation that it could affect grain supply and prices globally this fall, so manufacturers are taking actions now to mitigate possible fallout later. One trend Hahn is seeing is the desire to have dual suppliers, which would stabilize access to a product should one supplier fall through.

While it's hardly possible to predict the future (see: COVID-19), businesses have learned hard lessons and have come out resilient, and are now making strategic improvements to avoid issues on the horizon. "People still need to eat, we still need to process food," said Dwyer. "We learn every day from these stressful environments. ... It might be difficult to work through it, but I still think from our end we're [feeling] positive."

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#### **SUCCESSION PLANNING**

# What's Your Exit Strategy? Succession Planning for Closely Held Businesses



Jennifer Julander Vice President & Shareholder BCC Advisers jennifer@bccadvisers.com

As a business owner nearing retirement, you are faced with the monumental task of planning an exit strategy. The ideal strategy is one that fits both your business and personal objectives. If your goal is to optimize monetary proceeds, selling to another business or on the open market may provide the most profitable outcome. If ensuring your legacy and the business you built carries on, family succession or selling to employees may be the best option. Whichever exit strategy you choose, planning well in advance is essential to giving you the time necessary to maximize your result.

While planning, look for opportunities to "get your house in order." Straighten up financial records, eliminate redundances and worthless inventory, and install or improve systems that drive value. Prepare your

management team and identify potential future leaders, developing their skills so they are prepared to fill key roles when the time comes.

Finally, hire professionals. This will pay off in the long run and making a rookie mistake on your own could be costly. Consult with your legal and tax advisers to employ best tax strategies. Retain a valuation expert to help you understand your company's value and assist in identifying opportunities to increase value. Finally, consider engaging an experienced investment banking (M&A) firm to guide you through what could be an intimidating sale process. Having a great advisory team in place can help secure a successful business transfer and a happy retirement!

#### **EMBARRASSED EXECUTIVE**

# 4 Ways to Build a Strong **Company Culture**



**Audrey Faber** Human Resources Generalist Focus OneSource afaber@focusonesource.com

1. Make Time for Learning Opportunities

A major aspect of moving the business forward is the desire to continuously learn. By implementing routine learning opportunities for all your employees, you allow them to get a glimpse at what their future could look like. Make sure that all employees are included, this allows the entire team to maintain a growth mindset.

#### Invest in the Best

Make it a point to ensure that your employees have the best tools to do their job. By providing high-quality materials to your team, you showcase that the company wants employees to do their best work and is willing to invest in their work.

#### 3. Implement an Award System

This could be as simple as awarding an individual who best exemplifies the core values listed in your mission and vision statement monthly. The rewards showcases that the management team is serious about strong company culture and want everyone to act on it.

#### Welcome ALL Feedback

It is important for leadership personal to create an environment that welcomes honest communication and creates a space where employees feel comfortable sharing their opinions.

The culture of the company can be a separating factor when discussing the success of a business, these ideas may take a little extra effort and consistency, but could have a lasting impact on your business.



#### **CALENDAR OF EVENTS - 2022**

#### **JULY 17-21**

#### **Business Horizons**

Central College | Pella

#### **JULY 28-29**



#### **AUGUST 7-11**

#### **Leadership Iowa University**

Des Moines Area

#### **AUGUST 9**

#### **Employment & Workforce Public Policy Meeting** (Members Only)

ABI Offices | Des Moines

#### **AUGUST 10**

#### **Connecting Statewide Leaders**

West Des Moines

#### **AUGUST 10**

#### **Workplace & Product Safety Public Policy Meeting** (Members Only)

ABI Offices | Des Moines

#### **AUGUST 11**

#### **Environment Public Policy Meeting (Members Only)**

ABI Offices | Des Moines

#### **AUGUST 16**

#### **Tax Public Policy Meeting (Members Only)**

ABI Offices | Des Moines

#### **Economic Growth Public Policy Meeting (Members Only)**

ABI Offices | Des Moines

#### **AUGUST 29**

#### **Executive Open Golf Outing**

Glen Oaks Country Club | West Des Moines

#### **OCTOBER 4**

#### **Legends in Manufacturing Awards Dinner**

FFA Enrichment Center | Ankeny

#### **OCTOBER 5**

#### **Manufacturing Conference**

FFA Enrichment Center | Ankeny

Visit www.iowaabi.org and click the "Events" tab for details on upcoming events, including updates in response to COVID-19related safety restrictions for public gatherings.



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#### **EVENT REWIND**



#### **Taking Care of Business Conference** JUNE 14-16 | DUBUQUE

Hundreds of business leaders from around Iowa and the Midwest traveled to Dubuque, June 14-16, for the Iowa Association of Business and Industry's (ABI) annual Taking Care of Business Conference, Iowa's premiere statewide business conference. The conference featured world-class speakers and delivered relevant and impactful educational opportunities, along with opportunities to network with more than 500 executives with decision-making authority.

Featured speakers included Iowa Governor Kim Reynolds, Sheryl Connelly, Chief Futurist at Ford Motor Company, Clay Holderman, President and CEO of Unity Point Health, and Scott Kubie, Senior Investment Strategist at Carson Group Partners.

Plans are already well underway for the 2023 Conference. New ABI Board Chair Kim Augspurger and ABI staff are looking forward to seeing members in Cedar Rapids next June!



#### **GET TO KNOW**

## **Meet ABI's Newest Members**

Visit our newest members' websites, and see how their products and services can benefit you:

AxisU | www.axis-u.com

Commerce Bank | www.commercebank.com

Cushman & Wakefield Iowa Commercial Advisors | iowacommercialadvisors.com

Great Range Capital | www.greatrangecapital.com

Invision Architecture Ltd. | www.invisionarch.com

Iowa Restaurant Association | www.restaurantiowa.com

Lockton Companies | www.global.lockton.com

McClure Engineering | www.mcclurevision.com

Schaus Vorhies Manufacturing | www.schausvorhies.com

SVPA Architects Inc. | www.svpa-architects.com

Learn more about how ABI membership could benefit your company by visiting www.iowaabi.org/membership/why-abi.