



ASLON

Leaders in executive search

Recruiting International Business Leaders Under an Obama Presidency

Twenty-four hours after the presidential election we were recruiting a CFO for a Midwest manufacturing company that had grown successfully overseas since 2000. The potential candidate we spoke with that day indicated that he may not be interested in a global manufacturing firm that was making advances through Europe and Asia. His concern was that under the new presidential administration business life would be different because President-elect Obama had outlined in visits to the Midwest that he plans on keeping jobs from being sent overseas. This translates into ending tax breaks that reward companies for shipping jobs overseas, as well as rewarding with tax breaks those that create good jobs at home, otherwise known as 'patriot employers'.

To address the concerns of potential candidates for our global search projects, we chose to conduct a quick survey involving several established clients, reaching three leaders from Midwestern *Fortune* 1000 manufacturing companies within 48 hours of the election. Their responses were insightful and timely, and gave us a snapshot of the pragmatics of the real world economy which may help you separate rhetoric from realism.

Here's a topline summary of their observations:

- Sustainable recovery must involve all of the business community.
- Growth overseas does not always negatively affect jobs in the states.
- The industrial recession is global but growth is still significant in Asia and other emerging markets in the world, especially in the long-term.
- Offshoring today is not only for low cost production but also American companies serving local markets with their products and services.
- Demand in North America has been nominal of late and will continue to be flat until 2010.
- Our North American business is stronger and more resilient because of our global revenue and profits.

In their own words, here are direct insights from those leaders, which are being shared with their permission:

Concerning the loss of jobs, all I can say is that even though we are now producing 70% of our products in China, we have actually added jobs in the US. Our

ASLON

8401 Chagrin Road
Cleveland, OH 44023

Phone: 440-543-0334

Fax: 440-543-0314

tsmith@aslongroup.com

www.aslongroup.com

business has moved from an assembly operation with light distribution to heavy distribution and assembly. The jobs that have been created in our ops are actually better paying jobs and require better skills, i.e., material handling, logistic, inventory control, quality. This is not to exclude additional jobs in our customer support and technical service areas to support our growth which has come from more competitive 'cost of goods'.

John DuRoss, Vice Chairman, EGI



Enerco is a leading manufacturer of quality portable propane infra-red heaters as well as wall mounted and overhead natural gas and propane heaters, all made in the U.S.A.

Our growth overseas does not negatively affect jobs in the states. The plants in Europe and Asia supply the European and the Asian markets. Business that we could not win from our US plants because of freight cost we could not compete from the US. Thus without plants in Europe and Asia our sales and net income would be lower and thus the taxes we would pay the federal government would be lower. Therefore it is to everyone's advantage that we grow our overseas operations.

Mark Ludwig, Vice President, Human Resources, Chart Industries



Chart is a leading global supplier of cryogenic equipment and services.

Although the current industrial recession is global, growth in Asia is still positive and much stronger than North America (NA) or Europe." Manufacturing strategy is not off-shoring for lowest cost production. Rather, our overseas operations are for serving local markets with our value-added products and services. Therefore, we are not shipping jobs overseas. In fact, the healthy profitable growth we have experienced in overseas markets provided funds that have allowed us to invest substantially in NA to be in a position now to gain market share in a recessive market. This includes heavy investment in R&D and our NA sales/marketing organization. In 2009, we expect to outperform the NA economy. We are not lessening our efforts in NA. In the face of a potentially severe and prolonged recession, our philosophy is to continue hiring and retaining the best talent we can to outperform our competitors." As Mr. Knoshita of Toyota said, "Even as sales remain strong in the emerging markets like China and the Middle East, they haven't been enough for Toyota to offset losses in the U.S., which it relies on for half its profits. Toyota's sales have plunged 12% in the U.S. this year.

Joe Wright, CEO, Master Chemical



Master Chemical pioneered high quality wetting-agent metalworking fluids and has consistently been a world leader in the scientific research and development of cutting and grinding fluids.