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THE IDEAL ALMANAC

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WELCOME

By Andrew Jacobs



LASER CUT NAMEPLATES

Vice-President, Mike Valentine, inspects a custom nameplate for Andrew Jacobs that was cut by the Ideal Jacobs laser machining center.

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

BUSINESS

One of the things I love most about our company is all the different areas that we can move into and make a positive impact. When I was growing up, and especially when I went into the family business, I would ask my Dad's advice whether to go into something new - he almost always emphatically said yes. This has led us to extremes from those profitable areas that have unilaterally expanded our product lines, knowledge base, and profits and those setbacks that cost us lots of time and money but also taught us a lot.

My experience, however, has been that you can't have the great successes with-

out the problems. Unless you are willing to take the leap and try something new you will never get the chance, or make it possible to find new niche markets. Business is a gamble. This was true when we took the plunge and put in our plant in New Jersey in 2001, the one in China in 2005, and the Distribution Centers in Mexico, The Netherlands, and China. It also holds true for launching our new Distribution Center in Thailand later this year.

Over the last 18 months we have noticed a trend in companies in the United States and Europe. Many of our customers, individual engineers, and sometimes whole project groups have been transplanted to other parts of the world. Teams formerly together for years, and designers and support people who maintain many old-

er systems have been split up, retired or moved to other countries. Therefore, the very fabric that created many products of four years or older has been shredded so now no one knows how something was designed or who worked on it.

As long as the economy was very strong this was not a big deal because companies could afford to keep paying whatever was needed for the decreasing amounts of older products that were still needed under warranties. But with the downturn in the economy a new phenomenon has developed. Companies, in general, no longer want to buy new equipment and with their limited budgets are concentrating on maintaining and upgrading older systems. The remaining engineers concentrate on working on making new products because that is where the future lies.

Added to this mix is the problem with end-of-life components. As systems get older the parts they require become unavailable or cannot be used for various reasons like lead content or environmental problems. Someone has to take the time to either find parts or create alternatives with the accompanying software modifications. One missing part can stop a system and create havoc with a long term, good paying end-user who up to now has been a loyal customer.

This potential for disaster was seen as an opportunity for Ideal Jacobs to create a niche market, however, we were faced with a problem. People know us for making the best labels in the world. From labels we expanded to metal and plastic parts, then we moved into gaskets. Still, no one thought of us as being able to design and redesign parts or whole systems, especially for the legacy area. To prepare for this new market we decided to increase our infrastructure both in equipment and our personnel so we could offer the "total package." We knew we would have to build the team first before people would have confidence in us so we took the time and spent the money to do it right.

We are now like an unstoppable force ready to be unleashed. Our people are ready to tackle anything in the mechanical and electronic areas. It can be old or new, simple or complex. We will do the following:

1. Quickly define what needs to be done with a timeline projection
2. Research and re-design where needed and submit new drawings for affected components
3. Prototype whatever is involved so you can do the necessary testing

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ANDREW'S WELCOME MESSAGE

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THERE IS NO COST FOR ANY OF THIS

- For areas other than end-of-life we will cost reduce the systems so you will be paying less. You simply have to buy the products from us so your savings can start immediately. We will guarantee further cost reductions of 1% per quarter in exchange for keeping the business.
- For end-of-life areas we will tell you what the replacement parts will cost before we do the work. Again, the only payment we receive comes from you purchasing the parts from us. We will reduce the cost by 1% per quarter to hold the business.

You have no risk. You can check everything along the way and realize the savings with our cost-reduced systems. The risk is ours and we all win. Please call us to setup an appointment or send us files so we can begin a preliminary review. Also please visit our website at www.idealjacobs.com to see our expanded capabilities and how we can help you.

FAMILY

I wanted to do something a little different this month. I have a team of health professionals who take care of my mind, body and soul. Their collective "goal" is to keep me healthy so can I enjoy a great life. My dentist, Dr. Kevin Browne, is among the best in his profession. Walking into his office is like entering a place of peace and calm and it is a place where I can relax. While I am legally not allowed to endorse anyone, I am including an article from Dr. Kevin Brown in this issue that I thought gave some great information.

INVENTING

I love to think about new things, better ways to handle existing problems and modify the functions of various "parts" to improve them. I am proud to say I have one US Patent to my name; it was a device that helped to separate veins in a patient's arm so that blood could be ex-

tracted easily and with less pain. I made it for my wife during her three pregnancies and although the invention worked, she declined to ever have me test it on her, she was probably right.

We are now making plastic panels for telecom applications. In many cases these panels are locked into position using a

handle. One large company has historically made those handles. After looking at the handle design we have come up with an alternative that will be cheaper, work as well, and allow us to enter into the latch/handle market from a very competitive position. Our customer will review our sample next week. If approved, they can be used throughout the

telecom industry and could mean massive amounts of business for us. Nothing is set in stone, no piece of business is locked from competition. There is no idea that cannot be improved upon and often it is not the gigantic companies with the hundreds of research people but one lone person who looks at it from a different

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WHAT'S EATING YOU?

BACTERIAL INFECTION OF TEETH

By Kevin Browne DMD

In dentistry we treat 3 diseases: Bacterial Infection of the Teeth, Bacterial Infection of the Gums and Bite disease.

Bacterial Infection of the Teeth includes cavities and root canal infections. These are caused by multiple factors.

- The first is the presence of specific bacteria which make byproducts that destroy tooth structure. The amount of bacteria and exposure time to those bacteria is a major factor.

- The second is your body's ability to defend itself against those bacteria. Your defense depends on the quality, quantity and content of your saliva. There are factors in your saliva that destroy the bacteria directly. There are also components of the saliva that help keep bacteria from sticking to teeth and that wash bacteria from the teeth. When saliva quality or quantity is compromised, bacteria may get the upper hand.

- The third is the food that you eat. Bacteria that destroy teeth eat what we eat. Simple carbohydrates and sugars feed the bacteria. When the bacteria metabolize the sugars, their byproduct is acid. The acid leaches calcium and phosphorous from the teeth creating a cavity. The more exposure to sugar, (time and frequency), the more chance the bacteria have to destroy your teeth.

- Sugars that stick to teeth like chewy candy, fruit rollups, and potato chips as well as sweet drinks and hard candies are

the worst offenders.

- Teeth and restorations such as crowns and fillings that have rough surfaces or open gaps give bacteria a place to hide and do damage despite your best efforts brushing and flossing.

When bacteria are allowed to continue "eating" at tooth structure, they eventually get to the middle third of the tooth or the pulp. Once bacteria enter the tooth you have a root canal (pulp) infection. This can be without symptoms or very painful. Preventing cavities or treating them when they are early will help you to avoid root canal therapy.

How do we prevent cavities?

- Flossing and brushing with a minimally abrasive fluoride tooth paste reduce the numbers of bacteria. Frequency and duration are best determined by Cindy, our hygienist, who learns about your health, history, and other factors that are specific to you.

- By eating a healthy diet low in simple carbohydrates. When indulging in sweets try to have them around mealtime when salivary levels are highest and abrasive action of other foods will help to lower exposure time to the sugar. After sweets, rinse or swish with water and brush as soon as conveniently possible.

- By staying hydrated to keep up saliva quality. When taking any medication, be aware of potential side effects. Reduction



CAUSES AND PREVENTION

Dr. Browne talks about the causes of bacterial infections of teeth and how to prevent them.

in salivary flow is a fairly common side effect of many medications. Please let us know if you are aware of or suspicious that you have dry mouth.

- Replacing leaking restorations such as crowns and fillings with gaps or rough surfaces will lower bacterial numbers and risk of cavities significantly.

- Periodic exam and properly timed radiographs (x-rays) allow us to catch cavities before they become too destructive or to prevent them in cavity prone areas with sealants and/or remineralizing therapies.

- Keeping teeth straight and aligned with orthodontics and retention prevents cavities that occur in hard to clean areas caused by crowding or misalignment. **I**

THE IDEAL ENTREPRENEUR

CHAPTER THREE

3/1/07

9:56 PM EST – HOME, NJ

I got home about 7:00 PM last night and got the news there was trouble with one of the guys in the office. After hearing the details I realized I might have to fire someone in the morning. I wanted to center on all the good that happened but the jet lag, general tiredness and worry about the employee took over and I went to sleep with a troubled mind.

I got up this morning dreading what I would have to do and went to the office, exercised, started going through my email, went to play tennis and came back about 8:30. After a lot of discussion I decided to demote the employee instead of firing him. The rest of the day went well and I followed up on the panels being tested at Alcatel-Lucent. This was really important, not just for this large volume of parts but also the whole design. There were some problems in the test results, but not insurmountable and we are hiring a specialist to review the files and make the needed changes. I like having subcontractors I can call for immediate work, pay as needed, but not keep on full time. They like the quick money and everyone is happy. I sent the promised files of parts to the people in Europe and things are moving forward nicely.

Ben Ming and I are working out the details of the trip. I plan to email as many people as possible tomorrow. I am now speaking to three groups of students in China on the Monday we arrive and it will probably be a grueling pace and we keep moving onward from there. Next week I'm in Omaha so I need to work on that speech also. Things will probably be very busy for the next few months. I look forward to some weekends in the Berkshires in the summer.

I had Eileen call Air India to find my suitcase. They called this evening to say it will be delivered tomorrow. I will believe it when I see it.

3/4/07

4:07 PM EST

No suitcase yet.

I have been working on my speech for Omaha and my speeches/classes for China.

I am going to try and marry my course for Kean University with the work for the speech – I hope it works.

Sales for this year are almost even with last year – amazing considering the Asian sales we turned over to IJX and loss of part of a large customer.

3/5/07

10:02 PM EST

I got my suitcase back! Everything seems okay.

Kayla's swim team dinner is tomorrow night. It is cold and snow may be coming. I am due to fly out Wednesday – I hope I make it out.

3/7/08

6:31 AM EST – NEWARK LIBERTY INTERNATIONAL AIRPORT

I woke up this morning with the expectation it would begin to lightly snow about 9:00 AM – that forecast was a little late as there already was a light dusting at 5:00 AM and immediately the anxiety began about my ride to the airport, flight delays and getting to Omaha in time for my lunch appointment. As with many things these were out of my hands. As you can tell from the time of my entry I am at the airport in plenty of time for my 8:10 AM flight, which is still supposed to be on time. I am going to Commscope in Omaha with the hope of utilizing our new panel design technology to convert some of their metal parts to our less expensive version. They seem amenable to saving money and new ideas so I am hopeful we can make a positive impact.

In other news we have one potential giant customer who wants us to be able to

produce metal assemblies in China and service their contract manufacturer in Thailand. Since we are already a supplier for the CM and have a good relationship, that part is not a problem. However we will have to set up a new supply chain to produce the metal in those types of volumes. Ben already has the outside supplier to stamp the parts and we then plan to assemble all of them in our Xiamen facility, which will also give us control over quality, inventory, shipments and production. It sounds like it could be a great thing especially in conjunction with our new injection molding operation.

This may, however, mean a massive expansion over the next twelve months. That means it will need to be financed which falls into my job description. We still have our loan for the China facility, and I was planning on using the 2006 profits from the IJX to help pay my income taxes but we may have to keep the money in reserve for expansion.

I was hoping to wipe out the balance of the China loan within 24 months but if expansion is needed then we will just pay the normal monthly payments and let it run its course. It is not my way – I like to pay off debt as quickly as possible. In

fact, it is like a contest to see how fast we can do it, and I feel much more comfortable being debt free, but sometimes you have to keep your emotions at bay and do what you think best.

Asian stock markets have been declining. We are not directly affected as I am not invested directly into the stock market and our customers are mostly multinationals. However it looks more likely that within the next four years we may take the company public and if so, it could easily be on an Asian exchange – if so, it will suddenly become very important as to what the market does. The main reason for doing that would be to get the needed capital to expand.

I don't like the thought of having other people (like stockholders) have a voice in our business operations but I would like the use of their capital and maybe draw some of mine out. It is a tough decision and one I don't have to make now. The idea of losing control and answering to other people is not pleasant – there will be a lot of options and feelings to weigh before proceeding on that course.

The last time I checked the weather in
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ANDREW'S WELCOME MESSAGE

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direction and says "why not"?

PUBLISHING

Every year I tell myself that the next book is going to take less time proof reading, editing, printing and getting ready for release and every year I conveniently forget how much work it takes to get it done. In the past my new book, tentatively titled "The Ideal Era" will be ready for distribution in the summer. I am also happy to report that the latest effort of the Sunday Night Lifeguards-called "Handling Tough Times" is being released now and you should receive a copy within a month. We hope you enjoy it. Included in this issue is the next installment of my current book, "The Ideal Entrepreneur."

WEATHER

Here in New Jersey the trees and flowers are blooming and there are bright colors everywhere. It is a truly gorgeous sight. The temperature has also been warm enough that I have been able to begin my spring flower planting early. I love being able to look around my house and see lots of colors all swimming together with no apparent preparation. This is accurate because in most areas of my life I am highly defined and structurally oriented but planting flowers is my eclectic exception and anything goes. It is good sometimes to let the "other" side out. Happy Spring or Fall wherever you are.

Regards,
Andrew 

THE IDEAL ENTREPRENEUR

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Omaha was warmer than here, and it is supposed to warm up for the weekend here so that biking might be a possibility. Hopefully Uncle Dave will be available although I am not sure he will want to ride with me after I yelled at him last week. He is one of the very few people I can share many emotions and feelings with and if he doesn't react the way I want or expect I can get a little annoyed – okay downright angry with him. It is the unfortunate price he has to pay for getting my honesty at a level few others see and I am not sure he is always happy to get the bill for it but he is an exceptionally nice man and I also take it from his side so I guess you can say we are really good friends and are there for each other.

Both being from family business helps us understand a lot of the stresses and emotions that come from that situation. We both handle those strains differently and I freely admit that in some ways he does it better. Then again he is a nicer person than I am. Not being as easygoing and affable as other people gives me a certain amount of leeway in dealing with people. When I am nice people think it is great and when I have to be tough, unbending, autocratic, difficult, pushy, manipulating or other emotions not always considered positive then it is not unexpected. As my father taught me you never want to be totally predictable in any direction. Having the ability to get extremely upset and showing it keeps people from taking you for granted or treating you like a piece of furniture. People know when I am around and not to push me too far, or the reaction they get will not always be to their advantage and that is a good thing.

I have to go buy a bottle of water before I get to the gate. I am eating oatmeal for breakfast, have a banana and need water to carry with me. I am now at the point where I prefer water to milk for my oatmeal and cereal and even don't mind if it is not hot.

I just heard from my new friend Ivan who I met on the Air India adventure last week in Europe. He congratulated me on getting my suitcase back and mentioned

that the adventure of flying can sometimes be enough excitement that you don't have to do anything more to have an adrenaline rush. We both agree however that it is much nicer to be thinking about swimming in the beautiful waters of the South Pacific than where you buy new socks because your luggage is half a continent away.

**3/7/07
9:18 AM EST**

Delayed. We have been waiting on the tarmac and are now on our way to be de-iced. I am hoping we can still land by 11:30 AM. If so then I can get my rental car, probably get lost once as usual and make it to Commscope by 12:30. I asked Alice to call ahead for me so the customers know what is going on. My time constraints are not that tight today so I am not going nuts – yet.

**3/7/07
12:35 PM CST (11:35 EST)**

We are running about two hours late and I hope I make it to Commscope by 2:00 PM.

I have been working on my Xiamen University talk and I think most of it is done. I think I will send a copy to Ben the end of the week. I am getting tired of sitting. We have about another hour to go. I have a peanut butter and jelly sandwich in my bag, which I think maybe the bulk of my lunch – I am glad it is there.

This plane has been very warm and I took off my shirt and tie already. I will put it back on again and hope for the best. I might just watch a movie until the end of the trip or take a nap – a nice choice either way.

**3/7/08
9:35 PM OMAHA TIME (10:35 PM EST) – MY HOTEL ROOM**

By the time I got my rental car and got to Commscope it was about 2:05 PM. I immediately started meetings with various buyers and engineers and the message was loud and very clear. They wanted to

cut prices and they did not care how we did it. We can use the China facility, subcontract to Chinese suppliers or anything else as long as the quality level remained high. They said that they would listen to any suggestions we had. With that in mind I am now working on four new potential projects and also had to agree to a reduction in all label pricing, but that was going to happen no matter what I did. The best scenario for us is to reduce the labels enough so they are happy and we can move into the other areas and dramatically increase our volume. As they say, "it works for me."

It is the same story with almost all of our customers: cut costs any way possible, keep the quality levels high and innovate to utilize new ideas and technology to enable further discounts later on. It is not an environment for the weak or non-thinker. If you don't use your brain and are willing to take big chances then the odds are good you won't stay in the game. One person I met with today is extremely knowledgeable about injection molding – in fact his overall knowledge is much broader than mine so it gave me a chance to learn a lot in a short period of time. One thing he did confirm was that our marketing strategy for not charging for molds for short-running parts was indeed highly unusual if not unique and a good path for us to be taking, at least until we are sure that it is profitable as I think it will be.

I checked the office and it was a bit crazy today. The only problem (and it is not really a problem) is that sales are good, which means cash becomes tighter which is a little tough around this time when I am trying to save money to pay my taxes. The profits from IJX are probably going to stay in China to be used for prototypes and expansion. That means we will need our credit line come April 10th. I have no urge for more debt but I will not stop moving ahead and choking us with a cash flow problem. I am very tired and will try and go to sleep.

**3/8/07
11:49 AM OMAHA TIME (12:49 PM EST) – OMAHA AIRPORT**

I got up this morning and decided to practice my speech one more time, which I did while I worked out. I got to the OSHA location with plenty of time and my talk went well. I think almost everyone enjoyed it except the one guy with the heavy beard near the front that seemed like he did not want to be there at all. I am now back at the airport. We hopefully board in about forty-five minutes. I have a lot of work to do and should be home for dinner.

**3/12/07
8:46 PM DST – HOME, NJ**

Weight: 184 lbs.

Daylight savings time started early this year and as per usual I had trouble falling asleep the first Sunday, which was last night. It seems like spring has suddenly come to New Jersey—at least the first hints—and it should hit sixty degrees this week.

I am preparing for our trip to China starting very early Friday AM and have already bought the provisions for Vinnie and I. I am also busily getting ready for my two speaking engagements in Xiamen and ordered two Rockwell framed prints as presents to the two professors who have invited me to speak. We are taping the sessions so if they turn out okay we might make a DVD as to how (in my opinion) to heal the clash of cultures between Asia and the U.S.

Alex got into American University today. Happily, some of the pressure is off. He has many more colleges to hear from but if he ended up there it would not be a bad thing.

Business is actually ahead of last year, which is incredible. I like moving forward. I had to stop Jeroen today from being too aggressive with a potential customer. I told him he was getting like me and he was supposed to be the semi-laid-back one. I think he took it as a complement as he should. He has real potential in sales. **IJ**