Tri-State Tooling & Manufacturing Association
Serving Southwestern Ohio, Northern Kentucky & Southeastern Indiana

Volume 10 Issue 11 November 2007

Thoughts from the Editor

What do you expect from your TTMA Membership?

I've had the privilege to work for you as part of the Executive Board for almost four years, and I have experienced personal and professional growth from my association with our distinguished Board members and all of you who come to meetings and have participated in and contributed to our efforts over the years.

I believe that membership in the TTMA (and the NTMA) has an important role in the survival and resumed growth of manufacturing in America primarily because we present a united force; and while our challenges are great and progress is slow, we can endure because we are in it together!

We all know that the results of any endeavor or the success of any initiative depends upon that which we are willing to put into it. The Executive Board has worked with focus and commitment to the needs of the membership and will continue to do so. **Serving on the Executive Board is one way that you, as a member, can more directly impact the benefits of TTMA membership**. Please consider joining the Executive Board—this is your Association—You can make a difference!!

Expert Insight: Overcoming Hiring Mistake #3—Inappropriate Prerequisites
by Barry Deutsch and Brad Remillard

Did your last job ad read like a drive-thru menu at a fast food restaurant? If so, say Vistage speakers Barry Deutsch and Brad Remillard, you have just committed hiring mistake #3—placing too much emphasis on specific education, technical skills and industry experience as necessary requirements for the job.

:Most job ads contain a long list of prerequisites, such as 12 years of industry experience, an MBA, a CPA, or this skill or that certification," notes Deutsch. "As the resumes come in and hiring managers begin the screening process, they check off those boxes on by one as if they were ordering items from a fast foot menu.

"The problem with this approach is that it excludes a lot of good candidates early in the process because they don't get checks in all the boxes. With competition for top talent getting tougher than ever, you can't afford to screen out the best candidates before they even show up at your door."

Why do hiring managers rely so heavily on inappropriate prerequisites?

According to Remillard, most don't know how to define the outcomes, deliverables and expectations for a specific job, so they fall back on the old standbys or knowledge, skills and experience. Plus, relying on standard prerequisites allows them to practice the "CIA" method of hiring.

"Suppose I hire someone, they fall flat on their face, and the boss tells me I'm a bad manager because I made a hiring mistake," suggests Remillard. "I can say to the boss that I did not make a mistake because we agreed on the prerequisites for the job and I checked them all off. If the person failed on the job, it wasn't my fault."

Generic vs. specific

Why don't knowledge, skills, and experience lead to good hiring decisions? Because they are not proven predictors of job success.

"Just because someone has a certain skill doesn't mean they can apply that skill in the way you need it," states Deutsch. "For example, suppose your ad lists 'strong computer skills' as a requirement. You get a resume that indicates the applicant has experience using Microsoft Office tools, so you check off the box because you want someone with good computer skills.

"But what you're really looking for is someone who can use Microsoft Access to enter data about clients and then create complex merge Word files for a biweekly newsletter. You need a specific application of a skill versus the more generic 'good computer skills.' Unless you ask, you have no way of knowing whether the applicant can deliver their specific application."

The same concept applies to experience. "Typically, hiring managers will say something like, "I need someone with 12 years' experience," adds Deutsch. "But what is experience? Does it mean the candidate has done the same thing for 112 years? Or have they developed new and higher-level skills on the job? Does it mean the applicant achieved certain results? Or did they just show up and punch the clock every day for the past 12 years?"

"For all you know, the applicant could have 12 years of producing lousy results, and a person with six years of producing good results could be a much better candidate. When your hiring criteria depend on elements that have nothing to do with success, all you can do is guess."

Think outcomes and results

How do you overcome the innate tendency to look at the wrong criteria? By focusing on outcomes and results rather than knowledge, skills and experience.

And that, suggests Remillard, requires defining what success on the job looks like.

"The first step in hiring top talent is to get very clear about the outcomes and deliverables you need from the job, so that you can measure someone's ability to get results," he explains. "That needs to happen before you start screening resumes, doing phone interviews, or meeting people for the first time. Otherwise, you eliminate a lot of good candidates who don't have checks in all the boxes but k now how to get the job done.

"The quickest and most impactful way to improve your hiring process is to teach your managers how to define success on the job. That involves going beyond the traditional job description and creating a Success Factor Snapshot", which breaks down a position's requirements in terms of specific, measurable deliverables, benchmarks and timetables. Once you define the job in terms of outcomes and results, it doesn't matter whether someone has two years of experience or 20. All you care about is whether they can deliver the outcomes you need."

To avoid eliminating top talent, Deutsch also recommends changing your job ads.

Most companies post the entire job description (or an abbreviated version of it) in their online ads. Deutsch refers to this as "drill sergeant" advertising, because it barks at the candidate. It says, "You must have this knowledge, skill, or experience or don't bother applying!"

"Drill sergeant advertising not only reinforces the wrong criteria, it actually drives away the best candidate," explains Deutsch. "When they see job ads full of inappropriate prerequisites, they get turned off by the description of the job and screen themselves out before you even get a chance.

"Instead, describe the outcomes and results you're looking for, along with some of the challenges inherent in the job. Position the job as an opportunity to achieve at a high level and make a real difference in your company. You'll get more candidates from the top 25 percent of the talent pool, and because you're looking for outcomes rather than experience, you won't screen them out before learning whether they can produce the results you need."

Barry Deutsch and Brad Remillard are Vistage Speakers who give the popular presentation "You're Not the Person I Hired."

About Vistage International

Vistage International and its affiliates have 14,000 members in 16 countries representing the world's largest CEO membership Organization based on revenue. Vistage members generate $300 billion in annual revenue and have more than 2.1 million employees around the world. Vistage is dedicated to increasing the effectiveness and enhancing the lives of chief executives. Member companies are better run and grow their revenues, on average, at twice the percentage growth rate after joining Vistage.

Vistage International includes operations in the United States, the United Kingdom, Ireland, China, Mexico, Argentina and the Netherlands. Vistage affiliates include TEC, the Executive Committee and The executive Connection in the following areas: Florida, Michigan, Wisconsin, Australia, Brazil, Canada, Chile, Germany, Malaysia, New Zealand, Singapore and South Africa. To find out more about Vistage please visit: www.vistage.com

Selling your business: How the process works

By Don Naideck and Bill Blumberg, Prime Investments

How are businesses valued?

Byers buy businesses to make money. It is not surprising to learn then that businesses are valued based largely by how much money they make. Other factors that influence the valuation include the type of business, recent trends in the individual business and in its industry, assets and/or liabilities included in or excluded from the transaction, geographic desirability and the existence of risk factors such as those listed above.

Is the valuation based upon taxable income?

Valuations typically use formulas that include the corporate taxable income and also include other benefits that the owner takes from the business, including the owner's salary, interest on debt that won't transfer, non-economic depreciation and amortization, one-time non-recurring expenses, pension contributions and other benefits accruing to the owner, and the owner's discretionary expenses paid for by the business that are not related to the actual operation of the company. This bundle of owner's compensation items is called the "Owner's discretionary cash flow" or "Adjusted EBIDTA"—Earnings Before Interest, Depreciation, Taxes, and Amortization.

Should you use a broker to sell your business?

Yes. Although we may be prejudiced, we believe very strongly that it is in the owner's interest to use an intermediary. An intermediary packages your business and presents it in the best light to obtain the highest possible price. He maintains confidentiality and fields all inquiries away from the business premises. He finds the best possible buyer for your particular business. He minimizes the amount of time you need to spend on the sale so you can concentrate on running your business. He resolves differences between the buyer and seller before they become personal. He helps secure financing. He keeps the deal on track and moving forward to settlement.

How do you choose a broker?

Selling a business is a delicate and complicated matter than needs to be guided by a hands-on, experienced professional. The first rule in choosing the right broker is to choose a broker who is local. The broker needs to be there, in person, to guide the process, attend meetings, assess personalities, anticipate and sole problems, hold hands, negotiate, cajole, etc.—to do whatever is necessary to get the deal done. A broker's work simply cannot be "phoned in."

The second rule is to meet the broker in person before you make your decision. Are you comfortable with this person? Do you believe this person will represent your business in a professional manner? Does he understand what you are trying to accomplish by selling your business? What is his plan for selling your business? Can you see a sample prospectus? How does he find potential buyers? Does he charge a fee up front, or does he get paid only when the sale is completed? You can't ask too many questions.

The third and final rule is to ask for and check three to five references. They should be from recent sales of businesses that are similar in size and type to yours. You don't want your broker to be "learning on the job" with your transaction.

What should the business offering package or "prospectus" contain?

A good prospectus should contain a history of the company for sale, an overview of the industry, an explanation of the company's particular niche (including sources of revenues, types of customers, etc.), an overview of the business's organization, a review of the operations (the nuts and bolts of how the company actually functions), information about the competition the company faces, a summary of the historical financial results of the company, information about the assets that will transfer to the buyer and a section devoted to the growth potential of the company. A good prospectus should not be a fill-in-the-blank "boilerplate," but should be written specifically for the business it describes.

Who should receive the prospectus?

Only qualified (financially and by ability) prospective buyers who have signed strict Non-Disclosure Agreements prohibiting them from disclosing information to anyone except their lawyers and accountants.

Should you pay money for the prospectus?

No. While some brokerage firms charge 30, 40, or even 50 thousand dollars to package a business for sale, other firms work exclusively on a "success fee" basis-earning their fee only when the business is actually sold. The firms that charge large up-front fees often secure their clients by making extravagant claims about the prices they can achieve. One of these companies was recently the defendant in a large class action lawsuit. The company was required by the court to return much of the up-front money it had collected from businesses it never sold. Instead of being taken in by wild promises, it is smarter to choose a broker that has the confidence to work on a "success fee" basis and that has a track record and local references that can be verified.

What happens after the prospectus has been prepared?

After the prospectus has been prepared and reviewed by prospective buyers, interested buyers may want to meet with the owner, view the business site and obtain more detailed information. In order to maintain confidentiality, meetings should occur away from the business premises. Any on-site tours should occur after all employees have gone home.

Prime Investments is the Mid-Atlantic area's leading seller of privately-held businesses. For more information, contact Prime Investments at (610) 977-2430 or (240) 290-5000 or visit their website at www.primeinvestments.us.

The preceding articles were copied from the September 2007 edition of the NTMA Record

"Imagination was given man to compensate for what he is not, and a sense of humor to console him for what he is."

~ Francis Bacon ~

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Safety & Health Classes for Ohio Employers & Employees

The Ohio Bureau of Workers' Compensation, Division of Safety & Hygiene Training Center offers occupational safety, health, and ergonomic courses in ten locations across the state. All courses are offered at no additional cost to Ohio employers and employees. Courses are designed to emphasize practical application of safety and health principles, development of a safety culture, and regulatory standards.

For course descriptions, dates, and locations, go to www.ohiobwc.com or call 1-800-644-6292, option 2, 2.

Preventing Slips and Falls

Slips and falls caused more than 280,000 inju8ries in 2005, according to the latest data available from the U.S., Department of Labor's Bureau of Labor Statistics. It is important to be aware of unsafe conditions that can lead to potential injuries. Here are some helpful tips to make your workplace safer.

- Keep parking areas and sidewalks safe—Fill cracks and holes; and repair any raised areas due to tree roots, settling and wear-and-tear. Reduce surface water by directing drainage away from parking lots and sidewalks. Install adequate lighting for parking areas, stairs and walkways. Secure parking stoppers and apply "safety yellow" paint to improve visibility. Handicap ramps and curbs should also be "safety yellow." Check your state and local codes for requirements on slopes and ramp slip-resistance guidelines.
- Keep all walkways and aisles clear—Be aware of items that can be tripping hazards such as cords, trash, tools, carts and unused materials. Sawdust, soap, water, food and other items can also cause someone to slip and fall.
- Use handrails—Take advantage of railings on stairs and ramps to protect from falling.
- Be sure scaffolds are properly assembled—Follow manufacturers' assembly instructions and check for any defects before using. Also, toe boards can help prevent tools from falling and workers from slipping.
- Practice ladder safety—Use ladders that are in good condition and the correct length. Place the ladder base on a firm surface, and about one foot away from the wall for every four feet of height. Use a carrying pouch so hands are fee to grasp the ladder.
- Do not try to carry heavy loads alone—Request help or use an elevator when a load is heavy or bulky.

For more information on preventing slips and falls, please see the Occupational Hazards website at www.occupationalhazards.com.

The TTMA Newsletter welcomes news from members and associate members. If your company has recently received special accreditation or recognition, or has developed innovative business practices or equipment; and you would like to share that accomplishment with the Membership, please e-mail your article in MS Word format to TTMA@fuse.net, or send it to TTMA, P.O. Box 154, Bellevue, KY 41073-0154, and it will be considered for publication.

Register for November's Monthly Meeting!!

With the calendar year coming to an end and many member companies re-examining their group health insurance to begin Open Enrollment for 2008, we invited TTMA associate member, Federated Insurance to share their perspective on the future of group health insurance and how the employer can save money while the employee can still receive benefit value.

Scott Cloutier, Federated's District Marketing Manager for Southern Ohio will join us to present, "Purchasing Health Insurance in America—It's Not Your Father's Oldsmobile". In this presentation, Scott will briefly compare plans companies use now and demonstrate what does and does not work from a cost/benefit perspective. He will then spend a few moments demonstrating Federated's answer to the ever-challenging issue that employers face—delivering competitive healthcare benefits to employees while keeping the cost manageable.

Scott Cloutier has been with Federated for 15 years. He started in Underwriting in the Corporate Headquarters in Owatonna, Minnesota and opened up the State of Delaware for Federated back in 1995. In 2003 he took over a territory in Sioux Falls, South Dakota as District Marketing manager. Scott was then asked to relocate his family to Cincinnati, Ohio in 2005 where he was promoted to the position of District Marketing Manager handling the entire Southern part of the Ohio. He is married and has 2 wonderful children, Ike and Gill

FEDERATED INSURANCE®

So join us on Monday, November 19, 2007 for November's Monthly Meeting!

Fax or Email Registrations to the TTMA office by 5:00 p.m. on Thursday, 11/15/07

Fire Safety
It Only Takes 30 Seconds

DID YOU KNOW?

- December and January are the peak months for reported home fires and home fire deaths.
- Home fires, fire deaths, and fire injuries are more common on Saturday and Sunday.
- House fires peak around the dinner hour between 6:00 and 7:00 p.m.
- Three out of 10 home fires start in the kitchen—more than any other place in the house.
- Children and older adults are at greatest risk of dying in a home fire.
- House fires, deaths, and injuries started by children playing with fire have sharply decreased since 1994 when the Consumer Product Safety Commission required most disposable lighters to be inoperable by children under five.

Don’t Let Your Trade Secret Horse Out of the Barn
By Larry Feheley of Kegler, Brown, Hill & Ritter Co. LPA

In today’s business environment, employees frequently leave and go to work for competitors. When that happens, employers worry t hat t heir confidential information and trade secrets may become compromised or even worse, be used by their competitors. Legal protection f or confidential information is available, but only if the company can prove that it has taken reasonable steps to maintain the confidentiality of the information.

Unless the information has been protected and actively treated as confidential, legal protection may very well be lost. Don’t wait until it’s too late to take steps to protect your confidential and trade secret information.

Some of the precautions you might want to consider to protect valued information include the following:

Culture—You should cultivate an environment where it is continuously stressed, and reinforced, that maintaining the confidentiality of important, proprietary information is critical to the success of the business. This message should be spelled out in Employee Handbooks and underscored in employee orientation and training.

Policies Directed Toward Confidentiality—Your Employee Handbook should have a specific provision that outlines confidentiality expectations. In addition to the confidentiality statements in your Handbooks, other policies should complement the confidentiality objective. For example, policies that employees should not reveal their computer passwords to others should be stressed.
Identification—Documents and records that are confidential should routinely and uniformly be stamped with a conspicuous legend that reads “CONFIDENTIAL.” All such documents should carry the same legend, and should be protected form general access, perhaps by the requirement for a second-level, restricted password. Prohibitions on e-mailing or downloading internal records should be articulated.

Confidentiality Agreements—Every employee who has access t confidential information should be required to sign a separate agreement that prohibits the use or disclosure of the information during or after employment. By the same token, visitors, potential buyers, consultants, and any other person outside the Company who will gain access to confidential information should be required to sign a similar agreement.

Restricted Access—Critical to the protection of confidential information is a working policy that restricts access only to those on a “need to know” basis. This restriction should apply both to records and to physical access to sensitive working areas of the company. Some companies implement tracking systems that catalog access to records, as well as retrieval, storage, and destruction.

Reminders—Whenever an employee who has had access to confidential information leaves the Company, they should be formally reminded of their legal obligation not to use or disclose the information as well as the company’s firm resolve to protect its legal rights.

Measures such as these not only protect your confidential information from disclosure, but they may be absolutely critical if you need to ask a court to enjoin and protect your confidential information from unfair use.

2007 TTMA Calendar of Scheduled Events

November 19, 2007	**Presentation by Federated Insurance – Health Insurance – What Do We Do Next?**
December 17, 2007	**Live Oaks 2007 F.I.R.S.T. Robotics Project**

Except where otherwise noted, meetings will be held in the Redwood Room at the Embassy Suites Hotel in Blue Ash:

4554 Lake Forest Drive
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513/981-3763

Monthly Meetings are suspended from June through August and will resume in September, 2007

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The TTMA mission is to be the best metalworking and manufacturing trade association with comprehensive information resources for its members and interfacing with community partners.