

Manufacturers celebrate success at record-breaking annual meeting

A record-breaking crowd of nearly 250 representatives from local industry, business and government came out for the 2005 Lowcountry Manufacturers Council's Annual Meeting & Dinner at Charleston Place Hotel on October 6. The annual event is an opportunity for guests to network, socialize, enjoy the food and drink, and most importantly, to celebrate the success of the LMC.



Prudence and Bill Finn of AstenJohnson and Bob Pitts, Ph.D. (right) of the College of Charleston.

The highlight of the 2005 event was the keynote address given by Mr. Charles E. "Gus" Whalen of The Warren Featherbone Foundation and the Warren Featherbone Company. His address entertained and enlightened the audience on how his family's business has survived and adapted to the changing market for over 122 years as he answered the question, "What's next?"

In its remarkable history, Mr. Whalen explained that Warren companies have been active in manufacturing, banking, agriculture, publishing and philanthropy. He pointed out that he believes that change and crisis are inevitable "dangerous opportunities". He noted that for many years, manufacturers have faced difficult challenges and uncertainty. For many businesses and individuals, it is a time for renewal.

Mr. Whalen offered a fascinating and inspirational look at how his company has evolved and remained in business. Despite a series of crises, Warren Featherbone, continues to flourish. Mr. Whalen shared how, along the way, he found that the key to his company's successes relied both on the product as well as the process: adapting to change, seeing the unseen, thinking long term, and keeping an eye on the little things. Mr. Whalen noted that he believes that succeeding in business today is all about interdependence, staying connected, and learning how to communicate these concepts at all levels of an organization and the supply chain.



Keynote speaker Charles E. "Gus" Whalen of The Warren Featherbone Foundation delivers his address.

Mr. Whalen is the author of three books. *The Featherbone Principle: A Declaration of Interdependence* was published by the Foundation in 1996 and reprinted in 2001. His second book, *The Featherbone Spirit, Celebrating Life's Connections* was published in 2000 and includes a special supplement on the role and work of foundations in America. *The Gift of Renewal*, his most recent book, was published in 2003.

The annual meeting also served to recognize South Carolina's Industry Appreciation Week, which focused on global opportunities and recognizing the regional, national and global importance of manufacturing.

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LMC & SCMA host legislative event



From L to R: Ines Schmelzer and Ron Paquette of Hubner Manufacturing; Cody Baker of CMCI; Lewis Gossett of the SCMA; and Speaker of the House, Rep. Bobby Harrell.

LMC members, representatives from the South Carolina Manufacturers Alliance (SCMA) and local legislators gathered at the Harbour Club in downtown Charleston on October 27 to discuss important legislative issues affecting manufacturers. By partnering with the SCMA, the LMC hopes to give Lowcountry manufacturers a stronger voice in legislative affairs.

The SCMA works to preserve and promote the economic health of manufacturing in SC. They work to communicate and educate state and local officials and the public on issues of importance — emphasizing that by maintaining strong manufacturing industries in the state, the economy will also remain strong.



Rep. Thomas Dantzier (middle) joins Jim Miller (left) and Marion Phillips (right) of Lanxess.

See the SCMA Legislative Agenda on Page 2.

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2006 SCMA LEGISLATIVE AGENDA – ENSURING MANUFACTURING COMPETITIVENESS FOR THE FUTURE

ECONOMIC DEVELOPMENT

- ❖ SCMA is assembling an economic development package for manufacturers that will focus on three main concepts: (1) incentives for existing industry, (2) incentives to attract new industry into our state, and (3) incentives for companies to locate their corporate headquarters in South Carolina.
- ❖ The SCMA is sponsoring a benchmarking study to examine the current economic development climate in our state.

TAXES

- ❖ Property Tax Reform – Property taxes are one of the hottest issues in the state this year, and members of the General Assembly are adamant that they will act in 2006. The SCMA has been involved early in the process and will safeguard manufacturing exemptions and incentives.
- ❖ Gas Tax Increase – The SCMA is opposed to any gas tax increase proposal.
- ❖ Cigarette Tax Increase – The SCMA is officially neutral on any cigarette tax increase. We agree that the Medicaid funding situation is at a crossroads and may in fact need substantial new funding.

WORKERS COMPENSATION

- ❖ The SCMA is making a strong push for a comprehensive workers' compensation reform package. Our members are experiencing huge premium increases, and this State is rapidly moving down the list of states with favorable comp rates.
- ❖ Second Injury Fund – The SCMA maintains its opposition to abolishment of the Second Injury Fund, reserving the right to reevaluate this position if substantial workers' compensation reforms occur.

TORT REFORM

- ❖ The SCMA supports legislation that will put a cap on non-economic damages and punitive damages for businesses. Although a significant tort reform bill passed last year that addressed issues related to venue, joint and several liability, and post judgment interest rates, the SCMA maintains that comprehensive and meaningful reform is not complete without reasonable limits on non-economic and punitive damages.
- ❖ The SCMA supports Appeals Bond Reform legislation. The tort reform coalition, South Carolinians for Civil Justice Reform, is proposing a bill that sets an appeals bond cap at \$10 million or 50 percent of the appellant's net worth. 21 states have a cap and 9 of 11 southern states have a cap.

EDUCATION

- ❖ The SCMA supports the South Carolinas Technical School System's funding priorities and budget request. Recognizing the importance of the Technical Schools System to manufacturers and the need for more predictability into the system's yearly funding, the SCMA has made it a priority to assist the Technical School System in its quest for a stable source of funding, as it relates to lottery scholarships for its students
- ❖ In addition, given the demonstrated success of the program to date and its remarkable potential to spur economic growth in the future, the SCMA supports the Endowed Chair Programs and will oppose any efforts to reduce its funding.

HIGHWAY FUNDING

- ❖ As noted above, the SCMA strongly supports additional state appropriations to go directly towards maintenance and repairs of the State's roads and bridges.

PORT EXPANSION

- ❖ After hearing presentations from the South Carolina Ports Authority as well as representatives from Jasper County and SSA Marine, the SCMA Board has deferred formulating a position on the Jasper County Port issue to a later date.

The SCMA Board also realizes that there is no other sector in South Carolina's economy that depends upon the ports as does the manufacturing community. As a result, the SCMA will continue to be deliberate in its work on its ports position and will insist that it be involved in all matters related to future port expansion.

This is a condensed version. For a full-text copy of the agenda, please contact Jennifer DeWitt at 843-805-3010 or jdewitt@charlestonchamber.org.



Workers' Compensation Fraud: 15 Warning Signs

The WC (workers' compensation) insurance system is a no-fault method of paying workers for medical expenses and wage losses due to on-the-job injuries. While the majority of WC claims are truthful, the National Insurance Crime Bureau reports that billions of dollars of false claims are submitted each year. To help you detect possible WC fraud, experience shows a claim may be fraudulent if two or more of the following factors are present:

1. **Monday Morning:** The alleged injury occurs either "first thing Monday morning," or late on a Friday afternoon but not reported until Monday.
2. **Employment Change:** The reported accident occurs immediately before or after a strike, a layoff, the end of a big project, or at the conclusion of seasonal work.
3. **Job Termination:** If an employee files a post-termination claim:
 - Was the alleged injury reported by the employee prior to termination?
 - Did the employee exhaust their unemployment benefits prior to claiming workers' compensation benefits?
4. **History of Changes:** The claimant has a history of frequently changing physicians, addresses and places of employment.
5. **Medical History:** The employee has a pre-existing medical condition that is similar to the alleged work injury.
6. **No Witnesses:** The accident has no witnesses, and the employee's own description does not logically support the cause of injury.
7. **Conflicting Descriptions:** The employee's description of the accident conflicts with the medical history or First Report of Injury.
8. **History of Claims:** The claimant has a history of numerous suspicious or litigated claims.
9. **Treatment is Refused:** The claimant refuses a diagnostic procedure to confirm the nature or extent of an injury.
10. **Late Reporting:** The employee delays reporting the claim without a reasonable explanation.
11. **Hard to Reach:** You have difficulty contacting a claimant at home, when they are allegedly disabled.
12. **Moonlighting:** Does the employee have another paying job or do volunteer work?
13. **Unusual Coincidence:** There is an unusual coincidence between the employee's alleged date of injury and their need for personal time off.
14. **Financial Problems:** The employee has tried to borrow money from co-workers or the company, or requested pay advances.
15. **Hobbies:** The employee has a hobby that could cause an injury similar to the alleged work injury.

Remember, these warning signs are simply indicators. If you are suspicious of a claim, alert your Insurance Carrier.



For more information about Workers' Compensation insurance, contact Larry McKeenan of First Carolina Insurance at (843) 569-1888 or lmckeenan@firstcarolinains.com

Meet the Newest LMC Member:



NanoScreen manufactures and distributes a complete line of pipette tips for robotic applications using 384 channel heads, including an 'Aerosol Barrier' version that retains a true 30ul capacity. Through the use of high polish techniques, they are able to manufacture low retention pipette tips made of 100% virgin polypropylene that are free of additives and releasing agents. Manufactured and packaged under strict clean room conditions, each and every single tip is rigorously inspected for defects, uniformity, and straightness. All tips are completely discharged of static electricity during the packaging process - promising a trouble free and reliable tip load.

Daniel Dechert, president and chief executive of NanoScreen LLC, recently announced that he is moving the rest of his manufacturing operations from Los Angeles to a new \$7 million, 25,000-square-foot complex, including a full-service lab, under construction off Clements Ferry Road in Berkeley County.

To learn more about NanoScreen, visit them online at www.nanoscreen.com.

All new LMC members will be profiled in the LMC newsletter. Do you know a manufacturer who would like to be featured in the next issue? Contact Jennifer DeWitt at jdewitt@charlestonchamber.org or 843-805-3010 with membership referrals.

"Annual Meeting" continued from page 1.



From L to R: Berzin Sanjana, Jim Heaney and Earl Perry of MeadWestvaco.

In his address, LMC Chairman Ron Paquette of Hubner Manufacturing explained that global commerce is just one of the many ways manufacturing has continued to evolve and thrive in this region. As an organization that is dedicated to making member companies more profitable, one of the major goals of the LMC is to deliver programs that can help manufactures become more competitive in the global environment.

Mr. Paquette went on to explain as the manufacturing environment evolves, the LMC strives to help member companies maintain their competitive edge by offering high quality programs and events. During the past year, he noted that the LMC has hosted plant tours to highlight unique "Best Practices." The LMC has also hosted an ongoing series of "Manufacturers Roundtables," and he explained that the Affinity Programs continue to grow and deliver real value to the organization. In addition, to address the need for better employees, the LMC's Education and Training Committee established a "Manufacturing Certification Training Program," which has graduated its second group of students.



Current LMC Chairman Ron Paquette (left) of Hubner Manufacturing congratulates and thanks Past Chairman Mark Richards (right) of The Richards Group.

Highlights of the evening also included recognizing the LMC Board of Directors and Past Chairman, Mr. Mark Richards of The Richards Group.

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Are you ready to realize the wealth?

Today's private business owners often ask "How do I get the wealth out of my organization?" Although this is an important question, there is another equally as critical question an owner must answer to understand the value of his company. This question is "Have I created an organization with strong marketability."

History of Steady Revenue Growth

- Consistent growth in number of units sold and of average sales price.
- Gross margins should show consistent improvement, or at a minimum remain constant.
- Management should have a well articulated marketing strategy focused on continued growth.

Markets

- Does the company operate in niche markets where there are generally higher profit margins and higher barriers to entry?
- Does the company have a diverse customer base reducing the risk associated with a concentration of revenues with a few large customers
- Strong growth potential in current market segments, and the potential for significant penetration of new markets or geographic areas.

Management team

- Does the management team have deep knowledge of the industry, its current trends, and market drivers?
- Has the management team demonstrated the ability to implement changes in strategies and operating policies in response to internal and external changes in the business environment?
- Is the management team and key managers constantly seeking improvements to maximize profitability?
- Management Control Systems
- Has management defined the critical success factors that drive long term financial performance?
- Are the tools in place measure the company's critical success factors?
- Measurement tools must provide the right information, to the right individual, on a timely and consistent basis.

Financial Performance

- Financial Performance should be defined as the long term maximization of cash flows.
- This will impose a discipline on the organization requiring a relentless focus on:
- Profitability by product and customer
- Working Capital Levels
- Cost controls across the organization
- Capital expenditures and returns on these investments
- Purchasing policies and procedures

Collectively, these are the key elements required for a successful exit strategy and realizing the wealth created in your organization. This definitely does not include all the elements to a successful organization, but if these factors are inherent in the organization the chances for a successfully exit strategy are greatly improved.

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CONGRATULATIONS!

Graduates of the 2005 Education and Training Committee's Manufacturing Certification Program pictured at left. These students are trained and eager for employment opportunities in manufacturing. Contact Jennifer DeWitt at 843-805-3010 or jdewitt@charlestonchamber.org to learn more about the program.

Thank you to our staffing agency program partners:

