



Maplewood, NJ USA

The Ideal Almanac

The Official Information Source of Ideal Jacobs Corporation



Xiamen, China

Issue 54

Written by Andrew Jacobs

IDEAL JACOBS CORP.

In This Issue

Welcome

Page 1

Beyond The Road to China

Page 2

Contact Us:

Phone:

973-275-5100

Toll-free:

877-873-4332

Email:

acj@idealjacobs.com

On the Web:

www.idealjacobs.com

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Welcome

Hello and welcome to the May edition of the Ideal Almanac.

Diary Update

5/8/07

9:26AM CST 10:26 DST

New Orleans, Sheraton Hotel

I have been to New Orleans two times in my life. One was about 1982 at a Young Republican Convention where I fell in love with a member of the New York Delegation. She was smart, beautiful and very Catholic. I mention her religion as I am Jewish and we could not get past that part and soon after stopped seeing each other. It was also the scene of a potential fight where another male member of her delegation did not like seeing my advances towards her and threatened me. He was much bigger than I was, grabbed my tie and almost lifted me off the ground. I calmly told him to let go of me or he would have the fight of his life. He did release me but the entire experience was not a pleasant memory.

Fast forward to a few years ago and I was back here again, this time speaking before a group of the Industrial Design Society of America. While nothing bad happened, this was not a good place for someone who did not care for a big nightlife, spicy food and jazz. My most vivid memory was trying to get something to eat the night before I left.

So here I am again this time for the Environmental Summit partially sponsored by my group the EPA Performance Track Program. I am hoping to have a better experience than my previous trips and even brought my swimsuit with the hope of getting into the water with the beautiful weather.

The Summit this year is sponsored by:

- The National Pollution Prevention Roundtable
- Performance Track Participants Association
- United States Environmental Protection Agency:

Office of Pollution Prevention and Toxics
National Center for Environmental Innovation
Office of Compliance

The conference has been going well and I have seen a bunch of old friends.

While listening to a group talk about Hurricane Katrina and their efforts to head off some of the problems I was amazed at how much preparatory work and training had gone on before the storm hit and the main problem seemed to be one of infrastructure more than bad decisions. It sounds like everyone here did the best they could with the resources they had and it is a much different pic-

ture than the one given by the media to us in the rest of the country. Later I asked one panel leader the question that I was afraid to pose during the session because there were a lot of local people there, "Why did they want to re-build? Why not buy the flooded areas from the people who owned the property and make it wetlands and then not worry if the area got flooded again?"

His answer was they did put a proposal like that before President Bush and he did nothing about it.

The worst part was that by using that alternative it would have cost less than what they are doing now. It seems like another case of bad judgment by our government.

I am here until this Thursday.

Business:

2007 was a great year for both Ideal Jacobs in the United States and Ideal Jacobs Xiamen in China and so far this year has been better. The launch of our new filler panel/slot blocker line of lower cost plastic panels has been well received and we have various prototypes in the field undergoing testing. Once we pass compliance tests, the potential for business will be amazing. It is exciting to watch a new product line be born, nurtured and see if it can actually mature into something that will be of real use and save substantial amounts of money. Of course, with everything new there will be starts, stops, ups, downs, failures and hopefully some triumphs. If you can't take all of it you should not be in the business.

From the engineering side it is also gratifying to see that at least some of our ideas regarding construction, materials and new capabilities have merit and gives us courage to pursue even more and branch

(Continued on page 4)



Andrew Jacobs (far right) is seen with some of the members of the Performance Track Participants Association Executive Member's Board at the EPA Environmental Summit in New Orleans, LA.

Beyond The Road to China -- SNEAK PREVIEW

Editor's Note: Although Beyond The Road To China has not been released for publication, here is an excerpt from the first chapter to wet your thirst.

12/31/05

11:50PM

New Years Eve - New Jersey - Home

It has been a fantastic year and it is now time to look ahead.

Hopeful projections for next year:

Movement to continue to sell more small and medium sized companies

Launch a new program that gets customers to utilize the new metal-plastic material and start selling whole units to customers instead of only labels, insulators and cable assemblies.

Install CNC routers in China and the US. CNC are machines that create finished parts from blocks of material like aluminum and plastic.

Launch a new book and use it as a networking tool to bring in more customers, suppliers and contacts

Possibly have our part-time salesman go to full-time and have him travel throughout the United States.

More travel for myself throughout the United States, Europe and Asia.

Have our other top people also travel worldwide.

Ben Meng, President of Ideal Jacobs Xiamen, will sell throughout Asia.

This is a lot to accomplish and it is really exciting if the metal/plastic product group either becomes important or moves us into a new area.

1/1/06

10:35PM

New Jersey - Home

Last night I woke up at 3:00AM. Besides having to go to the bathroom I realized that the original figures I had for our financial projections for IJUS (Ideal Jacobs United States) and IJX (Ideal Jacobs Xiamen, China) meant that I was only thinking of a holding action without putting myself "out there" to go for something bigger. I have now altered them radically upward and let's see what happens.

Vinnie Santoro, our head of global manufac-

turing, is over at our China facility and Ben called me via Internet phone tonight. The call covered basic operations including our tenant who has just moved in. There are always changes and problems when things change and I feel that things will iron out smoothly with the tenant within the month. Since they are also a customer we will strive to keep the problems to a minimum and do our best to increase our business with them as much and as quickly as possible.

I told them Vinnie and Ben that we had to get the CNC Machine situation worked out right away as I wanted to be able to offer machined parts, done in-house as quickly as possible. I see a market there and I want to capitalize on it now. In addition, Ben and I both want IJX to have its own art department, which, I hope, doesn't cause a "turf" problem with the guys from IJUS. We have discussed the creation, training and on-going supervision for this new center but again everything new can cause problems and I am trying to reduce the potential trouble as much as possible.

I seem to spend a lot my time trying to make sure trouble doesn't happen or if it does, it occurs at a much lower level of urgency and potential catastrophe than it would otherwise. We have started the transition of all Asian accounts over to IJX and have already turned over some to Ben. He can handle them as he likes just as long as IJX makes money.

While traveling in Hong Kong, Ben also took Vinnie to see the ink and polycarbonate suppliers. There seems to be a block regarding buying certain materials in China and hopefully we can break the logjam regarding these two products. If not, we may have to buy them here in the US and send them over which is not only inconvenient but also very expensive.

We had gone to one of our biggest customers who makes extruded metal products and explained that we wanted to go into the short and medium run thermoplastic injection molding business. This process converts extruded metal parts over to a lesser expensive injection molding process that utilizes plastics that contain metal particles inside them and mimic the same attributes of aluminum and steel. We offered to work in conjunction with them and as a supplier but so far they have not been pleased with our move into this area and then move up the manufacturing chain to make the entire unit instead of only the labels or insulators. I hope they do not try and force us to stop; the situation could become ugly very quickly.

1/2/06

Vinnie emailed regarding the CNC machines and we are making progress.

Within two weeks we should have our first set of molds for one of the telecom front panels utilizing the new plastic/metal material. It is very exciting and I look forward to seeing the final result.

For the short-term I am cash poor and am hopeful that enough money comes into the business this week so I can pay the government the taxes I owe them (they are not due until April) and also provide for my wife to run our household. Things are not dire by any means; it is just a typical business owner's struggle to pay all the bills and still go after new areas.

I feel good about our path; We just have to stay on it.

Dad called me today worried about the weather. He is going into see a doctor tomorrow in the city and there is a winter storm happening. Hopefully the precipitation will stay as rain.

1/5/06

Our tenant in China decided is giving us grief regarding what they will and will not pay for. However, since the tenant is a good customer domestically (and will hopefully be one in China) we will live with it for now but this does not bode well for the future. With our two companies going after the same type of customers for the same type of business I can only see trouble for the future. Still, they will do as they wish and so will I. This does not feel like a great situation.

Once the metal/plastic area is running, tested and working well we will attack everything and probably bring our part-time salesman on to fulltime.

We will then go aggressively after the small end-company market with face panels and labels and then move up to the middle area. Eventually our business with the tenant will become less profitable and less important to us. As we start taking significant market share from them we will be in direct competition.

Our relationship at that point will most probably be finished quickly. Then we will see how fast we can build a super profitable business in this new niche, pay off the loan for the China facility and eventually go into Eastern Europe and become a truly global supplier. The plan is the same as it was before - stay

(Continued on page 3)

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Beyond The Road to China -- SNEAK PREVIEW

(Continued from page 2)

in the profitable pieces of business in niche areas and let the others fight over the cheap stuff. We will need more people once this gets going but we can build as we go unless the market explodes in which case we will have to do the best we can. It could be a good problem.

**1/6/06
10:39PM**

New Jersey - Home

Things are a lot clearer now. Fate has once again paved the way for us. I now understand the reason we were not able to buy a CNC machine in China. We were meant to put a CNC machine into our New Jersey facility first so Vinnie could learn it here and then train employees in Xiamen later.

We will shut down the imprinting operation (it was not great from an environmental point of view) here in New Jersey to make room for the new CNC machine. We may also put into a new film output center so we do not have to rely solely on the thermal film system we have now.

Vinnie, our Vice President of Manufacturing, will move into CNC area and Oscar, our lead pressman, will take over as manager of the press lines.

1/7/06

I spoke to Alice in China this morning; she and her husband traveled to Shanghai without trouble. I have been thinking further about changes to make in our manufacturing area that could also include possibly adding an injection molding line.

The first course of action that will need to take place is dismantling the imprinting room. We might be able to donate the equipment to a local college or sell it along with our poster making equipment that we barely use anymore. Vinnie will have to become familiar rapidly with all of these new areas. Knowing his abilities and talents it will not take a lot of time for him to do so. This will be a lot of new work for him so the press lines will need to be supervised by Oscar with Vinnie's input provided only when needed.

**1/9/06
9:50PM**

New Jersey - Home

I saw my friend Dave Williams (nicknamed "Uncle Dave") yesterday for biking and he mentioned needed more sales. I suggested he help us find companies that want to set-up operations in China. He would get a portion of the fees and a small percentage of the joint venture itself, if there were any. Dave loved the idea.

I also mentioned that often when a company began operations in China it often is necessary to downsize domestically and possibly move out of their current space to find new accommodations. Since he is in real estate and would get the exclusive to help with the re-location, Dave really started to like the plan.

Meanwhile I was re-energized about the idea of bringing companies over to China and emailed our part-time salesman to be on the lookout for possible candidates. We already have one tenant and have room for more, especially if we get a piece of their business.

My trip to Solectron in Mexico is probably not going to be fruitful in the short-term because I was told that they have a favored vendor who would be hard to dislodge. The suppliers are known for very cheap prices of long runs with a medium quality level. This is definitely not our niche. We specialize in shorter to medium run complex orders that are needed in a quick turnaround. I can easily see that over the next few years a shift in our accounts and possibly the business sectors we deal with. It doesn't matter what we make as long as it is honest, profitable and has the potential for more.

For now another big focus is accumulating the funds to pay our taxes due in April. It is great to make the money but you always have to pay the government which is rarely far out of my mind. The company has been very fortunate - 2005 was a very good year for us.

How different it must be for people who do not own their own business? Many of the worries I have would be non-existent if I worked for someone else or a big company. Of course, I would probably go crazy not being in command. Therefore, I am just as happy using my powers of worry to directly enhance our bottom line. I do not want more debt but now is not the time to be cutting back. Instead we must expand and follow my gut.

Things to go over during my trip to Mexico and Arizona:

- Review our ISO system manuals
- Revise our company attack plan
- Final review/proof of my book (My Road to China)
- Write a short story for a radio program I like to listen to

I am not tired yet, hopefully that will come soon. I had a nap today and woke myself up from my own snoring. How strange is that? It is not the first time and also good I did not sleep too long. I am also looking forward to my trip to Florida next weekend - some sun,

golf, tennis swimming, writing, working, eating and sleeping.

12/9/06

We have a customer who wants us to set-up a website where we can sell his handle assemblies utilizing a part we would make with our new injection molded metal/plastic material. We would buy some of the components from him, set-up the rest ourselves, package it and sell it via the web. It sounds exciting and just the type of area I want to go into to.

Lucent Technologies (now Alcatel-Lucent) is also interested in these metal/plastic materials and has offered to help us get set-up and check our samples. It appears that injection molding will be a much more cost effective way to manufacture a great many telecom parts so we will pursue this area vigorously. The proposed CNC machine, machining center and injection molding line in New Jersey, augmenting the one already running IJX will fit into this plan nicely.

My editor called today and gave me an odd compliment. When I asked if she liked this book she said she it was better than the last one. She said it was also good to see someone decide to do something, like put the plant into China and then carry through.

Dave Williams said the same thing to me when he was trying to find us joint venture partners. People don't see what we see; to them the dangers far outrun the possible benefits and they would rather wait to see. I want to move quickly and get to a new market first. I guess I am unusual in that regard. I wonder if this new area will work and where it will go.

1/10/05

New Jersey - Home

Vinnie and I spoke and he is in agreement with all of the new plans including moving out the imprinting equipment, putting in an injection molding and CNC.

Alice seems fine and getting along well Ben. I think she is on her way to Bangkok with her husband, Mel.

Our part time salesman will probably become full time in the next few weeks. I have never had any luck with salesman; maybe this time will be different.

We should have our first injection molded plastic panel sample in about 2 weeks. I can't wait to see it. I got word from the man I am seeing in Nogales that we are on for the meeting. It has been a good day. I am on the final edit for my book. Then it goes back to the editor for one more glance for typos, then sent to Ben and finally my Dad. We are scheduled to start launching our new prod-

(Continued on page 4)

Beyond The Road to China -- SNEAK PREVIEW

(Continued from page 3)

ucts in February. Then it is back part time on the road until summer. In a way I am glad that my daughter Kayla is not involved with the local softball team this year, in another I am not. I loved being with here but it was tough game and practice schedule. The road is calling and I will answer.

1/13/06 - 10:33PM
New Jersey - Home

I got an email from Ben today. It seems that one of the employees from our tenet in China has been throwing his weight around with our Asian staff and is over utilizing our driver and car. If it has reached the point that Ben is actually asking for my help then it must really be bad because he never complains. I emailed the President of the company in the United States and told him the situation had to change immediately and maybe they should buy or lease their own car. Since the tenant is still a good customer I had to tread somewhat lightly but I was strong enough for him to know I was serious.

My son Ben is home from Israel. He had a great trip and leaves for college on Sunday. It has been good to see him; I love him a lot. We don't get to spend a lot of time together but the bond is strong and I am very proud of him.

My tennis injuries are mounting. It is good I am traveling Sunday-Tuesday. It will give my body a chance to rest and mend. I find it hard not to exercise when I am home as the thought of becoming overweight, a residual fear from my youth, is much stronger than having to deal with the pain from the resulting injuries from over-use of my body.

1/15/06
10:49AM EST
In Flight to Houston

I started out the day getting up at 5:00AM to shovel the driveway from last night's snow/ice storm. I had to get it done before going to play tennis with my brother because I am going to Mexico later this morning. It was a beautiful early morning when I got outside to the driveway. It was still dark. The air was very crisp but not overly cold. I got to work with my new shovel. It was being taxed by the combination of ice and snow so I utilized my large ice chopper to break up a majority of the mixture first and then gather it later with the shovel. I felt bad about making the noise since it was still early but I had no choice as to I had to leave for the airport directly from tennis and would not be back to the house. I was not sure if the cars would be able to get up the driveway if I had not shoveled so I attacked the ice and snow with the time I had.

Tennis with Ira was fun but my injuries were bothering me. We are currently on our way to Houston but are running late and I doubt if I will make my connection to Guadalajara, Mexico. There are however, later flights so I will get there eventually sometime today.

I have a great deal of work and it doesn't matter where I do it so I am reasonably calm.

My initial reason to go to Mexico was for a piece of business that we were fighting for against one of our main international competitors. In the meantime, however, our situation has changed and I probably will let the business go to the lowest bidder and we will move onto the new niche area that I have been describing. We cannot be everywhere and have to pick our own spots to concentrate our marketing efforts. I do not plan on fighting for unprofitable business but it is

tough to give up even when you feel there is something much better on the horizon.

I originally was going to Solectron in Guadalajara to set-up a depot to house our products if necessary to try and ward off the international competitor. Instead, I will go to see how much business is actually involved, what we have to do to keep it and if it is worth our efforts to try and hold on to it. Perhaps we have not been getting the true story about how things are operating there. Therefore, I will wait until after talking to them before making any decisions or plans.

I don't want to tip off the market as to our plans for the composite material until we are ready to launch. We will go after the small and medium-sized market first and leave the big companies for after we prove ourselves.

Andy's New Book

BEYOND THE ROAD TO CHINA

Coming soon...

Welcome

(Continued from page 2)

out to other areas.

With that in mind we have been expanding into additional areas of screws, bolts, hardware and anything else that needs to be manufactured. With IJX at our side we have an almost limitless capacity and I plan to exploit that capability fully to find more prosperous niche markets.

Home

My middle son Alex is going to Washington University in St. Louis, MO next year. That is great news and we are all very proud of him. This means that with our eldest son Ben is a senior at Case Western Reserve University in Cleveland and Kayla will be the only one home. Wendy and I are both looking forward to it, as is Kayla, as long as we don't focus on her too much. My best friend, Dave Williams, announced his engagement to his long-time girlfriend Janet and we are all very happy for both of them.

Publications

We have almost sent out all of the copies of our game, "Ideal challenge." There are more of the Chinese versions are on their way from IJX. Response from our US based custom-

ers has been just as I had hoped; they think it is great and the exposure and advertising should help us stay in their minds which was our intention.

I am on the next set of editing for my new book tentatively titles "Beyond the Road to China." We are happy to include a sneak preview of the first chapter in this newsletter.

In the meantime I have resumed work on our new game about global warming and we are all working on a six-month schedule to try and get it ready to go to press. It is a lot of work but going to conferences like these makes it a much easier project to tackle. Everyone here is intimately involved with the environment, often on a daily basis, and their commitment and integrity is contagious.

Weather

It is springtime in New Jersey, the flowers and trees are in magnificent bloom and I love going for walks with my wife and our dog after dinner on work days. I hope it is beautiful and in bloom wherever you are. Regards,

Andrew IJ