

Business Record

IOWA



IN PARTNERSHIP WITH
*Iowa Association of
Business and Industry*

September 2022

IOWA MANUFACTURING

HOW THE INDUSTRY IS FARING AND IDEAS FOR THE FUTURE



*Hank Norem, President, Ramco
Innovations (left) and Scott Walter,
President & CEO, EFCO 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 VIEW FROM THE TOP

Members on Mission: Stay Involved in Public Policy



Kim Augspurger
*ABI Chair
 Pigott
 Des Moines*

This edition of Business Record Iowa is focused on the State of Iowa Manufacturing, so allow me to note that the annual ABI Manufacturing Conference (October 5) and the annual Legends in Manufacturing Awards Dinner (the preceding evening, October 4) will be held next month. These events include terrific programming and are truly a celebration of Iowa manufacturing. I hope both are already on your calendar. You can find out more at www.iowaabi.org.

Another vital issue at ABI right now is the association's public policy work. The most important part of that work is the strong participation by ABI members in the development of and advocacy for policies that help Iowa grow.

When the annual policy development process is completed at this month's board meeting, hundreds of members will have participated in one or more venues throughout the state. That is terrific participation and it sets the stage for the real work that follows. Communication with state administrators and elected officials of both parties across Iowa was key.

You and your fellow ABI members are the key reason that ABI has experienced its award-

winning public policy success over the past several decades. ABI has been fortunate to have some of the best public policy experts as staff members over the years and the current team is no exception. But even they tell us that you and your employees are critical to success.

Legislators and state officials want to hear from you. They want to see your operations, meet your employees, and learn about your business. They want to support policies that will help you grow your business and create jobs. The best way to help them do that is to invite them in to your facility. When you do, you are doing the most important thing you can do to help advance ABI's public policy agenda.

Thank you for your strong participation in ABI's policy work, and thank you in advance for your work with your legislative delegation. Together, we can advance ABI's mission: to nurture a favorable business, economic, governmental and social climate within the state of Iowa so our citizens can have the opportunity to enjoy the highest possible quality of life. ■

EXPERT ADVICE

Manufacturing Planning in an Unpredictable World

Our fourth consecutive year of major uncertainty amplifies the challenge of planning in manufacturing.

Too many questions remain regarding the economy, inflation, interest rates, supply chains, and geopolitical issues to know what 2023 will look like. One technique to help prioritize is to think past the uncertainty: In 2026, what will you wish you did in 2023?

Our assessment of the state of manufacturing in Iowa identifies some key needs leaders need to address now to thrive in 2026:

- 1. Focus your workforce efforts on two to three initiatives that you can do well.** Targeted initiatives with company-wide engagement such as changing your shift policies to meet working parent needs are more effective than scattered initiatives hoping for a win.

- 2. Build your leadership pipeline.**

There are 15% fewer Iowans between the ages of 45-55 than 55-65. As the latter group begins to retire, leaders will have to reach for less experienced people to fill key executive positions.

- 3. Reprioritize Growth.**

Manufacturers released fewer new products and shifted away from export markets during the past two years. Re-investing in long term growth opportunities will improve resiliency.

- 4. Invest in flexible technology.** Technology is continuing to accelerate, so when choosing technology investments, look for solutions that are designed for connectivity and upgrades.

We may not know what 2023 has in store for manufacturing, but we do know that continuing to build your foundation will help you respond to whatever comes next. ■



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CULTIVATING IOWA'S TALENT CONTINUUM

The Best Weeks of Summer!

**Kendall Antle**

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And just like that, summer has come and gone. Students find themselves either returning to classrooms or moving back to campuses across the state to further their education. As they adjust to new schedules and daily routines, students won't be the only ones reminiscing on summer.

This summer, the Iowa Association of Business and Industry (ABI) Foundation hosted its 39th Business Horizons program (July 17-21) and 13th Leadership Iowa University program (August 7-11). Both these annual programs immersed students in what we define as "opportunities-awareness" curriculum. Students not only learned about themselves and developed key connections and skills to enhance their future, but also gained insight into opportunities they never knew existed in Iowa.

BUSINESS HORIZONS

This action-packed week brought together 51 high school students from all four corners of the state (even a few beyond Iowa's borders) to Central College in Pella. Students identified real-world problems to collaboratively tackle together while simultaneously attending breakout sessions, interacting with industry professionals, and touring local businesses. Amelia Bowen, junior at Oskaloosa High School, served as the class speaker. In her remarks, Amelia highlighted (1) what she took away from Business Horizons and (2) why it's important for future students to attend Business Horizons.

"During Business Horizons, I was reminded that teamwork really does make the dream work. Minds spoke their opinions and something magical came of it – all because we gave teamwork its time to shine. Future students should attend because you acquire new insights on not only the world of business, but the real world in general. Take new opportunities, meet new people, be OK not being the one to call all the shots, and listen to everyone around you."

– Amelia Bowen, junior student at Oskaloosa High School

LEADERSHIP IOWA UNIVERSITY

This fast-paced week brought together 21 emerging professionals representing eight different higher education institutions to the Des Moines metropolitan area. By way of networking events, engaging round-table discussions, and business visits, these student leaders discovered why Iowa is the ideal place to both live and work.

"Leadership Iowa University taught me that being vulnerable is not a weakness, it is courageous. Future students should attend because the relationships you form, the knowledge you gain, and the skills you develop during this program are anything but temporary. Growth only comes when you stretch outside of your comfort zone. Just like rubber bands, the more you stretch them the greater they grow in size."

– Jordan Rios, sophomore at Iowa State University.

The passing of summer is also a time for the ABI Foundation Team to breathe a sigh of relief. It is in that same breath, though, that we extend our sincerest heartfelt thank you to each of our sponsors, volunteers, speakers, and local businesses for empowering students along their pathway to professional success. Your contributions undoubtedly solidified these programs as the best weeks of summer!

The ABI Foundation cordially invites your business to join its growing list of community sponsors. Your involvement is integral to the development of Iowa's emerging business and civic leaders. There are multiple sponsorship levels available to choose from. To learn more about how to become a sponsor, please contact foundation@iowaabi.org ■

TOP TIPS

4 Simple Ways to Encourage Employees to Focus on Their Mental Health

**Audrey Faber**

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Stress and poor mental health can take a toll on employees and may result in negative outcomes including decreased productivity, communication challenges, and loss of physical ability to perform tasks. Increasing awareness of mental health in the workplace can create a more inviting environment for employees— here are 4 simple ways to encourage employees to focus on their mental health!

1. Promote EAP Benefits Frequently

Employee Assistance Programs (EAPs) provide resource that help employees cope with a variety of stressors both at work and at home. EAPs are confidential and employees can freely discuss their concerns with their EAP representatives.

2. Check in with Your Employees Regularly

Checking in with employees allows employers the opportunity to assess how everyone is doing. Employers can encourage employees to take advantage of their benefits by frequently promoting the EAP and any additional available resources.

3. Help Promote a Healthy Work-Life Balance

Encourage employees to take advantage of holiday and vacation time. Taking a break can be refreshing and re-energizing.

4. Discuss Mental Health in the Workplace

Openly talking about mental health may help reduce the stigma. Employees who feel more comfortable about their mental health are more likely to seek out help, which can lead to proper treatment.

So, where to begin? Engaging the help of an employee wellness program or wellness committee is a great way to start promoting mental health awareness among employees. We encourage you to start implementing these four ideas to create a more inviting space for your entire company! ■



Engaging Manufacturers and Manufacturing Employees in Public Policy

This edition of Business Record Iowa comes just one week ahead of the September ABI Board of Directors meeting. This meeting is the first for new board members, but the last step in the ABI policy development process. The board has the responsibility to approve the 2023 policy positions and priorities for the association. This year, when you include all members of the ABI Board of Directors, hundreds of employees of member companies have participated at some stage in the policy development process. This 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 prepared for both the 2022 Iowa Legislative Session and even years prior, the main concerns have been around workforce and taxes. Whether its child care, workforce housing, the reduction or elimination of corporate, unemployment or retirement income taxes, ABI has been at the forefront 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 in providing certainty for employers.

One key piece to a pro-jobs environment is an engaged electorate. Iowa has some of the highest rates of voter participation in the country as 76 percent of registered voters participated in the 2020 election. But we can do even better, especially in off-year elections and when 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 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 during Employee Voter Registration Week 2022, September 26 – 30. If you don't have something planned yet, it's not too late. You can find more information and resources online at www.employeesvote.com, or you can contact me with questions at jddavis@iowaabi.org. With more employers participating, we can ensure more individuals are voting in the elections, whether it's for the local school board, Iowa Legislature, Congress or the Presidency. ■



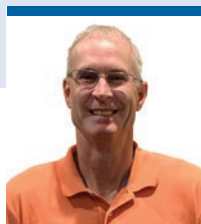
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Do More With Less: Three Tips to Handle the Industrial Workforce Shortage

By 2025, it is expected that 2.7 million baby boomers will retire, and two million jobs will go unfilled. If this is correct, doing more with less will not just be a goal. It will be a necessity. To prepare for the workforce shortage, while still achieving your company goals, check out these three tips to do more with fewer people.

TIP 1: TRAIN YOUR PEOPLE

While there is strength in numbers, knowledge is power. Employees who are well-trained in their roles and confident in their skills will be able to do their jobs more efficiently by producing more in less time. In addition to improving employee retention, 48 percent of organizations see bottom-line growth from training—or reskilling—their employees, and 73 percent see higher employee satisfaction.

Training opportunities, like Rockwell Automation courses, custom courses and more, will allow your employees to learn, grow and

retain knowledge. If an online learning option would work better, check out Rockwell's Learning+, where you can learn at your own pace or attend virtual classroom sessions with instructors, labs and Q&A sessions.

TIP 2: SUPPORT YOUR PEOPLE WITH OUTSIDE RESOURCES

Whether it is remote or on-site support, utilizing outside support means you do not need to employ an expert in every area of your operation. Instead of paying an extra person's salary to be available around the clock, use remote technical support and have access to experts via phone and chat 24/7/365. Why pay someone year-round to do a specific task when you can outsource that job only when it is necessary? For example, Van Meter offers on-site support services like drive startups, preventative maintenance, safety audits and more. By using outside resources to help with specialized tasks, you can do more with less.

TIP 3: UTILIZE TECHNOLOGY

Augmentation is about using technology to make your workforce more productive. Do your current operations require a lot of people to do a lot of repetitive tasks? Automating

those tasks allows you to do more work with fewer people and lessens the risk of workplace accidents. For example, if the task is taking a product from a conveyor belt and placing it in a box, have a robot do it instead of a person. The result will be the same—the product will be in the box—but robots will not ask for a salary, they do not have to take breaks and they will not get injured.

Additionally, if a new employee is learning a task, Augmented Reality (AR) can help. Instead of asking another employee to instruct them and losing that person's production, AR overlays digital content—like instructions or drawings—onto the real-world environment. In this case, new employees could see instructions and directions and perform tasks simultaneously.

Where could your workforce be more efficient? Contact us at 1-800-247-1410 to book a training, schedule a support service call or ask about technology that can help you do more with less.

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IOWA MANUFACTURING

How the industry is faring and ideas for the future

BY HAILEY ALLEN

Iowa's manufacturing industry produces a broad range of items, from food and beverages to chemical products and machinery. While each sector has its own unique challenges, looking at the industry as a whole can help identify patterns worth noting and make predictions about the future.

We spoke with three business leaders to discuss what challenges they're still facing post-pandemic, what new improvements they see bringing positive changes, and what's on the horizon for the industry.

FACING CHALLENGES

If it hasn't already been talked about enough, the manufacturing industry as a whole is still feeling the effects from pandemic-related supply chain issues and labor shortages. But these issues we've been hearing about for over two years can look different in each sector.



Gretchen Spear, regional government relations manager at International Paper, said the company is seeing shortages the most in transportation. International Paper produces paper and packaging products, with four facilities in Iowa including a paper mill, two box plants and a recycling facility. Spear said delays at ports, a lack of rail cars and a shortage of truck drivers are among the challenges of shipping products between facilities and to customers.

"We spend about \$2 billion annually to ship our products throughout the U.S. and to our global customers. So transportation has a huge impact," said Spear.

Ramco Innovations, an industrial electrical and electronics equipment supplier in West Des Moines, is facing volatile pricing structures as a result of supply chain backups, labor shortages and inflation combined, said Hank Norem, president.

"We can't count on fixed pricing. There's surcharges popping up that we didn't used to see, and multiple price increases where it used to be one per year," he said.

Scott Walter, president and CEO of EFCO Corp. in Des Moines, said his company is finding it hard to source employees skilled in manufacturing disciplines like welding and machine operating. EFCO provides products and services to the construction industry for the forming and shoring of concrete. "The problem is not yet people leaving the workforce, but it is being able to bring in new people to anticipate that. We've had to cast a wider net."

POSITIVE IMPROVEMENT

Not everything is bleak, however. One thing is for sure: Out of the struggles of the past come improvements for the future. Learning to adapt and seek solutions to the above mentioned problems has created a cache of knowledge that companies can now refer to when issues arise.

According to Norem, "Companies are more focused on project management because they know time is money, and labor and components are short. They can't afford to make missteps in their planning processes."

Making a conscious effort to reduce errors and limit waste not only saves money on material costs, it helps out the planet too. In fact, many companies are shifting their focus toward eco-friendly goals.

One example is International Paper's "Vision 2030" initiative, in which the company aims to achieve a variety of community and environmental targets. Sustainability goals include reducing greenhouse gas emissions by 35%,

reducing water use by 25%, and sourcing from 100% sustainably managed forests and recovered fiber.

"Our Cedar Rapids paper mill is the largest 100% recycled paper mill in the Americas," Spear said. "We are diverting 1.1 million tons of paper and cardboard boxes from landfills annually."

EFCO Corp. is also trying to eliminate waste and more fully utilize their assets. Walter said the company is currently using about 85% renewable energy in manufacturing its products, and is hoping to increase that percentage.

PREPARING FOR THE FUTURE

Beyond making improvements now, the manufacturing industry is also looking ahead for possible oncoming challenges and opportunities. As inflation remains a topic of conversation, some are trying to plan accordingly.

"We call it 'the new normal' in manufacturing. I think that we learned so many lessons and nobody ever wants it to happen again, so we'll always be looking for new and better ways to innovate," said Norem. "That's another positive – companies have been much more open about sharing best practices amongst each other."

For International Paper, predictions are tougher to make. At the start of the pandemic, there was a spike in e-commerce as many households turned to online ordering for their goods. This required more shipping and therefore more boxes. International Paper saw this demand for boxes increase and has kept up its pace to meet it.

"Now we are looking at where this demand will go. As consumers, we all became accustomed to clicking that box to order and have it arrive in two days," said Spear, adding that it's hard to predict how the demand will change in the face of new challenges like inflation.

"Our team is optimistic. They're not distracted by predictions of recession. We're preparing for the labor situation to remain the same or continue to get worse, so we continue to invest in new technology and automation," Walter said.

Automation is another area where many in the industry are looking to expand. Norem predicts that more and more companies will increase their use of automation tactics as they begin to understand the benefits. Ramco Innovations is currently providing automation training for its customers, who Norem said are short-staffed and therefore need additional in-house training.

THINKING LONG-TERM

The labor shortage is on everyone's radar, but tackling the problem may require some endurance. Beyond investing in automation, companies have been looking at ways to attract young talent to the industry. This involves starting with students to prime the market for the coming years and future generations.

"STEM initiatives that you see in middle school and high school are really going to pay off longer-term, because each crop of students that are coming in seem to really like to get their hands on products, and innovate and work in that type of setting," said Norem.

Beyond the grade school curriculum being in their favor, many companies work at the college level to offer internships, co-ops, job shadows and other work-study initiatives to show students what manufacturing has to offer.

"I think more students will find manufacturing as an attractive field to enter. The 'dirty job' mentality is getting displaced by this high-tech environment where they want to learn and innovate," said Norem. ■

Hank Norem, President, Ramco Innovations (left) and Scott Walter, President & CEO, EFCO Corp.
Photo by Duane Tinkey



EMBARRASSED EXECUTIVE

What can be done to address workforce challenges?



Jack Carra

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Q. WORKER SHORTAGES HAVE BEEN A PERSISTENT STRUGGLE. WHAT CAN BE DONE TO ADDRESS THE CHALLENGE?

Worker shortages have been an ongoing challenge even before the pandemic. Nearly 75% of employers list recruitment and retention as one of their top business challenges - a problem that is expected to continue through 2022. Given the high cost of losing an employee, retention should be an employer's top priority.

Employee retention is strongly connected to employee satisfaction; however, employers often focus on why employees leave. But when a company understands why employees stay, they can make adjustments to reinforce the qualities employees like most. In addition to compensation and benefits, many factors play into employee retention:

- Trust in leadership and the organization
- Professional development opportunities
- Meaningful work
- Recognition and respect
- Workplace camaraderie
- Company culture

There are many ways for employers to show up for employees and enhance the workplace experience.

- Onboarding: An employee's first 90 days are critical. Employees guided through a well-thought-out, consistent onboarding experience will be set up for success.
- Employee Engagement: Employees want to know that their work is meaningful and that their ideas are heard and respected.

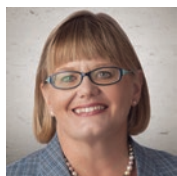
- Employee Communication: Employees who can openly communicate with management are more likely to value the work and company.
- Learning and Development: Besides helping close the skills gap, companies with strong learning cultures boost engagement and retention and reduce turnover costs.
- Remote and Hybrid Arrangements: Flexible working arrangements aren't ideal for every role, company, or industry, so employers must explore potential options and trade-offs.
- Company Culture: Typically associated with the way interactions take place among employees, company culture is defined by its leadership, communication methods, wellness offerings, environment, corporate vision, and social aspects. Location doesn't matter because authentic culture is based on the values that unify the workplace and employees.
- Workplace Safety: Proactive and effective safety efforts may help an organization recruit and retain employees.
- Employee Benefits: Companies that are finding new ways to innovate and evolve their existing benefits have an advantage in standing out to employees.

Compensation, benefits, and workplace flexibility are top priorities for today's workers, creating a competitive environment for organizations to vie for talent. Employers can stay one step ahead by understanding today's labor challenges and monitoring talent trends, which can inform strategies to effectively meet the unique needs of current and prospective employees. ■

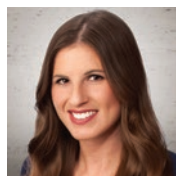
WORKPLACE BALANCE REIMAGINED

Business leaders and HR professionals are invited to our Annual Employment & Labor Law Seminar:

Friday, October 28, 2022 at the Embassy Suites by Hilton Des Moines Downtown. For details, visit fredlaw.com/iaemployment.



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Iowa knows how to make it happen (and how to make just about anything). From food products to aerospace electronics, our advanced manufacturing industry brings Iowa innovation to the world. Iowa's Manufacturing 4.0 initiative keeps our manufacturers on the leading edge with an action plan geared toward diversifying portfolios, increasing productivity and scaling up operations. The fourth industrial revolution is here, and we've fully embraced it. Learn more at IowaMFG.com.



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CALENDAR OF EVENTS - 2022

OCTOBER 4

Legends in Manufacturing Awards Dinner

FFA Enrichment Center | Ankeny

OCTOBER 5

Manufacturing Conference

FFA Enrichment Center | Ankeny

OCTOBER 5-7

Leadership Iowa

Jefferson

NOVEMBER 10

State of Manufacturing: Supply Chain Challenges

Atlantic

NOVEMBER 15

Supply Chains in Times of Chaos

Oskaloosa

JANUARY 11, 2023

Legislative Briefing and Reception

Iowa Events Center | Des Moines

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



EVENT PREVIEW

Top Reasons to Attend the 2022 Manufacturing Conference

The 2022 Manufacturing Conference and Legends in Manufacturing Awards Dinner is just over a month away. Here are three top reasons to attend:

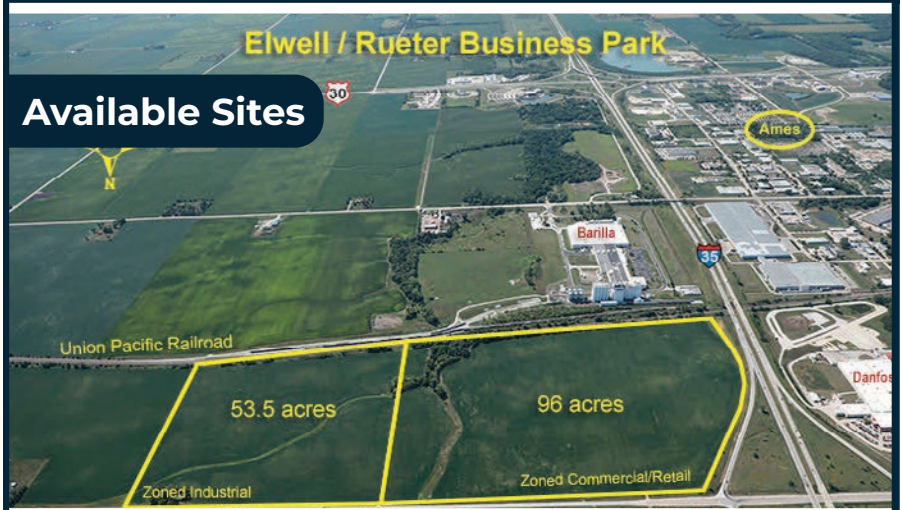
Learn from the experts: This year's keynote speaker is Gage Kent - Chairman and CEO of KENT Corporation, which is headquartered in Muscatine, Iowa. Attendees will also hear from a panel of manufacturing leaders about challenges and opportunities facing the manufacturing industry. The panel will be moderated by Debi Durham, Executive Director of the Iowa Economic Development Authority (IEDA) and the Iowa Finance Authority (IFA).

Meet new mentors, peers and potential clients: More than 200 business leaders and professionals are expected to attend. Meet and build relationships with manufacturing leaders from across Iowa in one spot.

Celebrate Iowa legends in manufacturing: Manufacturers from across the state will gather the night of October 4 to celebrate icons in the industry at the Legends in Manufacturing Awards Dinner, organized by Elevate Iowa, a program of ABI.

The Manufacturing Conference will take place Oct. 5, at the FFA Enrichment Center in Ankeny. Registration for both the Manufacturing Conference and the Legends in Manufacturing Awards Dinner is available here: www.iowaabi.org/abimfg. ■

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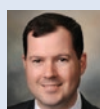
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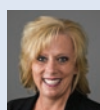
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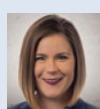
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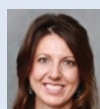
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Typically, one of the biggest assets in a person's gross estate is their closely held business — often exceeding 50% of the owner's total net worth. Owners may spend decades building up their business yet neglect to develop a long-term plan to monetize the value of the business for retirement purposes. The absence of a succession plan can lead to regrettable results, both financially and personally.

Succession planning involves tax planning, valuation services, possible brokerage services, and more. To help promote a successful transition and avoid potential landmines, work with a professional advisor who can help you navigate the complexity and begin your succession plan early.

The value of a business is essentially the present value of the business' future cash flows. Cash flows are the most important factor in valuing the business. When you boil down business valuation theory, value can be enhanced in two main ways: 1) increased cash flow growth; and 2) decreased risk associated with those cash flows.

DEVELOP AN APPROACH FOR INCREASING CASH FLOWS

In most cases, the higher the expected growth rate of the future cash flows, the higher the multiple applied to the cash flows to arrive at value. Part of a complete succession plan includes a full analysis of the business's financial operations and creating a strategy to enhance profit margins and lower expenses.

Starting your plan years before the exit event can allow you to make necessary changes to help create a growth trend year over year, thus providing support for a higher value multiple. During this time, a qualified professional can help you identify market opportunities, employ tactics to help increase operational efficiencies, and align strategic thinking with the core ideals of your business.

REDUCE RISK TO INCREASE THE VALUATION MULTIPLE

Mitigating known and unknown risks go hand-in-hand with increasing the value of a business. Some obvious risks include the economy, industry factors, and competition.

However, proactive planning can reveal risks owners may overlook, such as:

- customer concentration
- supplier concentration
- key person issues (even the owners themselves)
- legislation that could impact the business
- cybersecurity threats
- depth of management

With a complete understanding of the value of your business and a well-thought-out exit strategy, you increase your chance of getting the value you deserve for the decades of work and sacrifice that you have put into the business.

For more information on succession planning in Iowa, contact Sahan Totagamuwa at sahan.totagamuwa@CLAconnect.com or Timothy Muehler at timothy.muehler@CLAconnect.com.

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