

INDA's Small Business Newsletter

Covering Issues That Affect You

April 2009

INDA SMALL BUSINESS E-REPORT

Welcome to the **INDA Small Business e-Report**. This monthly e-publication provides INDA members with insight and advice on operating a successful small business in today's nonwovens industry.

In This Issue:

INDA NEWS

INTC MOVING OUTSIDE OF ITS BOX

THIRD ANNUAL WORLD OF WIPES SET FOR ATLANTA IN JUNE

SMALL BUSINESS ADVICE

HIRING IN A DOWN ECONOMY: THINK ABOUT IT

SMALL BUSINESSES NEED TO LOOK INTO ARRA BENEFITS

EMERGENCY BUSINESS LOANS: WHO QUALIFIES?

INDA MEETINGS CALENDAR

Thought of the month:

In Chinese, the symbol for the word "crisis" is the same symbol used for the word "opportunity?" Two sides of the same coin. In other words, it's all in our perspective. Will you find the opportunity in your next crisis?

INDA NEWS

INTC MOVING OUTSIDE OF ITS BOX

A unique educational track involving speakers from outside the world of nonwovens will offer attendees at the 2009 International Nonwovens Technical Conference (INTC) a different perspective on the business and research opportunities available in these challenging times. The unique program should be even more interesting and valuable to smaller companies looking for an edge in today's challenging business climate.

The special "Technology Innovations and New Business Opportunities" track at INTC is designed to explore how other business fields – including government and academia – are approaching the unique challenges of business today. The sessions will complement the traditional days of technical presentations that will focus on developments within the nonwovens and engineered fabrics industry.

INTC 2009, co-sponsored by INDA, Association of the Nonwoven Fabrics Industry, and the Nonwovens Division of TAPPI, Technical Association of the Pulp, Paper, Packaging and Converting Industries, is scheduled for September 21-24 at the Grand Hyatt Denver Downtown in Denver, Colorado.

"Challenging times require creative solutions," says INDA President Rory Holmes. "By going outside of the world of nonwovens for an exchange of ideas and to learn how others are addressing their own challenges will ultimately benefit everyone involved in the discussion. We will provide an innovative combination of ideas from within our industry as well as Outside the Nonwovens Box."

The special INTC program will offer presentations from respected experts from government, consumer products, health care, nanotechnology, the "green" movement and a host of other business segments whose lessons and business models can be applied to the business of nonwovens.

Among the speakers on the INTC Innovations schedule are:

* "Government Programs for R&D – We Will Show You the Money," Dr. Al Teich, AAAS (American Association for Applied Science)

* "Keeping it Green — Advances in Textiles for Closed-Mold Processing," Patrick Mack, Polynova

* “Luxurious Personal Care – New Nonwoven Materials for Personal Spa Products,” Ann McCormack, Kimberly-Clark

* “Cool Sensors for a Freer Lifestyle,” Mark Pedley, Smartlifetech

* “Technology Innovations – The Big Picture,” Mark Snider, Smith, Johnson & Associates.

For more information on INTC 2009: <http://www.inda.org/events/index.html>

THIRD ANNUAL WORLD OF WIPES SET FOR ATLANTA IN JUNE

The third annual World of Wipes (WOW) International Conference, set for June 22-24, 2009 at the Grand Hyatt in Atlanta, Georgia, will once again explore all aspects of the wipes business – from raw materials to substrates to converting and end-use applications – during three days of seminars and networking.

This Conference, organized by INDA, will focus exclusively on the business and technology of wipes. Sessions will concentrate on Flushability Guidelines, Global Opportunities, Market Statistics, Raw Materials and Advertising.

In addition, a special tutorial session – “Wipes A to Z” – will provide the basics of the wipes business for any interested attendees. Presented by Larry Wadsworth of U.S. Pacific Nonwovens Industry Ltd. and Rory Holmes, President of INDA, the tutorial will explore all the basics of the wipes industry, including the future of wipes, raw materials, packaging, key manufacturing processes, consumer understanding and details about specific wipe markets.

One of the most important WOW sessions will be on the Flushability Guidelines. It has been one year since the Flushability Guidelines for nonwovens were unveiled and WOW attendees will hear from companies and experts about their experiences with the Guidelines — the successes, challenges and solutions. The Guidelines include tests that determine whether a company’s products are flushable. The document was developed by leading member companies of INDA and EDANA.

Among other topics on the WOW agenda:

- Markets and Innovation
- Worldwide Wipe Potential
- Process Briefs
- Material Briefs

One of the other highlights of the 2009 WOW will be the presentation of the WOW Innovation Award, sponsored this year by RISI Nonwovens Markets (www.nonwovens.com), the twice-monthly newsletter that covers developments in the nonwovens industry around the world. The WOW Innovation Award will

honor the most innovative advances within the entire wipe value chain, including raw materials and ingredients, roll goods, machinery, packaging and finished products. Finalists will make presentations during the Conference and attendees will vote on the recipient of the 2009 WOW Innovation Award.

WOW will also feature two nights of Table-top Displays, which will allow attendees to network informally with key suppliers to the wipes industry. To reserve a table-top display, contact Tracey Bailey, (919) 233-1210 ext. 129, tbailey@inda.org.

For more information: <http://www.inda.org/events/wow09/index.html>

SMALL BUSINESS ADVICE

HIRING IN A DOWN ECONOMY: THINK ABOUT IT

[Contributed by Shawn Boyer, CEO, SnagAJob.com] Lately, it seems like every headline announces some sort of economic bad news: a tightening of consumer spending or another massive layoff or hiring freeze. Just last month, the U.S. Bureau of Labor Statistics announced that 12.5 million people are unemployed nationwide. And while consumer spending edged up slightly recently – potentially good news for businesses that need Americans to open their wallets for their survival – these are still tough times. Consumer spending fell at an annual rate of 4.3 percent during the fourth quarter 2008, numbers we haven't seen since 1980.

Considering these uncertain times, many hourly employers may be tempted to lay low and stop recruitment and hiring to save money. However, this lockdown approach may do more harm than good. While it may seem counterintuitive, companies who choose to strategically hire employees during the downturn are more likely to protect their bottom line over the long term; you can sail through these troubled waters by keeping your turnover low and maintaining customer loyalty. Plus, if history is any indicator, recessions typically do not last longer than a year.

I hear from many hiring managers on reasons why they are not recruiting right now, but more often than not, they'd be better off to take a look at the facts instead of standing by common misconceptions. Top reasons companies aren't recruiting or hiring and why they should do so strategically:

Myth: We are fully staffed. We don't need any more employees.

In the hourly realm, turnover rates of up to 300 percent are common. Companies without a long-term recruitment strategy may find themselves suddenly short-staffed. Since applications typically go "stale" after 30 days, it's especially important to keep a pipeline of quality candidates ready to join your team.

Fact: Executing your recruitment strategy, especially in hard times, will fortify your existing staff with quality people as turnover occurs.

Myth: We have plenty of walk-in candidates.

While it's important to meet your potential employees face to face, your time with customers is just as critical. Employers who rely on the walk-in candidates to fill vacancies may be forgetting that while managers are interacting with them, they are spending less time with the customer. This is dangerous territory as poor customer service often signals internal trouble and causes severe damage to your business.

Fact: The customer is No. 1. Include a screening process in your recruitment plan and avoid wasted time that should be spent building relationships with your customers.

Myth: Our applicant pool is more qualified than ever.

We've all heard the stories of MBAs applying for hourly theme park jobs and former realtors clamoring to work in retail. But, if they are out the door once a better opportunity arises, are they always your best worker? No matter what kind of applicants you are receiving, you should be in the driver's seat about whom you are hiring. Consider your company goals and priorities to ensure you hire the best person for the job.

Fact: Hiring overqualified employees for cheap may be enticing, but it's no bargain if you are left high and dry. Be sure to think about the qualities and commitment you want in an employee in the long term.

Myth: I can save the company money by hiring less.

Many employers think that by cutting back on hiring, they will save money. But, by skimping on recruitment, you may end up creating even more expenses. Having three people responsible for a six-person job will quickly result in low morale and costly turnover, should any of the remaining staff choose to leave. Plus, customers who do not receive attention in a timely manner because your staff is at its max will look for services elsewhere.

Fact: Spending less on recruitment could cost your business more in the long run. You can save thousands in turnover costs by hiring wisely.

As companies struggle in this tumultuous economy, it is now more important than ever to implement your recruitment plan. After all, employees are the lifeblood of any business, the folks who deliver your product and develop customer relationships. Hire wisely now, and you will weather the storm.

SMALL BUSINESSES NEED TO LOOK INTO ARRA BENEFITS

The American Recovery and Reinvestment Act offers billions of dollars to the building and green technology sectors, with significant sums targeted at firms ready to overhaul existing buildings to make them more energy efficient, according to analysts and industry officials. "The amount of money involved ... is truly awesome," said Frederick Anderson, a partner with the law firm McKenna Long & Aldridge LLP.

The law includes block grants for the weatherization of low income housing, incentives for installing renewable energy products on commercial and federal buildings, the modernization of veterans' medical facilities and public schools, and funds for green building projects at federal, state, and local offices.

Industry analysts said that some of the industries likely to see a boon in business from the legislation are architecture firms specializing in sustainable design, companies such as Johnson Controls and Honeywell that complete energy efficiency upgrades on existing buildings, energy auditors, solar installation businesses, lighting contractors, building materials suppliers, heating and ventilation system manufacturers and distributors, and makers of everything from insulation to thermostats and concrete.

All of the programs funded in the stimulus package are expected to push demand for energy efficient building products up in the next two to three years, a welcome development for the overall buildings sector that has struggled amid the economic downturn.

Green buildings have emerged as a way to target American energy consumption and boost the development of energy efficient technologies. By replacing lighting, heating, and cooling systems, materials and thermostats, buildings can lower power bills and reduce electricity consumption, and thereby lower emissions of greenhouse gases.

A report from the Energy Department in 2008 showed that electricity consumption in the building sector continues to increase, with the residential portion of the building sector consuming 37 percent of all electricity produced in the United States and commercial buildings accounting for 36 percent in 2006. At the same time, aggregate energy expenditures for these buildings are projected to have doubled from 1980 to 2030.

From 2007 to 2008, 400,000 green projects were certified in North America as Leadership in Energy and Environmental Design (LEED) or Energy Star—standards used for sustainable buildings, according to Konkana Khaund, a building technologies industry analyst with the analytical consulting firm Frost & Sullivan. Between 2007 and 2015, such certifications are projected to see a compound annual growth rate of around 30 percent.

Green building projects will be undertaken at a variety of agencies. The National Science Foundation received \$400 million to build major research facilities, while the National Institute of Standards and Technology (NIST) has \$360 million for construction at labs and universities.

The branches of the military and the Department of Defense also received more than \$3 billion in funding to improve, repair, and modernize facilities and invest in energy efficiency at military sites.

GSA's Public Buildings Service is responsible for the design, construction, operation, and maintenance of federally owned facilities. GSA also received

another \$750 million for federal building and courthouse renovations and \$300 million for land ports of entry renovation and construction.

EMERGENCY BUSINESS LOANS: WHO QUALIFIES?

The Small Business Administration is still drawing up guidelines for its forthcoming emergency loans program, a stopgap measure intended to shore up small businesses struggling to keep up with payments on existing debt. But the agency recently confirmed an unexpected twist: Businesses with current loans backed by the SBA won't be able to use the new loans to cover payments on their existing SBA debt.

The upcoming program, tentatively dubbed the "America's Recovery Capital" (ARC) loan program, is a measure mandated by the Federal government's stimulus bill. The bill requires the SBA to create a new "business stabilization" program to back loans of up to \$35,000 to small businesses "experiencing immediate financial hardship." The loans are intended to be used to make interest and principal payments on a "qualifying small business loan" for up to six months.

In several recent announcements, SBA officials said that SBA-backed loans made before the stimulus bill's passage on Feb. 17 won't be eligible for ARC loan relief. The reason: The American Recovery and Reinvestment Act, the stimulus bill, forbids it. A provision Congress wrote into the bill explicitly prevents the new stabilization loans from being used to pay down SBA-backed loans made before the bill's enactment.

A staffer with the House Small Business Committee said that restriction was mandated by the Congressional Budget Office to comply with pay-as-you-go prohibitions against increasing the federal deficit through new direct-spending measures.

Still, both the House Committee and the SBA emphasized that businesses with existing SBA-backed loans can still apply for the new ARC loans. The only catch is that they'll have to use their new loans to pay down debt other than their SBA loan.

"Private loans made for any legitimate business purpose -- including credit card debts, bank loans and real-estate loans -- would be eligible for the program," the House Committee staffer said. "The Committee is also pushing the SBA to work with borrowers on loan modification and forbearance to provide relief to small business borrowers who have SBA-backed loans."

The new ARC loans will be offered on extremely compelling terms for both business owners and lenders. The loans will come directly from banks, but the SBA will offer the banks a 100% guarantee on the loans -- something the agency has never done before. If the business owner defaults, the SBA will repay the bank for the full value of the loan.

The SBA will also fully subsidize the interest on the loans, making them essentially cost free for business owners. No payment on the loans will be due for a year, and businesses will have up to 5 years to fully repay them.

The SBA is still creating the guidelines for the new ARC loans program and doesn't yet know when the funds will be available.

While many aspects of the program remain nebulous, small business advocates say it can't arrive soon enough.

"This stimulus, while small, will clearly help many existing small business borrowers to weather the storm," said Edward Tuvin, a former SBA lender who is now managing director of factoring firm Creative Capital Associates in Silver Spring, Md.

INDA MEETINGS CALENDAR

Elementary Nonwovens Course

June 10-11, INDA Headquarters, Cary, North Carolina

World of Wipes 2009 International Conference

June 22-24, Grand Hyatt Atlanta, Atlanta, Georgia

INDA Nonwovens Course

September 15-17, INDA Headquarters, Cary, North Carolina

INTC 2009 International Nonwovens Technical Conference

September 21-24, Grand Hyatt Denver Downtown, Denver, Colorado

Filtration 2009 International Conference & Expo

November 17-19, Navy Pier, Chicago, Illinois

IDEA 2010 International Conference & Expo

April 27-29, Miami Beach Convention Center, Miami Beach, Florida

THAT'S ALL, FOLKS

We would love to hear from you. Just email us at [mjacobson@inda.org](mailto:mjacobsen@inda.org) to let us know how you are getting along.

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