

COMEBACK FROM COVID

IOWA BUSINESSES OPTIMISTIC ABOUT 2022



Kim Augspurger-Mescher, Former Owner of Saxton and Consultant to Pigott and Jack Carra, Senior Vice President, Assured Partners



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**Iowa Association of
 Business and Industry**

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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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

**Iowa Business Leaders and ABI
 Remain Optimistic**



Jack Hasken
ABI Chair
Jackson Mfg., Inc.
Maquoketa, Iowa

One of our state's most important assets is the economic activity generated by Iowa businesses. That activity, especially as it relates to a post-COVID Iowa economy, is the focus of this edition of Business Record Iowa.

Another asset to mention for our great state of Iowa is the activity generated by the annual ABI Taking Care of Business Conference. The 2022 edition of this premier event will be held in Dubuque where Iowa started on June 14-16. Make plans now to join your ABI colleagues for this exciting conference. Fantastic venues, terrific nationally-known speakers, and the very best business networking anywhere will all be a part of ABI's 119th annual meeting. Please plan on attending and you do not want to miss it!

With regard to other ABI business, February marks the eighth month of the association's fiscal year. Thanks to your support and leadership, our association is enjoying one of its strongest years ever.

Public policy, Foundation programs, and ABI member meetings and events are all surpassing

metrics of past years. Last month's ABI Legislative Reception was a terrific success, with ABI members attending from all over Iowa and beyond. Legislators of both parties and both chambers attended, as well as other state officials, to make the evening a terrific celebration of government and business.

I wish your business and organization the best for 2022 and please continue to stay positive as we progress through the COVID pandemic.

On behalf of the board of directors, thank you for your ongoing participation and support for ABI. ■



EMBARRASSED EXECUTIVE

**Open for Business,
 Where are the Supplies?**

Now that the COVID-19 pandemic has reached a point where economic activity has normalized, why are we experiencing such significant supply chain challenges? What should I be doing as a company leader?

Drivers of Supply Chain Disruptions:

It took time, a major global pandemic and multiple factors to create the today's chaos and it will take time and focus on supply chain management to improve. Today's challenges have been building over-time through the focus on low-cost global sourcing, maximizing supply chains cost efficiency, and long-simmering infrastructure issues.

Supply chains dealt with near shut-down of activity at the beginning of the pandemic to record volumes driven by pent-up demand. In addition, multiple shocks to the system including regional shut-downs, slow-downs due to mitigation measures, weather events, a container ship blocking a canal, and a lack of supply chain labor occurred simultaneously, cascading into the chaos we see today.

What Can Leaders Do:

Surviving, and thriving, during this time of supply chain disruptions takes effort not only from supply chain professionals but also senior leadership. Key practices you should be reviewing include:

- Identify areas of key risk through supply chain mapping;
- Develop risk mitigation plans (dual-sourcing, reshoring or near-shoring suppliers; bring key parts production in-house, review inventory levels);
- Be proactive: look for early signals of disruption;
- Operating as a good supply chain partner; and
- Invest in your supply chain management team and make it a core competency. ■



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CULTIVATING IOWA'S TALENT CONTINUUM

Registration Open for ABI Foundation's High School & College Programs



Jessi McQuerrey

Director of Programs
ABI Foundation

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Iowa students now have the opportunity to register for the ABI Foundation's summer programs, Business Horizons and Leadership Iowa University.

These programs not only provide valuable experiences for participants, but they also allow us the chance to showcase our state and develop the talent that will become our future CEOs, business-owners, legislators, community leaders and more. These opportunities assist efforts to retain our bright young people in Iowa and equip them with tools, confidence and inspiration for future success.

BUSINESS HORIZONS (High School)

WHO: Iowa high school students; grades 9-12 (21-22 academic year)

WHEN: July 17-21

WHERE: Central College; Pella, IA

PARTICIPATION FEE: \$325 if the application is submitted on or before May 15 (includes all meals, lodging and activities for the week); need-based financial assistance is available.

Business Horizons brings top-notch students from across Iowa to one place, and provides a positive learning environment for students to work together and solve problems of tomorrow. The week begins with student teams identifying a creative solution that becomes their new Iowa product. From there, teams are tasked to launch their business with their sights set on three culminating competitions: an investor pitch, infomercial, and "best product." Their teamwork is accompanied by a full schedule of dynamic speakers, valuable workshops, fun after-hours activities and more. Business Horizons promotes college and career preparedness, self-confidence, and insight into future pathways.

"Business Horizons is a camp reimagined. You meet great friends while learning about business. It builds people skills, public speaking, and leadership. No other camp can compare to how much fun this one is." – Brooke Seeliger, Southeast Polk HS (BH '21)

To register: Visit www.BusinessHorizonsIowa.com and click "Apply"

LEADERSHIP IOWA UNIVERSITY (College)

WHO: Current freshmen through seniors; attending college and/or interning in Iowa

WHEN: August 7-11

WHERE: Des Moines Area

PARTICIPATION FEE: \$500 (includes all meals, hotel lodging and activities for the week); need-based financial assistance is available.

Leadership Iowa University (LIU) connects our state's next decision makers with tools for professional and personal success. Participants discover a variety of opportunities for success right here in Iowa through various industry tours, networking events, group activities and more. Students leave the program with an enhanced view of their future and the confidence, qualities and know-how to get them there. They benefit from a significantly expanded network of Iowa professionals, as well as incredible friendships with like-minded student leaders across the state.

A number of participants each year are selected and supported by their summer employer as a capstone experience to a summer internship. Adding LIU to the opportunities for your intern is an excellent way to expose them to even more outside leadership opportunities, and showcase your investment in them as a potential future employee.

"Leadership Iowa University connected me to many great current and future leaders of our state. The experience confirmed my love for the State of Iowa and has given me a fuller vision of how I can contribute to future success here." – Garret Klyn, Iowa State University (LIU '21)

To register: Visit www.LeadershipIowaUniversity.com and click "Apply" ■



Business Horizons participants work together to solve problems of tomorrow.



Leadership Iowa University participants enjoy industry tours throughout Iowa.



Workforce is a Top Priority for the Governor and Legislature in 2022



JD Davis

Vice President, Public Policy
ABI
jddavis@iowaabi.org

We're in the thick of the 2022 legislative session and proposals to address Iowa's workforce shortage are numerous. Lawmakers from both sides of the aisle have filed legislation aimed at incentivizing, encouraging and helping Iowans take advantage of career opportunities employers are offering across the state. Addressing the workforce challenge is a top priority for ABI and we're pleased to see legislators put a significant focus on the issue this year. The Executive Branch is leading on this matter as well.

During her time in office, Governor Kim Reynolds has spearheaded many workforce initiatives that aim to break down barriers and help upskill Iowans so they can build better lives for themselves. Whether it's Future Ready Iowa, Manufacturing 4.0, STEM, or other policies, the governor has made workforce a focal point of her tenure.

During her Condition of the State address last month, Governor Reynolds announced she would be filing legislation that tackles subjects such as unemployment insurance reform, housing costs, child-care, licensing reform, tort reform and other key issues that taken together, unlock opportunities for Iowa's workforce. ABI is very much in favor of what she is offering to the Legislature and will be working with policymakers there to enact such measures.

ABI is leading the charge on unemployment insurance (UI) reform in particular. Iowa employers are the sole source of taxpayer revenues

to the Iowa unemployment insurance trust fund. These employer tax dollars are allocated in many ways in Iowa not experienced by business competitors in neighboring states. For example, Iowa does not have a one week waiting period for benefits. In fact, we're one of 11 states in the country that doesn't have this provision in our law. Iowa is also one of 13 states that does not simply replace a portion of an employed workers paycheck with benefits but instead increases benefits if there are dependents at home. Additionally, if an individual files a claim pursuant to a business closure, enhanced and lengthened benefits are automatically provided.

The governor specifically stated in her speech that she would be offering a proposal to eliminate the maximum number of months a claimant can receive unemployment insurance from 6 to 4. A separate proposal would enhance suitable work requirements to ensure the recently unemployed who are being offered similar jobs at similar wages take advantage of those opportunities sooner.

ABI is working to enact these reforms and others during the 2022 legislative session. With more jobs available than people on unemployment in Iowa, we need to ensure that everyone who is able and available to work has the opportunity to do so. We appreciate Governor Reynolds' continued leadership in making workforce a priority. ■

IN Iowa, WE DON'T JUST TALK ABOUT FILLING AMERICA'S SKILLS GAP.

Across the state, we're working to uncover new ways to build, cultivate and retain our skilled workforce – the fuel behind Iowa's commitment to growth and innovation. Look no further than **Norwalk**, which has grown 43% in the last 10 years and is primed for new expansion projects thanks to its readily available labor force and low business turnover rate. The **Quad Cities** offer an ideal balance, where residents appreciate a great life outside of work, and industry leaders value the skilled workforce and accessible location. And **Grimes** has become one of the fastest growing suburbs in Iowa thanks to an affordable lifestyle, ample housing availability and an influx of new industries, including the light industrial sector. With forward-thinking communities, business-friendly regulations and innovative program that complement our strong work ethic, Iowa is poised for meteoric growth in 2022 and beyond.



COMEBACK FROM COVID

IOWA BUSINESSES OPTIMISTIC ABOUT 2022



ABI Vice Chair Kim Augspurger and Board Member Jack Carra talk about changes in their industries since COVID.

BY GIGI WOOD

There may be another blizzard or two ahead for Iowans this winter season, but spring is right around the corner. Soon enough, everyone will be spending more time outdoors. Cold and flu season will be over. With new medicines available, the impact of COVID-19 will lessen. It may be a long time before life returns to pre-pandemic normal, but during the next few months, the light at the end of the tunnel will start to become visible.

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As more people become vaccinated, as more therapeutic treatments become available for COVID and as cases from the latest variant dissipate, businesses remain hopeful that employees continue to return to jobs and customers will likely return to favorite storefronts and shops. That's the hope.

Although the past couple of years have been far from a fairytale, manufacturers in Iowa are starting to see that light, too. According to the latest Iowa Association of Business and Industry (ABI) Quarterly Business Survey, 76% of manufacturers expect sales to expand during the first quarter of 2022. Half of the respondents expect to increase hiring and 76% plan to make capital expenditures during this quarter.

"According to ABI members in our latest survey, the next months look quite positive," said Mike Ralston, president of ABI. "Seventy-six percent expect increased orders and that same amount plan to make capital expenditures. This is big news for Iowa."

HOW OPERATIONS CHANGED DURING COVID

The pandemic has changed the way many Iowa businesses operate. In some cases, employees were absent from or left their jobs, whether it was due to illness, early retirement or to take over child care duties. In other situations, if it was possible for employees to complete their work from home, most did. Businesses with employees working in the office were faced with the challenge of reorganizing work spaces to allow for social distancing.

CONTINUED ON PAGE 8





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CONTINUED FROM PAGE 7

“I hear from a lot of members that COVID has changed their operations in many ways, but two in particular,” Ralston said. “First, it has exacerbated their workforce issues. With folks being out due to illness or isolation due to exposure or the need to take care of family members, keeping employees on the job is even more difficult.”

Iowa companies have worked diligently to create safe workspaces for employees, he said.

“ABI members want to ensure the safety of their employees and their families, but the pandemic has made workforce issues even tougher.”

Another challenge of the pandemic is supply chain constraints. Companies are often unable to receive raw materials to produce products, and shippers have at times been unable to deliver goods.

“Due to factors caused in part by COVID, getting materials and parts is tougher than ever,” Ralston said. “There is no more just-in-time-delivery. If companies can find parts or materials at the right price, they buy them now and get them on their lot. They also keep more finished product on hand so that they can be sure they can fill orders.”

At insurer AssuredPartners, with 10 locations and 400 employees across Iowa, many things changed during the pandemic, according to Jack Carra, senior vice president of the company.

They, too, shifted to remote work and applied safety measures at offices.

“We also adopted new safety protocols for those employees who do come into the office, including making PPE (personal protective equipment) available and rotating in-office days to allow for social distancing,” Carra said. “Our employees’ safety is top of mind, and it is important to us that they know that and feel safe coming into work.”

NEW TECHNOLOGY AND ITS RISKS

At AssuredPartners, the fifth-largest independent property and casualty broker and 11th-largest overall in the country, the company turned to technological solutions during the pandemic.

“For an industry that is typically slow to adopt technology, we quickly got comfortable using new tech tools,” Carra said. “Remote work and reliance on technology – the same things that changed at AssuredPartners – have changed in our industry. We adopted quickly and found that our clients appreciated our guidance on establishing remote work guidelines and implementing new safety protocols.”

More globally, that shift by employers everywhere to technology and remote work settings has led to an increase in cybercrime, he said.

“Unfortunately, increased use of technology has resulted in a significant increase in cybercrime,” Carra said. “We are doing a lot more consulting on cybersecurity and working with our clients to build the right cyber program to help protect their business.”

The insurance industry has experienced several supply chain challenges, as well.

“Labor challenges have slowed down manufacturing and distribution,” Carra said. “Cybercrime can have a devastating and direct impact on supply chain. Huge increases in the cost of raw materials force claim costs up, and when materials are more difficult to obtain, claim longevity increases.”

Claims have also increased, mostly due to larger, more frequent weather events across the country.

“There has been a big jump in claims, largely due to extreme weather. But it’s not just the number of claims that have gone up; claim costs have gone up tremendously,” he said.

The outlook, however, is bright, according to Carra.

“I believe it will be more of the same, but better,” he said. “Better because we’re getting more comfortable at adapting to constant change. Technology

keeps improving, along with our ability to navigate a more dynamic environment. Like most, we've stepped out of our comfort zone, which is great. Being uncomfortable is a good thing; it's a great way to challenge yourself as a professional to continue to grow."

CHANGING SPACES

Not only have employers been changing workspace decor and layouts, but office furniture companies have also undergone changes, said Kim Augspurger, former owner of commercial interior company Saxton.

During the pandemic, Saxton was acquired by a competitor, Pigott. It was one of many mergers and acquisitions in the industry in recent years, said Augspurger, who serves as a consultant to Pigott.

"Our industry has seen a significant number of changes due to the global pandemic. One of the more significant events for Saxton was when our major manufacturer, Knoll, was acquired by one of their competitors, Herman Miller, on July 19, 2021," Augspurger said. "This set a number of industrywide mergers and acquisitions in motion. John Stenberg, president of Pigott, and I decided to join forces as a result of our manufacturers coming together."

Furniture manufacturers have especially been affected by supply chain disruption, she said.

"The combination of labor and material shortages is putting pressure on our manufacturers. We are seeing price increases, longer lead times and larger punch lists on our projects," she said. "We are working with our clients and alliance partners to allow more time to complete their projects, shipping product before we need it and developing contingency plans and options."

With strategic planning, Saxton has continued to fulfill orders for customers, even as the company itself has transitioned to remote and remote-hybrid work.

"We are committed to keeping our staff safe, yet connected to the organization," Augspurger said. "We have sent out a daily email to all staff to keep them connected. At first that communication was more focused on COVID-19, but now the communication is focused on celebrating all that we accomplished in a given day, the power of our core purpose and core values, as well as progress of our work."

At offices across the country, there has been increased focus on workspaces, not just for social distancing but also to attract new workers to businesses.

"People are a company's most important asset, especially in a knowledge workforce," she said. "Millennials will represent 75% of the global workforce by 2025. They place a high value on space, well-being and flexibility. As we all move toward a post-pandemic economy, the war for talent will be won by companies that create organizations and spaces where their people are inspired and able to thrive."

During the coming year, Augspurger expects to see more Iowa employers focus on layout and design as workers return to the office.

"We are seeing clients embrace a 'people first' approach to their space," she says. "They are reimagining their space. It has more of a hospitality feel to it, with a lot of choice. Safety and employee well-being are top priorities."

And as that demand for office furniture continues, so will supply chain challenges, she said.

"I think we will continue to see extended lead times, price increases and disruptions in the delivery process," Augspurger said. "These issues can be minimized with good planning that includes contingency thinking and allowing time in the project schedule for what will surely be unexpected issues." ■

WHO NEEDS HOUSING?

MANY HARD WORKING IOWANS IN POSITIONS LIKE THESE EARN LESS THAN WHAT IS REQUIRED TO AFFORD A MARKET RATE APARTMENT AND UTILITIES IN IOWA, WITHOUT BEING HOUSING COST BURDENED.



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CALENDAR OF EVENTS - 2022

MARCH 3

Connecting Statewide Leaders
Council Bluffs

MARCH 3-4

Leadership Iowa
Council Bluffs

MARCH 8

Day on the Hill
Iowa Association of Business and Industry | Des Moines

MARCH 30

Pre-employment Testing Process Seminar
Iowa Association of Business and Industry | Des Moines

APRIL 7-8

Leadership Iowa
Decorah

MAY 5-6

Leadership Iowa
Iowa City

JUNE 14-16

Taking Care of Business Conference
Dubuque

JUNE 14-16

Leadership Iowa Graduation
Dubuque

JULY 28-29

Okoboji CEO Forum
Okoboji

AUGUST 29

Executive Open Golf Outing
West Des Moines

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



GET TO KNOW

Please welcome Kelsey Smith to ABI

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EVENT REWIND

**Legislative Briefing & Reception
JANUARY 12 | COMMUNITY CHOICE
CREDIT UNION CONVENTION CENTER**

Over 300 people gathered at the Community Choice Credit Union Convention Center in Downtown Des Moines on Wednesday, January 12 as ABI hosted its annual Legislative Briefing and Reception.

The Legislative Briefing was highlighted by remarks from ABI Vice President Public Policy, JD Davis, ABI Director Public Policy, Brad Hartkopf, ABI President, Mike Ralston, and ABI Executive Vice President, Nicole Crain. The ABI public policy team previewed the 2022 Iowa legislative session and unveiled ABI's 2022 legislative priorities: workforce, tax reform, infrastructure and regulatory reform. Attendees were challenged to get involved by participating in the annual ABI Day on the Hill on March 8, signing up for a public policy committee, attending regional meetings in May, donating to Iowa Industry Political Action Committee (IIPAC) and donating to Iowans for Jobs Initiative.

The Legislative Briefing was followed by the Legislative Reception where ABI members, legislators and business leaders from all over the state took advantage of the opportunity to connect with state officials. The reception is one of the best-attended events of the legislative session and ABI's second-largest annual event. ■



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We congratulate Bridget Penick on her induction as a Fellow of the Iowa Academy of Trial Lawyers.

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