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IOWA
HOW IOWA RANKS

DEBI DURHAM, *Director, Iowa Economic Development Authority*



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Iowa Association of Business and Industry. "The Voice of Iowa Business since 1903" is the largest business network in the state (serving as Iowa's state chamber) with a long legacy of advocating for a competitive business climate in Iowa. ABI offers its nearly 1,500 member companies and their employees opportunities to network, learn best practices in lean processes, workforce, workers' compensation, controlling health care costs, employee drug testing, environmental issues and leadership. ABI works "to foster a favorable business, economic, governmental and social climate within the State of Iowa so that our citizens have the opportunity to enjoy the highest possible quality of life."

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Membership Development Services Gary Nash, Kerry Servas

Iowa Association of Business and Industry
400 East Court Avenue, Suite 100
Des Moines, IA 50309
515-280-8000 or 800-383-4224
Fax: 515-244-3285
Email: abi@iowaabi.org
Web: www.iowaabi.org

Business Record

Senior Graphic Designer Brianna Schechinger
Graphic Designers Danielle Miller, Lauren Hayes
Photographer Duane Tinkey
Copy Editor Kurt Helland

Director of Advertising Ashley Holter
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A CUSTOM PUBLICATION FOR ABI

A VIEW FROM THE TOP



Lori Schaefer-Weaton
ABI Chair
Agri-Industrial Plastics Co., Fairfield
lori.schaefer@aipcompany.com

Manufacturing events showed off Iowa pride

Last month I encouraged your participation in the Iowa Association of Business and Industry's (ABI) annual manufacturing awards dinner and conference. Now in its second year, the annual Legends in Manufacturing Awards Dinner, put on by ABI and ABI's Elevate Advanced Manufacturing initiative, has already become one of our state's top events celebrating manufacturing and manufacturing leaders.

Each year, Iowa manufacturing is celebrated and honored. This year's dinner was a terrific event. If you missed it, you missed one of the most fun events of the year. Don't miss it again; make your plans now to join us next fall on Sept. 19, 2017.

The annual Advanced Manufacturing Conference, held the day following the Legends dinner, was another great event. Terrific speakers and terrific networking marked the day.

Also last month, the ABI Foundation held the first of eight sessions with the 35th class of Leadership Iowa. Leadership Iowa is the

nation's oldest statewide leadership development program, and well over 1,000 alumni are now working to make their companies — and their communities — a better place.

On top of all this activity, ABI's public policy work is in full swing. In October, ABI was honored to be recognized nationally for the strength of its employee voting programs.

My purpose in noting these events and activities is not to focus on the past. As you know, ABI is always about the future. The point is that ABI works all year long to advance an agenda that provides value to your business. Growing your business and growing Iowa communities is what ABI is all about. You can see that, thanks to your support and with the leadership of the ABI board of directors, that agenda is well in hand.

Finally, after a series of meetings in Dubuque, another thing I can tell you is that the 2017 Taking Care of Business Conference will be spectacular. Mark your calendars now for June 6-8. You will be glad you did!

JOIN US

Connecting Statewide Leaders series kicks off Dec. 8

ABI's popular Connecting Statewide Leaders forum series kicks off Dec. 8 with a program on education in Pella.

These forums bring together some of the state's leading experts to discuss issues important to the state of Iowa. They are held in conjunction with Leadership Iowa sessions taking place across the state.

Connecting Statewide Leaders events offer an opportunity to meet members of the 2016-17 Leadership Iowa class and network with colleagues and Iowa business leaders. They are often held at Iowa companies. Vermeer has graciously agreed to host us for our first forum in December. Mark the dates of both events and make plans to join us for a valuable discussion. Register online at www.iowaabi.org/events.

DECEMBER 8, 2016

DISCUSSION TOPIC **EDUCATION**
Vermeer, Pella

MARCH 2, 2017

DISCUSSION TOPIC **HEALTH CARE**
Iowa City





◀ EVENT REWIND



Advanced Manufacturing Conference

OCTOBER 4 | ALTOONA

The annual Advanced Manufacturing Conference last month attracted hundreds of manufacturers and others from around the state for a day of networking, top speakers and valuable learning experiences. Gov. Terry Branstad kicked off the event by signing a proclamation declaring Oct. 3-7, 2016 as Manufacturing Week in Iowa. ABI also recognized Steve Dust of the Greater Cedar Valley Alliance & Chamber with its Advocacy in Action Award.



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Attracting and Retaining Top Talent. Are You Wage Ready?

>> BY **SCOTT A. MAYER**, CHAIRMAN AND CEO OF QPS EMPLOYMENT GROUP

As unemployment numbers continue to fall, the talent market is tightening at a rapid pace. The labor participation rate is a key metric as it reflects the number of people who are interested in participating in the workforce. The current rate is 62.8%, which is hovering near a 37 year low.

The Manufacturing Institute says that six out of ten positions remain unfilled due to the talent shortage and the latest Iowa unemployment rate measured 4.2%. Employers need to acknowledge that the labor shortage is here and therefore, they need to rethink some of their business methods.

In order to make the most of this shallow labor pool and retain current workers, companies need to know where they stand against other employers in their market and particularly the wages they pay.

Whether it be entry level manufacturing, skilled trade, clerical or professional positions, offering a salary that is well below market value will either lead to a lack of candidates applying for your openings, or candidates that will accept the position only until a better offer comes along.

Many companies we work with will agree to a higher wage but perceive that with that higher rate, they will get a much higher caliber of candidate. The thought is that perhaps \$1.00 more an hour will allow them to be choosier with the candidates that apply. In reality, the only thing the higher pay really does is make it more attractive to a slightly larger pool of job seekers. There is no guarantee that any more qualified level of candidate will be available with the wage increase.

QPS and other employment agencies in recent years have needed to pass along rate increases. The cost of worker's compensation, unemployment, and even insurance for the Affordable Care Act regulations have driven up the basic

price of doing business. While costs continue to increase, we are seeing a more pressing need for customers to realize and address their pay rates for competitiveness today and for the future. There are orders right now that we simply can't fill because the pay is not competitive.

Unfilled job orders lead to other issues including frustrated clients, fewer candidates we can employ and more stress of recruiting for our internal staff as well as our customers. Approaching companies to increase their rates of pay doesn't solve the worker shortage but is a necessary step in filling positions and directly puts more money into the pocket of the workers we employ.

It is different in every market, but we are seeing companies having to raise their entry level pay from \$10.00 to \$12.00 for example and even much higher to stay competitive.

The federal and state of Iowa minimum wages right now stands at \$7.25/hr. However several counties have already

or will be increasing their minimum wage wages to as much as \$10.75 in the coming years.

- Johnson – 1/1/2017 - \$10.10
- Linn – 1/1/2019 – \$10.25
- Polk – 1/1/2019 - \$10.75
- Wapello – 1/1/2019 – \$10.10

The minimum wage we need to pay to find workers already far exceeds any wage set by federal or state laws. Companies we approached as little as a year ago on raising pay are being approached again to stay competitive. We feel it necessary to continually educate the customer on market conditions and adjust accordingly.

In helping your company to stay competitive, QPS can do a comparative wage analysis using our own internal data along with other sources. Such an analysis allows you to see if you are paying your current employees competitively as well as attracting new job seekers. For a complimentary analysis, contact marketingrequest@qpsemployment.com.

◀ EVENT REWIND

Legends in Manufacturing Awards Dinner

OCTOBER 3 | ALTOONA

Five Iowa manufacturers were honored last month for their advancement of the industry during the 2016 Legends in Manufacturing Awards Dinner, put on by Elevate Advanced Manufacturing. Winners include: Bruce Tamisiea of Tecton Industries in Spencer; Roger Hargens of Accumold, LLC, in Ankeny; Paul Gregoire of Emerson Fisher in Marshalltown; and Sarah Dvorak of Kreg Tool in Huxley. John W. Norris, Sr., former president of Lennox, was recognized with a Posthumous Legends award. Three scholarship winners were also recognized.

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Leadership Iowa

OCTOBER 12-14 | RED OAK

The Leadership Iowa 2016-17 class kicked off their year together Oct. 12-14 in Red Oak. Participants spent time getting to know one another through dynamic workshops and took part in an "Amazing Race" to explore the Red Oak community. Key speakers inspired the class to use their diverse leadership skills to make the most of their experience this year.



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CALENDAR OF EVENTS



NOVEMBER 10-11

Leadership Iowa Session II: Agriculture/Renewable Energy
Sioux Center

DECEMBER 8

Connecting Statewide Leaders Forum
Vermeer | 1710 Vermeer Road East | Pella

DECEMBER 8-9

Leadership Iowa Session III: Education
Pella

JANUARY 11

ABI Legislative Briefing and Reception
Des Moines

JANUARY 11-13

Leadership Iowa Session IV: Government
Des Moines

MARCH 2

Connecting Statewide Leaders Forum
Location to be determined | Iowa City

MARCH 2-3

Leadership Iowa Session V: Health Care
Iowa City

Visit www.iowaabi.org and click the "Events" tab for details on upcoming events.

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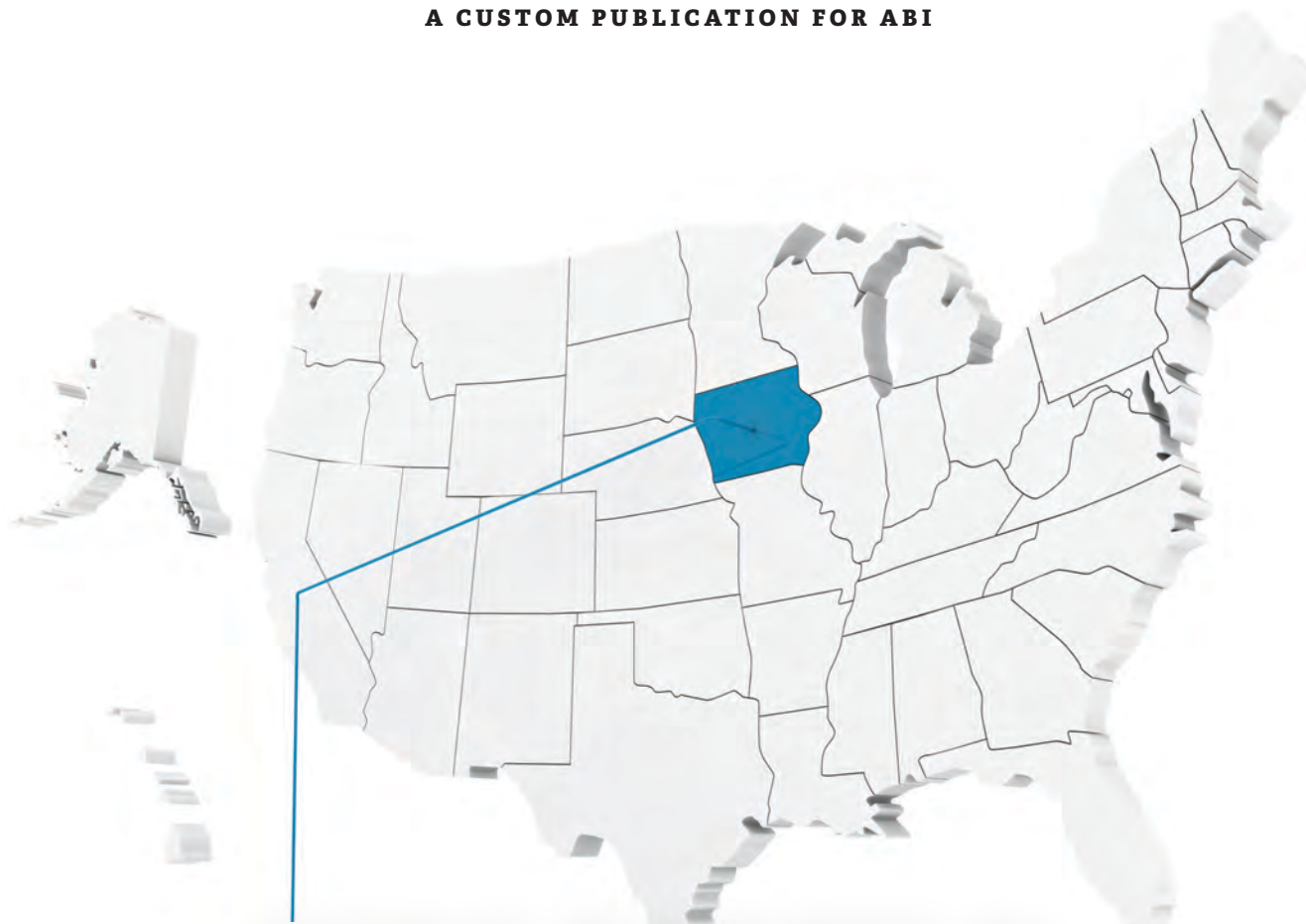
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DOING BUSINESS IN IOWA

HOW IOWA RANKS

Iowa is a **top place in the country** to operate a business, to affordably live and for quality of life amenities, according to recent national rankings, but there are several areas in which **the state can do better** in order to ensure it has an **adequate workforce** and the **resources** needed to **start new businesses** and expand others.

CNBC ranked Iowa ninth overall in its 2016 "America's Top States for Business" scorecard. The state is up from 10th position in 2015.

The state is second in the nation for the cost of doing business, ninth when it comes to quality of life for its residents, 12th in terms of cost of living, and 15th when it comes to business friendliness. Several of those factors are reasons businesses say their workers have stayed or migrated to Iowa and reasons businesses choose to locate here as well, said Debi Durham, director of the Iowa Economic Development Authority.

Economic development isn't just about sites and building," Durham said. "Now, more than ever, it is as much about locating in communities where people want to live. Making investments in quality of life projects and infrastructure is essential to our economic development efforts. We're proud to see Iowa's rising rankings as it relates to quality of life."

Vital to Iowa's ability to maintain an educated pool of workers will be to ensure its workers and their families have access to amenities including entertainment options, education systems and affordable housing in all areas of the city, especially downtown for younger workers, said Georgia Van Gundy, the assistant vice president of government relations for Principal. She is in charge of government affairs for the company and works with local and state agencies and government, as well as oversees the company's national public affairs.

"Quality of life in Iowa is outstanding we believe in comparison to other state," she said. "We want Iowa to be more inviting for people to come here."

Van Gundy cited the extension of civil rights for the gay, lesbian, transgender and bisexual communities, as well as a statewide smoking ban in public places as positive ways the quality of life has been improved in the state.

Fred Paulsen, a certified public accountant tax manager for CliftonLarsonAllen LLP, a business management/accounting firm with offices in Cedar Rapids and West Des Moines, said his firm recruits most of its recent college graduates from Iowa's three public universities. More experienced hires move to Iowa either with young families or to start families because they like the quality of life, the closeness of the communities, the education system, the ease of transportation and the lower cost of living, including affordable housing, he said.

In addition to the workers, collaborative relationships between business and government, and among communities, also have made Iowa business strong, Paulsen said.

Mike Ralston, president of the Iowa Association of Business and Industry, said these relationships help make the climate favorable because businesses can easily connect to the resources



Business leaders say Iowa's workforce is valuable asset, but more workers are needed

they need to succeed. Business owners have access to programs, such as the Center for Industrial Research and Service, they need to run and expand their business, Ralston said. CIRAS uses a network of industry experts and university officials to help clients find solutions to specific issues.

He said it's also easy for Iowa businesses to get a project or service into the market because public officials actively monitor regulations that prohibit business.

"We're doing better when it comes to regulations in this state," he explained. "By its nature, those industry regulators are coming up with more and more regulations, but also Iowa public officials, both Democrats and Republicans, are focused on making sure those regulations make sense."

For instance, Iowa businesses collaborated with the Iowa Department of Natural Resources to streamline forms and to make the air quality permit process easier and more understandable. Businesses worked through Iowa ABI to make that happen, Ralston said.

Iowa's workforce ranks much lower – 37th when compared with the rest of the nation. This is up from 44th in 2015.

Durham and the IEDA have seen success landing projects across Iowa that have brought quality, good-paying jobs, but she said businesses regularly share concerns about where their next generation of qualified employees will come from.

"For Iowa businesses to continue to grow and expand and to attract businesses to Iowa, the state must prepare its workforce to fill employers' current and future needs," Durham said.

Ralston said the workforce issue is twofold: Iowa needs to attract more people and ensure there are jobs for anyone who is able to work; however, he believes the workforce Iowa has is at the top of the list of strengths the state has to offer businesses.

"It's highly educated," he said. "People show up on time every day, and they're highly productive. If you talked to any business, they would put their employees as their top asset."

CEO Executive Magazine agrees. It ranks Iowa sixth among the 10 Best States for Workforce Quality.

Iowa's workforce is well trained because of the strength of the state's colleges and universities, and specifically the community college system, which Ralston called a "gem." Programs such as Elevate Advanced Manufacturing, a statewide marketing campaign that promotes careers and educational opportunities in advanced manufacturing, also connect Iowans with the training they need to take jobs in areas that need workers, he said.

Durham said it is critical to help students graduating from these institutions recognize the careers and opportunities available to them in Iowa.

"As I spend time with students, I see their enthusiasm and their desire to do something good for their world," Durham said. "We are compelled to help these students understand the opportunities in front of them, right here in their home state."

Attracting new people to Iowa is also critically important, Durham said.

At Principal, workforce is an ongoing concern and was taken into consideration when the company decided to renovate its campus.



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"We want to make sure we have the right talent here in the state of Iowa to draw from," Van Gundy said.

Principal has joined several initiatives with state elected leaders to ensure Iowa has the training programs in place to fill future jobs and to replace retirees at a time when the state's population isn't dramatically growing. These efforts include training programs that align educational programming with the actual needs of the workforce and involvement in the programs that promote STEM (science, technology, engineering and mathematics) careers.

Rankings point out Iowa's downfalls; business leaders suggest areas for improvement

Ralston said business owners tell him there needs to be more money available for venture capital in Iowa. Venture capital is financing that investors provide to startup companies and small businesses. The risk is typically higher for these investors, and those who invested usually get a say in company decisions, which can be a downfall for the startup company.

He cited examples such as Central Iowa Power Cooperative, which has a subsidiary called CMA Ventures that contributes money to startups.

One area Iowa needs to improve upon is its tax system, according to the Tax Foundation's 2017 State Business Tax Climate Index. Iowa ranked 40th overall in how well the state's tax system is structured.

Specifically, the state was 21st in sales tax rank, 33rd in individual income tax rank, 34th in unemployment insurance tax rank, 40th in property tax rank, and 47th in corporate tax rank.

CEO Executive Magazine ranks the state 20th when it comes to taxes and regulations.

Business leaders agree that more can be done to improve the tax climate in Iowa but that the state is still well positioned as a leader when it comes to cost of doing business. Ralston suggested Iowa do away with credits and exemptions and make the tax base as big as possible in order to reduce rates.

"Iowa is known for its pro-business climate and that helps us to attract projects to our state and it helps us to keep existing industry expansions right here in Iowa," Durham said. "We have maintained an overall low cost of doing business ranking despite a tax climate that is less than desirable for companies that

are in the supply chain of our largest manufacturers."

"Until that happens, businesses are going to fight for the credits and exemptions that are best for businesses," he said.

Paulsen, the CPA, said Iowa's tax climate is reasonable and its tax incentives and credits for a variety of types of businesses are a plus, but it's difficult to compare the state with others because each state has its own tax structure and every tax has its own individual characteristics.

In general, "any time you can lower the tax rate and the income tax rate on business, in my opinion it's going to attract more business," he said. "It's going to be a lower cost to do business if the tax rate is less."

Iowa has a very attractive premium tax rate, which is where Principal falls, and that's why a lot of financial and insurance service companies are attracted to Iowa, in addition to the modernized regulatory environment, which also is beneficial to this classification of business, Van Gundy said.



ECONOMIC DEVELOPMENT ISN'T JUST ABOUT SITES AND BUILDING. NOW, MORE THAN EVER, IT IS AS MUCH ABOUT LOCATING IN COMMUNITIES WHERE PEOPLE WANT TO LIVE. MAKING INVESTMENTS IN QUALITY OF LIFE PROJECTS AND INFRASTRUCTURE IS ESSENTIAL TO OUR ECONOMIC DEVELOPMENT EFFORTS."

DEBI DURHAM

Director, Iowa Economic Development Authority



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Share your expertise with hundreds of Iowa business leaders by presenting at the 2017 Taking Care of Business Conference in Dubuque! The Iowa Association of Business and Industry is accepting proposals now to present at the event on June 6-8.

The 2017 conference will focus on the contributions and benefits Iowa companies make in their communities, the state and the world. At the Iowa Association of Business and Industry, our goal each year is to create a unique business conference with world-class educational experiences.

If you have a presentation that will leave attendees enthusiastic and armed with knowledge they are eager to implement, submit your presentation proposal now. This is an opportunity to be in front of business leaders, owners and management teams from across Iowa. Proposals are due Dec. 1. Visit www.iowaabi.org for more information.

CAPITOL BUSINESS



ELECTION IS OVER, BUT LEGISLATIVE WORK IS JUST BEGINNING

Tuesday marked the end of an exhausting election cycle for Americans. Now we get a welcome and well-deserved reprieve from the constant campaigning, but there's still work to be done.

At the Iowa Association of Business and Industry (ABI), we're preparing for the upcoming legislative session, which begins on Jan. 9. There are several things you can do to prepare, too.

We are ready to build on our success from 2016, and we need your help to do so.

First, take time to meet with your local legislators. Now that we know who's been elected to represent us in Des Moines, the weeks before the session begins are a great time to sit down with them to discuss challenges and opportunities facing Iowa businesses and your company specifically.

ABI's public policy team will be working to educate legislators on the issues important to Iowa businesses, and those messages are reinforced when lawmakers hear them directly from constituents.

Offer to provide a tour of your facility and time to speak with your employees. Contact ABI's public policy team for a copy of our 2017 priorities and share them with your legislators.

Make plans to participate in ABI's upcoming public policy events, starting with ABI's Legislative Briefing and Reception on Jan. 11. This is your opportunity to receive a preview of the legislative session and interact with legislators.

On March 14, ABI will host Iowa Business Day on the Hill. Join us at the Capitol to discuss issues important to Iowa employers and share in a celebration of Iowa businesses.

Throughout the session, ABI's policy team will offer monthly legislative teleconferences to help members stay up to date on important business-related legislation.

Now that the 2016 election is over, it's time to get to work partnering with our lawmakers to continue to make Iowa a place where employers and employees can thrive.



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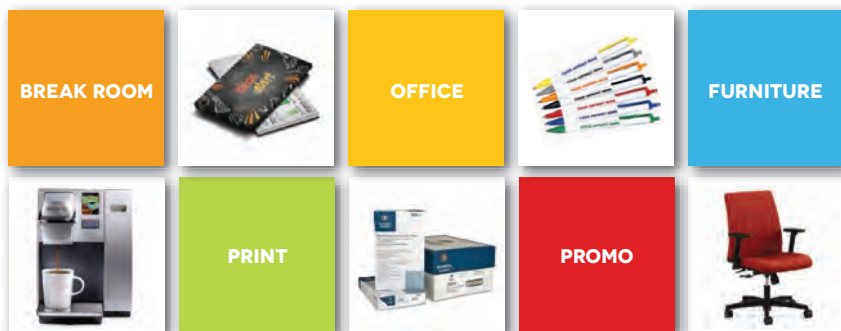
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AHEAD OF THE CURVE

Leadership Iowa University shows benefits of sticking around

Retaining Iowa's college graduates is vital to the future of Iowa's workforce. The challenges of Iowa's "brain drain" are evident in the state's workforce rankings.

When it comes to workforce quality, CEO Executive Magazine ranks Iowa sixth. At the same time, CNBC ranks Iowa 44th for workforce. The second source takes into account the ability to retain college-educated workers.

Since it began a decade ago, Leadership Iowa University has helped dozens of Iowa college students recognize the opportunities available to them within the state.

In addition to helping LIU students identify their strengths and grow as leaders, one primary goal of the organization is to help persuade students to stay in Iowa after they graduate.

"LIU opens students' eyes to the many opportunities in the state of Iowa, in our businesses, universities and organizations where they can immediately get involved and make an impact," said Michele Waber, a senior brand identity manager at DuPont Pioneer who is actively involved in LIU.

LIU students visit businesses throughout the state, where they get to see firsthand the workplaces they could join after college. They meet business leaders in a variety of

industries and are paired with a mentor who already works in the field the student is interested in.

In 2011, Waber served as a mentor for Loras College student Easton Kuboushek. She introduced him to members of the Pioneer communications team, one of whom encouraged Kuboushek to apply for an internship at the company. Kuboushek submitted his resume, interviewed for the position and was selected. He worked as a public affairs intern at Pioneer during the summer of 2012.

When it came time to look for a job, Kuboushek reflected on his LIU experience again. He had visited the Iowa Soybean Association as part of the program, and the non-profit organization had an opening that interested him. He applied and got the job.

Now Kuboushek and Waber are both helping college students recognize the opportunities available to them through their ongoing volunteer leadership on the LIU board of directors.

Together the ABI Foundation and our LIU partners throughout the state are helping to curb Iowa's brain drain.

BY THE NUMBERS

46 percent of employers are having *difficulty filling jobs*, according to the 2016/2017 Talent Shortage Survey conducted by Manpower Group.

That is up 14 percent from last year, when 32 percent of employers reported that filling positions was a challenge.

According to the survey, the **No. 1 hardest skill to find is skilled trades**, followed by drivers, sales representatives and teachers.

A **lack of available applicants** (23 percent) and **lack of experience** (18 percent) were the **top two** reasons employers reported for not being able to fill positions.

Of the survey respondents, **48 percent** said they are training and developing existing employees to fill open positions. **Another 44 percent plan to recruit outside the talent pool.**

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www.iowaabi.org/membership/why-abi.

TOP TIPS

Getting the Right People on Your Bus

No matter how you look at it, it's the people that make a great organization. I had a chance to consider this more deeply as I was talking to an organization about their approach to customer service recently. I talked about how great the reputation of the company was and how it was important for the individuals to understand that they were what created that reputation. You see, an organization doesn't provide great service, provide quality products, meet expectations or go above and beyond — the people do. So getting the right people and maximizing their efforts are integral in developing a successful company and brand.

Two authors I have great respect for, Jim Collins and Gino Wickman, talk about the people side of business. Collins talks about getting the "right people on the bus." Wickman takes it a step further in helping you identify

whether they are the right people, using the acronym GWC. It's pretty straightforward. For what you are expecting the individual to do, does he or she:

- **Get It:** Is what you are asking them to do something they are "hard-wired" to do?
- **Want It:** Do they genuinely want to do it? Are they passionate about their role?
- **(Have the) Capacity to Do It:** Do they have the intellectual and emotional maturity, education, training and on-the-job experience to consistently perform well?

As you go about building your organization, do you have the right people on the bus — and do they GWC? Sometimes taking a step back and looking at the people side of your business might be the first step to a great future.



Todd McDonald
President, ATW Training Solutions
todd@atwtraining.com



CONGRATULATIONS, STEVE DUST!

2016 Advocacy in Action Award Winner

Steve Dust is a prime example of what it means to be an advocate. He tirelessly represents the greater Cedar Valley, his investors and all Iowa businesses to make Iowa a better place to live and work. We are grateful for Steve's leadership and appreciate his collaboration with ABI.

*Steve Dust, president and CEO
Greater Cedar Valley Alliance & Chamber*

ARE YOU AN ABI MEMBER? CHANCES ARE THE ANSWER IS YES.

ABI is Iowa's oldest and largest business network, representing almost **1,500 businesses** of all types and sizes employing **over 310,000 Iowans** in all **99 counties**. If you are not sure if your organization is a member of ABI, contact Dorothy Knowles at 515-235-0568 or dknowles@iowaabi.org.

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CIRAS



Rob Kane
CliftonLarsonAllen



Derek Bleil
EMC Insurance



Michael Teachout
Focus OneSource



Iacovos Zachariades
Global Reach



Juli Jenkins
LMC Insurance and Risk Management



Holly Poort
Manpower



Michele Farrell
Measured Intentions



Lance Gardner
Principal



Stephen Fry
Spindustry Digital



Rena Striegel
Transition Point Business Advisors



Greg Shireman
Wellmark, Inc.





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