



Newsletter

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AVEM Annual Meeting To Examine the Economy and The Outlook for Business

Mark your calendar today to attend the AVEM Annual Meeting to be held Sept. 14-15, 2009, at the Hamilton Crowne Plaza Hotel in Washington, D.C. AVEM's Annual Business Meeting and elections will be held on Sept. 15.

Featured Speakers

Alan Beaulieu will engage the audience with a two-part presentation on day one entitled "The Current Economic State: What Can We Do?" He will examine the global economy and economic outlook for many key industries to help attendees gain confidence in navigating the future economic waters. He will explore: the end result of the government bailouts; when the recovery will begin; the impact the Administration may have on the economy; the short-term and long-term economic forecasts; how forecasts will directly impact manufacturing companies; the leading indicators company executives should be watching; inflation and interest rates; and how companies should react to severe inflationary pressures. Participants will be given a list of what indicators should be watched and those which safely can be ignored. This presentation should not be missed by leaders looking to prepare for the changes of the next few years.

Also on day one, Dr. Paul Freedenberg will explore the impact of shifting government and industrial policies on small and mid-sized manufacturers. He will discuss the upcoming Fall legislative agenda, including such critical issues as climate change legislation including cap and trade, healthcare, credit and bank legislation, taxes including the death tax and various corporate taxes, and possible legislation dealing with China. Freedenberg also will discuss possible regulatory changes that might be on the Obama Administration agenda dealing with trade, the environment, and securities and bank regulation. He will do his best to explain the crowded agenda, what issues are likely to be resolved, and which will be left on the table.

Day two of the Annual Meeting features Woody Sutton. In his "Staying Competitive" presentation, Sutton will take a look at the evolution of globalization and U.S. competitiveness and the many dimensions of government participation in the rapidly-morphing manufacturing and services industrial base.

AVEM Roundtables and Panel Discussion

AVEM members will participate in issue roundtable discussions during breakfast on day two. The
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A Message from the AVEM Chairman

Paul Donovan, Vice President, Marketing, A&N Corporation

The topic on most business peoples' minds recently has been the economy. Speaking with fellow AVEM members, some report they've seen signs the vacuum equipment industry is starting to recover, while others have admitted their companies are still struggling to keep their doors open. However, the question seemingly everyone is asking is:

"When can we expect things to finally get back to normal?"

My answer: never. Given the particular nature of this recession, coupled with the financial crisis of last September, I strongly believe we will see fundamental changes in how many businesses and markets operate, including those that impact vacuum equipment manufacturers. The strategies that many of us employed successfully during previous business cycles may not see us through the current situation.

Therefore, my message this month is simple and direct: "Don't expect things to get back to normal." Instead, let's explore new ways of doing business and develop new strategies to thrive as an industry, regardless of what the global economy does now or in the future.

This will not be an easy task. In fact, for many of us it could be one of the biggest challenges of our careers. Because vacuum equipment manufacturing is such a niche industry, impacted by so many diverse markets, it is crucial for us to find ways to work together toward common goals.

This is why AVEM, while a relatively small trade association, is such a vital resource for our industry. Active AVEM members are part of a network of engaged business professionals who share industry experiences and lessons learned, explore common business opportunities, and even partner with one another where appropriate.

Over the past couple of months, the AVEM Board of Directors and I have worked closely with senior staff of our association management company, Association & Society Management International, Inc. (ASMI) establishing program priorities and budget controls for the year that will bring the greatest benefit to our members, ensure the financial security of AVEM, and provide the maximum opportunity for us to work together to thrive as an industry. There are many avenues of value to members. Your involvement will increase your company's value from AVEM.

Annual Meeting

By confederating with another association, AVEM will provide unprecedented networking opportunities for senior and mid-level executives. The AVEM Annual Meeting, Sept. 14-15, 2009, in Washington, D.C., will feature quality speakers and economists that will provide an in-depth examination of the business conditions and forecast for the rest of the year and into 2010.

AVEM is joining with members of the Process Equipment Manufacturers' Association (PEMA®) at one of their two meetings held in 2009. PEMA® usually has 75 to 80 percent of their member companies represented at their meetings. Participating in this meeting provides a unique opportunity to network with AVEM members and senior executives in the process equipment industry to share ideas on weathering the economic storm.

AVEM members will have dedicated time for intra-association networking during two AVEM-only events. A member panel discussion will examine real business applications of the statistics received from participation in the ISVT program. AVEM also will have member issue roundtables. Each table will have one or two current topics of interest to discuss and the table leader will provide a summary to all participants.

I know that travel budgets are strained; however, the value that will be provided in this meeting should not be missed. I encourage all members to send at least one representative from their company to gather the valuable information. I hope to see you at the meeting.

Ask AVEM

Recently, Oerlikon Leybold asked a health insurance question of all members via the Ask AVEM

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Make Plans to Attend AVEM Annual Meeting

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roundtable questions will relate to current business issues. Roundtable leaders will provide a summary which will be reported in the newsletter. A second AVEM event will be a special panel discussion on "Using ISVT Statistics in Real Business Applications."

Members are encouraged to assist with both of these activities. Potential roundtable topics and information on how your company uses the ISVT statistics should be submitted to AVEM Headquarters. Members who would like to volunteer to be a roundtable leader or participate on the panel also should contact AVEM Executive Director Dawn Shiley at avemexecsec@avem.org.

Process Equipment Manufacturers' Association

The AVEM Annual Meeting will be held in confederation with the Process Equipment Manufacturers' Association (PEMA®). PEMA® is a top management association serving companies in the process equipment field since 1960. Member companies serve the liquids-solids separation, food processing, chemical processing, pulp and paper, and wastewater treatment markets, among others. Process equipment means equipment required when using physical or chemical methods for mechanical and/or thermal treatment or processing of a raw material or product. One long-term AVEM member, Oerlikon Leybold Vacuum, also is a member of PEMA®.

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Quality Speakers Headline Annual Meeting

Alan Beaulieu

A senior analyst for the Institute for Trend Research, Alan Beaulieu is one of the world's most in-demand business consultants. He has been providing economic analyses to companies throughout the United States, Europe, and Japan for 15 years, and his economic pronouncements have appeared in the *Wall Street Journal*, *New York Times*, *Barron's*, and *USA Today*, and on CBS Radio and numerous other outlets.

Rear Admiral William G. Sutton, CAE, U.S. Navy (Ret.)

Rear Admiral William G. Sutton CAE, U.S. Navy (Ret.) served as the U.S. Commerce Department Assistant Secretary for Manufacturing and Services (MAS) under President George W. Bush, 2007 to 2009. As a unit of Commerce's International Trade Administration, the Office of Manufacturing and Services serves as the federal government's lead advocate for U.S. industry. Its distinctive sector knowledge and expertise enable MAS to be the government's primary source for evaluating and analyzing industry policy.

Prior to this position, Sutton served as the president of the Air-Conditioning and Refrigeration Institute (ARI) from 2001 to 2007. ARI is the trade association representing manufacturers of air conditioning and commercial refrigeration equipment in North America. It is an internationally recognized leader in both the development of standards and in the administration of certification programs pertaining to the performance of air conditioning, ventilation, and refrigeration products. Sutton brought to ARI extensive experience in leadership, change management, and government affairs, having completed a highly successful 30-year career in the United States Navy, retiring as a rear admiral. His unique background includes six CEO/COO-equivalent assignments and substantial expertise in interagency relations, legislative affairs, international relations, education administration, strategic planning, shipbuilding, marketing and infrastructure management. He holds a Master of Science Degree in Naval Architecture and Marine Engineering from the Massachusetts Institute of Technology and a Bachelor of Science Degree in Naval Engineering from the United States Naval Academy.

Paul Freedenberg

Dr. Paul Freedenberg is vice president for government relations for AMT-Association for Manufacturing Technology. Freedenberg has extensive experience in export and banking issues. He was appointed by President Ronald Reagan to serve as the first Under Secretary for Export Administration at the Department of Commerce. Prior to serving as Under Secretary from 1987-1989, he administered both export control policy and the trade laws, such as anti-dumping and countervailing duty regulations, as Assistant Secretary of Commerce for Trade Administration.

Prior to his Commerce Department service, for seven years Dr. Freedenberg was staff director of the Senate Banking Committee's Subcommittee on International Finance. Prior to that, he was the staff economist to the Joint Committee on Defense Production. He received his Ph.D. in 1972 from the University of Chicago and was Assistant Professor of Political Science at Tulane University from 1970 to 1976, where he created a new program in national security studies.

Chairman's Message

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ListServ. Responses are summarized in this newsletter on page 5. I want to encourage all companies to take advantage of this service. It provides the ability for member companies to network even when they are not able to meet face-to-face. Many of us experience the same challenges and have different experiences and solutions to problems. The Ask AVEM ListServ is here for members to get ideas on a wide range of topics, limited only by antitrust regulations. I encourage you to email our executive director with any question you may have. She will review the question for legality and then issue it to members. I also encourage anyone who receives the Ask AVEM request to respond. The more ideas that are shared increases the value of this member service. Remember that we will summarize the answers in newsletters so that all members will benefit.

Marketing Your Company on the AVEM Web Site

Have you recently checked your company information on the AVEM Web site? The AVEM Web site is the top link on Google when someone queries for "vacuum equipment." AVEM's member directory provides a description of each member company, including contact information, logo, link, company profile, key products, product lines, and markets. In addition, the online products and services guide provides a comprehensive list of vacuum equipment components and links to member producers.

Unlike in past years, AVEM does not charge companies to update

their information on the Web site or in the online product directory. Please take the time to make sure your information is correct. Updates (including new logos) should be emailed to AVEM Executive Director Dawn Shiley at avemexecsec@avem.org.

Member Company News

AVEM is proud to include member news releases on our Web site, giving members additional exposure. In this newsletter on page 6, a summary of recent news releases from members is provided. AVEM will continue this free service. Send your news releases to avemexecsec@avem.org. New releases usually are posted within 24 hours.

Committee Service

You can help set the direction of the organization by active participation on AVEM committees. Committee service provides you with another avenue to network with your peers and is a stepping stone to AVEM leadership as a Board member or officer. In addition, AVEM committee members create the programs that provide benefits to all members. Your ideas could create new programs that benefit your company, as well as others. Volunteers for the Membership and Marketing, Statistics, and Communications Committees are always welcome. Contact AVEM Headquarters for more information or to volunteer your services.

AVEM Annual Meeting - Sept. 14-15

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PEMA® members will participate in the general sessions, reception and dinner, to result in more networking opportunities and provide cost-savings to the overall program. They will participate in their own programming during AVEM roundtables, statistics panel discussion and business meeting.

Book Your Hotel Room Today

In July, Annual Meeting registration will open and the program will be posted on the AVEM Web site at www.avem.org. Meanwhile, rooms in the AVEM block at the Hamilton Crowne Plaza Hotel are \$199 single/double and may be reserved at <https://>

resweb.passkey.com/Resweb.do?mode=welcome_ei_new&eventID=1441579 or by calling 1-800-263-9802 (reference AVEM to secure the \$199 rate). This rate is available until Aug. 14, 2009, or until the AVEM block is sold out, whichever occurs first.

Fall is a wonderful time to visit Washington, D.C. You can extend your stay at the conference rate three days pre-and post-meeting, based on availability.

For additional information, contact Executive Director Dawn Shiley at avemexecsec@avem.org.

Members Helping Members: Questions and Answers from the Ask AVEM ListServ

AVEM members may exchange information on the Ask AVEM ListServ. Questions are received at headquarters and distributed to AVEM members. Answers to questions are sent directly to the person requesting information with a copy to headquarters.

Periodically, a summary of answers will be shared with all members via the newsletter. A recent question generated much response.

Question: Our health insurance contract is up for renewal later this year, and we will likely be faced with substantial cost increases. Has anyone implemented any programs that helped offset the cost increases, beyond the basic employee cost sharing and wellness programs that we all are aware of?

Summary of Answers:

The most popular answer to this question was to switch to High Deductible Health Plans (HDHP). Companies did this in several ways. One company offered employees in the HDHP the opportunity to participate in Health Savings Accounts (HSA) to help offset the employee's cost of the deductible by allowing them to use pre-tax dollars to pay it and other medical expenses.

Several companies combined the HDHP with self-insurance to lower the burden on the employee. For instance, one company, when threatened with insurance cost increases of 20 percent, changed their plan to a HDHP and reduced the premiums. The deductible went from \$500 to \$2,000. To not place the burden on the employee, the

company implemented a new policy where the company paid the first \$1,000 of the deductible and the second \$1,000 was shared equally between the company and the employee. If the employee maxed out the deductible, the company would pay \$1,500 and the employee would pay \$500, the same amount paid in previous years. The company's savings on the cost of the policy was so great that 90 percent of the covered employees and spouses would have to max out their deductible before the company lost money on the deal. In the first year the company saved \$20,000 and it has had positive savings in all additional years.

Another company has implemented a similar program where the deductible was increased to \$2,000 per person in their new

policy. The company supplemented the insurance with a Healthcare Expense Reduction Outlay (HERO) Plan. The HERO provides coverage for the deductible. The employee's portion is \$250 per person or \$500 maximum for a family. The company realized a 20 percent reduction in costs.

Other ideas that were provided included:

- Offering a menu of insurances with different costs to the employee. The employees choose how much they want to pay and which program best fits their needs.

- Changing the co-pays for prescription drugs. One company changed the co-pay from 10/20/35 to 10/20/50. This encourages employees to use generic drugs when available.

Employee Engagement – A Report

A report entitled, "Employee Engagement: A Review of Current Research and its Implications" outlined 26 key drivers of engagement. The eight drivers listed below appear on at least 12 of the studies.

1. Relationship with one's manager (is the #1 driver regardless of age, or location of the study)
2. Trust and integrity
3. Nature of the job
4. Employee understands how their work contributes to the organization's performance
5. Career growth opportunities
6. Pride about the organization
7. Relationship with co-workers and team members
8. Employee development

From "QuickBites," by Sam Geist. (800) 567-1861, www.samgeist.com

AVEM Member News

Members are invited to share their company news with other members. Send your press releases to avemexecsec@avem.org and they will be placed on the AVEM Web site in the Newsroom and also summarized in the *AVEM Newsletter*. Below is a summary of recent additions to the AVEM Newsroom. To view the complete press releases, visit www.avem.org/Newsroom.htm.

INFICON Introduces New Digital Capacitance Diaphragm Gauges

INFICON announced that it is offering a full line of SKY® digital capacitance manometers for precise pressure measurement and process control. A complete description of the gauges and contact information is available in the press release.

Kurt J. Lesker Company Releases the 9th Edition of Its Vacuum Products Catalog

Kurt J. Lesker Company has announced the publication of its new *Global Vacuum Product Guide, 9th Edition*. The guide features nearly 1,000 full-color pages and is packed with photos, drawings and technical specifications for more than 14,000 vacuum products, and many new Lesker brand products and services. Detailed technical notes and tables make this catalog an indispensable resource for anyone developing, designing, using, or simply wishing to understand vacuum equipment.

Kurt J. Lesker Company To Be Exclusive North American Distributor of Specific Solvay Solexis Products

Solvay Solexis has chosen the Kurt J. Lesker Company to be the exclusive North American distributor for their Galden® and H-Galden® heat transfer fluids and Fomblin® vacuum greases. The Kurt J. Lesker Company has been distributing Solvay Solexis (formerly Ausimont) products for more than 25 years.

MDC Vacuum Products, LLC, Announces New VP of Business Development

MDC Vacuum Products, LLC, on June 10, announced the appointment of Dana King as vice president of business development. Prior to joining MDC, Mr. King served as vice president of sales for A&N Corporation, a privately held company that manufactures and sells vacuum components, valves, flanges and fittings. He is a Certified Professional in Inventory Management (CPIM) and a Certified Supply Chain Professional (CSCP), as well as a CPIM Instructor. Mr. King is a former Naval Flight Officer with 10 years of service.

Pfeiffer Vacuum Introduces HiPace™ Plus Turbopumps for Vibration-Sensitive Applications

Pfeiffer Vacuum has introduced the HiPace™ 300 Plus to its line of powerful HiPace™ turbopumps. The HiPace™ 300 Plus with 260 liter per second of pumping is designed

specifically for extreme low vibration applications. Due to the reduced vibration spectrum, this pump is ideal for use in analytical applications such as electron microscopy and high-end mass spectrometry, as well as many other vibration-sensitive processes. Complete specifications and contact information is available in the full release.

VAT Releases New Catalog

In May, VAT released its new catalog, *Vacuum Valves 2012*. The catalog is a full-color, hardbound book that details a complete line of vacuum valves, pressure control systems and accessories for applications ranging from rough vacuum to extreme UHV. The catalog is also available on VAT's Web site. Ordering and contact information are available in the full release.

AVEM Newsletter

The *AVEM Newsletter* is published quarterly for AVEM members. The publication strives to keep members abreast of association activities and opportunities, highlight member company news, and provide information on useful business tools.

Members are encouraged to submit company press releases and provide member company business profiles.

For more information about the *AVEM Newsletter*, contact the editor or AVEM Staff.

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Beating the Buses for the Good Opportunities in a Bad Economy

By Christine H. McCarthy, of counsel, Barnes & Thornburg LLP

The ongoing financial crisis has us all straining to predict and prepare for the future. In truth, economic recessions force organizations to critically analyze strategy. It has been said that the key to rebuilding the U.S. economy is innovation. But today's economy requires protecting that innovation by maximizing Intellectual Property (IP) protection for innovation while stretching IP budgets and minimizing risks. Understanding IP's potential power in the present economy can help you minimize that risk and liability while maximizing the reward and profit.

To understand these risks and opportunities, your organization should be identifying and protecting its key IP assets and establishing and protecting your ownership rights, using strategies to delay costs of obtaining patents, reviewing your relationships with vendors and suppliers to reduce the effect of their potential financial failure on your operations, identifying innovations with profit-generating value, and actively managing potential IP litigation.

The automotive industry's ongoing financial crisis is only one example of the cascading effect of a financial downturn on a manufacturing sector as well as those materials and parts suppliers in their vendor/supply chain. The potential effects easily spread to other manufacturing sectors because those suppliers at risk of closing down their operations also support other manufacturing sectors and are themselves customers to processing equipment manufacturers. So how

does a company protect its innovations and IP when a supply chain partner or vendor you have been doing joint research with is about to shut its doors? There may still be time to file patent applications on the developed innovations. You should first ensure that your company owns part or all of the generated innovations and then actively review those innovations and file some type of patent application to identify and solidify your claim to those innovations.

Using both U.S. provisional patent applications and Patent Cooperation Treaty (PCT) applications, companies can secure key IP rights now while delaying significant filing costs until the global economy improves. A "provisional" patent application may be the most cost effective type of application; this application has no required format and can be as minimal as a few drawings or a technical specification; moreover, the filing fee for a provisional application is less than one quarter that of a regular U.S. patent application. Filing a provisional application provides you a one-year window in which to file a regular patent application. Some companies with larger, international IP portfolios may also be well served by filing PCT patent applications that may be used to delay filing patent applications in many different countries between 1.5 to 2.5 years.

But don't forget to have your employee inventors assign ownership of the invention at the time the application is filed. It is much easier getting your employees to assign these rights before they are subject

to a lay off. Although they may be contractually obligated to assign those rights after a lay off, RIFs can make unemployed workers difficult to negotiate with.

Company's IP Portfolio - A Valuable Asset

With the increased number of businesses failing, bankruptcy and business restructuring now has become something to plan for rather than fear. A company's IP portfolio can make it an attractive acquisition prior to bankruptcy or serve as a source for resolving debt during bankruptcy. Moreover, IP can be an asset used to secure financing when access to credit has become more and more limited. As the price of real property continues to decline and the market for business assets shrinks, IP rights may be the collateral that enables your company to get much needed financing.

U.S. bankruptcy law encourages the public recordation of IP rights. It is not enough for employees to transfer their rights to their employer; transfer documents should be recorded publically at the U.S. Patent and Trademark Office. The same is true for both licenses for IP owned by third parties. Under the Bankruptcy Code, IP includes trade secrets, patents, and copyrights but not trademarks; therefore, trademark licensees may be at risk of losing their trademark rights in a bankruptcy.

It also shouldn't be a surprise that IP litigation historically increases during financial downturns.

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Good Opportunities in a Bad Economy

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Companies are often desperate to increase cash flow through licensing revenues or gain more market share to compensate for a diminishing customer base. Also, hard economic times can force competitors into unfair business practices to preserve their own existence.

Competitors may sue you for patent infringement in hopes that you will eliminate an accused product and settle early to avoid the high cost of litigation. In such situations, it is often best to consider your competitors' business goals and capabilities as well as your own. Are they looking to offset the cost of their R&D by licensing their technology or are they trying to push you out of the marketplace? Are they in a financial position to pay for a massive litigation from start to finish? How much is the product/service in question contributing to your bottom line? Answering these questions at

the outset of any defense can minimize your liability and protect your finances.

You, too, may do well to review your IP assets to determine if there is any financial benefit from litigation or licensing.

Additionally, in the present economic downturn, intellectual capital and market share become available when your competitors are closing their doors. When you are in a position to hire your competitors' laid-off employees you gain valuable expertise and know-how, but be careful. Laid-off employees often harbor ill will toward their former employers; you should protect against employee activity that could lead to allegations of industrial espionage. Similarly, if you are required to lay off personnel, take steps to ensure that they are not copying proprietary information on their way out the door.

Clearly, these tough economic times have a greater possibility of financial risk; however, the potential reward for managing risk and capitalizing on present market conditions may be the key to better market position and financial health when the economy turns to recovery.

Christine H. McCarthy is of counsel in the Intellectual Property Department in Barnes & Thornburg LLP's Washington, D.C., office. With experience working in government as well as in private and legal-services sectors, Ms. McCarthy's practice includes virtually all aspects of intellectual property including patent, trademark, copyright, trade secret, Internet law and copyright and patent licensing.

This article was provided to AVEM pro bono. Ms. McCarthy may be reached at 202-371-6371 or Christine.mccarthy@BTLaw.com.

Tracking Trends – The Small Business Economy

How did small firms fare in the economic environment of 2007? Small businesses, particularly in the service sectors, continued to be important job generators, even as the economy began to slow. In the first quarter, they created 74 percent of net new jobs. By the third quarter, net job growth was declining in all sectors.

The latest edition of *The Small Business Economy* has been released and looks at small business economic, financing, and federal procurement trends in the changing 2007 economy (the latest year data were available). Here are some highlights:

- Exports were the most positive trend for 2007. Most U.S. goods exporters are small (97 percent), but small exporters' share of total export value fell from 31 percent in 1996 to 29 percent in 2006.
- The most important factor for success in starting a business is knowing the industry and aggressively pursuing the opportunity.
- Small businesses provide as much training as larger firms, and they often pay a great deal to hire and train their employees.
- Two out of three workers get their first jobs in small firms, and the training they receive tends to be general, informal and flexible.

For a complete copy of the report, visit www.sba.gov/advo/research/sbe.html.