Council of Industry Newsletter

April 2011
Volume 15
Issue 4

Japan Disaster Threatens Supply Chains

The triple disaster in Japan: earthquake, tsunami and nuclear crisis has brought the country's auto industry to a virtual halt. The world's biggest automaker, Toyota, says it is extending the shutdown of its factories in Japan. Same for Honda. Nissan resumed operations at some plants last week but says it will continue only as long as inventory of parts will last.

Companies are struggling with power cuts and a shortage of parts. Even the Swedish carmaker Volvo and Detroit's General Motors have both stopped some production because of a shortage of parts.

Shipping containers were tossed about like Legos during the devastating earthquake

Other industries are alse effected. Electronics manufacturer Sony Corp cut output at five more plants and Toyota Motor Corp delayed restarting assembly lines, as the global supply of parts and products began to feel the full impact of Japan's catastrophic earthquake.

Global electronics and autos companies have been hardest hit by the turmoil, but in an illustration of how the ripples are spreading, Rio Tinto, the world's No. 2 iron ore miner behind Brazil's Vale, warned the disruptions posed a threat to its expansion plans. Miners are already facing longer waits for key equipment as companies ramp up exploration, making shutdowns at plants manufacturing heavy earth-moving equipment and electronics more likely to create additional pressures.

More than 10 days after a 9.0 magnitude earthquake and 10-meter tsunami struck the northeast of Japan, manufacturers are struggling to get back up to speed as factories grapple with power cuts, crippled infrastructure and a shortage of parts.

Companies from General Motors Co to Nokia Oyj are feeling the impact.

Toyota, the world's largest automaker, said all 12 Japanese assembly plants would remain closed until at least Saturday and it was not sure when they would reopen. Production lost between March 14-26 would be about 140,000 units.

Electronics giant Sony said five more of its plants, mostly in central and southern Japan and producing digital and video cameras, televisions and microphones, were hit by parts shortages and would close or cut output until the end of March.

"If the shortage of parts and materials supplied to these plants continues, we will consider necessary measures, including a temporary shift of production overseas," the maker of PlayStation games consoles said in a statement on Tuesday.

A sixth plant north of Tokyo was set to resume production on Tuesday, but it could be interrupted by rolling blackouts affecting some areas supplied by Tokyo Electric Power (TEPCO), which operates the stricken Fukushima nuclear plant.

Including two factories only partially restarted last week, 15 of Sony's 25 Japanese plants are affected. It has a total of 54 plants worldwide.

TECH CHAIN VULNERABLE

Japan's grip on the global electronics supply chain is causing particular concern. It produces around a fifth of the world's microchips and exported 7.2 trillion yen ($91.3 billion)

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Inside this Issue

Training and Education

Spring Training for Supervisors

The Council of Industry has a great line up of classes in the Certificate in Manufacturing Leadership program to give your supervisors the know how they need to get their job done. These classes will help those in leadership roles to become better communicators; learn strategies and skills for team planning, motivating and performance; how to effectively train others; how to identify and implement bet practices and work towards continuous improvement; and finally but certainly not least the ins and outs of legal management issues and how to deal with diversity in the workplace. Read more about these courses below or go to our website and sign up today www.councilofindustry.org.

Certificate in Manufacturing Leadership - Effective Business Communication

Date: Wednesday, April 20 **Location:** Dutchess Community College, Bowne Hall, Poughkeepsie, NY

Time: 9:00 am - 4:30 pm **Cost:** $200 for a single participant, $175 for two or more from the same company

Instructors: Rebecca Mazin

The Council of Industry's Effective Business Communication course is designed to enhance an employee's ability to effectively communicate information to others within the company. Course content discussed will relate directly to supervisory relationships, co-worker dynamics, customer contact and dealing with managers. This course teaches individuals the techniques and the theory behind effective communication in order to get your ideas across clearly and concisely with maximum input. The course will cover:

- Listening Skills
- The Communication Model
- Effective Writing Skills
- Assessing Your Personal Communication Style

Use this link to register online: https://connect.computility.com/form/index.php?id=2ac6785f2c8f412d1b184438f599e4de or go to www.councilofindustry.org and click on training.

May 5 High Performance Work Teams: This course explores how to design a team that will get the best results with the most efficient methods. It will also include: strategies and skills for team planning, team motivating, managing performance and developing team members. Define the roles of team members, team building behaviors and the problem solving and decision making benefits of a team. For more info or to register online: https://connect.computility.com/form/index.php?id=2a3fadad3fa1041a8445cb408b154521#high

May 11 Train the Trainer: The Council of Industry will offer this informative course that will provide participants with useful skills and materials for training delivery including: training assessment, planning and design, instructional strategies and evaluation, conducting group and individual instruction, monitoring follow up and reinforcement of training. For more information or to register online: https://connect.computility.com/form/index.php?id=f82c4af3117af1da484888e2564b79bb#train

May 18 Best Practices & Continuous Improvement: In this workshop, you will learn ways of effectively evaluating your company's performance—internally and externally—and explore how to best learn from these findings and identify what needs to be improved and where the best leverage points are.

After reviewing the key components of an effective continuing improvement protocol—selection; data organization and analysis; identification of obstacles, milestones, and goals; and improvement tracking and evaluation—you will participate in tailoring and building a "Continuous Improvement Model" that is most practical and most relevant for your organization. For more information or to register online: https://connect.computility.com/form/index.php?id=743684ff7472b00cda00351cc41bfcd1#best

May 25 Human Resources Management Issues: The first half of this program will cover ***Legal Management Issues***. This class identifies and explains key legal issues that a manager may have to address in the workplace today. It helps current and future managers realize their responsibility to understand and enforce the employment laws that speak to these issues which can minimize their chances of ending up in court.

The second part this program will cover ***Management Diversity***. This course is for managers who direct a culturally diverse staff or serve a diverse customer base. Training covers communicating effectively with diverse audiences and managing cross cultural issues. For more information or to register online: https://connect.computility.com/form/index.php?id=b670cb6abf5cfe22311af1a1993c1487#HRissues

Welcome New Associate Members:

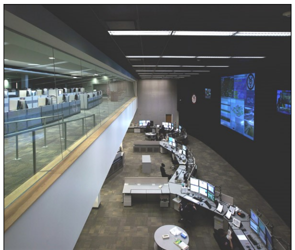
The McKane Group— Full service insurance. Orange County. Contact: Owen McKane.

O'Connor, Davies, Munns & Dobbins, LLP– Accountants and consultants. Orange County.Contact: Thomas Kennedy.

Tops Engineering, LLC.- Engineering consulting and management knowledge. Orange County. Contact: Ross Topliff.

Council News

Emergency Preparedness Wrap-up



A look at just a portion of the dispatch room at the Orange County EMS Center.

With the catastrophe in Japan very fresh in everyone's mind the EHS Sub-council attended a presentation from Shannon Fisher, Programs Coordinator for the Orange County Department of Emergency Services, on the importance of emergency planning. Following the presentation the group was taken on a tour of the awe inspiring Orange County Emergency Services Center.

While a good portion of the presentation covered the need to notify the appropriate agencies of tier II chemicals and the way the LEPC (Local Emergency Planning Commission) in Orange County works, there was still a great deal of information that any business or person could use to prepare their company and family for the event of not just major disasters but fire, flood, snow storms too. There is a section on the FEMA website that lists courses on how to prepare, respond and recover from disasters. There is also a section on the EPA website called E-paln where companies can upload their emergency plans so that they will be available online and not stuck in a draw in the building that may be on fire, or otherwise unsafe.

Ms. Fisher emphasized that it isn't just your building and company you should be concerned with but that a calamity at a neighboring facility could also put your employees and business at risk. It is important to be aware of the potential dangers of your surroundings as well as having a plan to deal with a variety of possible scenarios.

The tour of the EMS Center was incredible. It was impressive in the shear size and capability of its resources. All the members in attendance came away with a much better understanding of the importance of being prepared and what they can do about it.

Health Care Reform will be Topic for April's HR Sub-council Meeting

Topic: The Affordable Care Act
When: Friday, April 15, 8:30 am – 10:00 am
Where: Ulster Savings Bank, Schwenk Drive, Kingston
Cost: None for members

The Affordable Care Act - What's Next?

- Will Congressional and Court Actions Defeat the PPACA?

There have been challenges to the Affordable Care Act in the courts, and in Congress. What should employers do in light of these actions?

- Recent Guidance from the IRS, DOL and HHS-

The latest interpretations of the PPACA on nondiscrimination, pre-existing conditions, annual limitations, patients' rights and other topics will be discussed.

- Grandfathers and Children: What's required?

What changes affect grandfathered status? What is required with respect to Young Adult coverage?

- Preparing for 2011 and beyond.

Presented by **Amelia M. Klein**, ("Amy") is a member of **Bond, Schoeneck & King, PLLC,** located in its Albany, NY office. Ms Klein advises employers of all types and sizes on the design and compliance of employee benefit programs, including all types of retirement plans, health and welfare plans, cafeteria and flexible spending account plans, severance and early retirement incentive programs, incentive compensation and nonqualified deferred compensation arrangements

To register contact Alison Butler at (845) 565-1355 or abutler@councilofindustry.org or go online to our website http://www.councilofindustry.org/council-networks/humanresources.html

Manufacturing Job Opportunities

If you have job openings and positions to fill—

- *Post it on the Council of Industry Website—*
- *Look at resumes from our member recommended For Hire page*

Contact Alison at abutler@councilofindustry.org for more info.

Personnel Matters

On Boarding

By Gordon McAleer, President, McAleer & Associates

There is a truism in the expression: "You never get a second chance for a first impression." When a firm brings on a new employee that first impression of the first day of work can have a lasting effect on the employee and how well the person fits into the organization. On boarding is a concept in management which is gaining considerable interest of successful companies. Basically the idea is to bring the new employee on board using a planned process. An effective on boarding program has the potential to enhance the financial bottom line.

The typical one or two day orientation for new employees is a tactical action. A concerted effort at on boarding is truly a strategic response of a firm. The employee is usually glassy eyed at the end of an orientation, when a lot of information is thrown at the person.

The purpose of on boarding is to go beyond the orientation and bring the new hire up to steam on performing the job well and equally important, integrating the person into the culture of the organization. Remember the excitement and anxiety of the first day in a new school or a new job at a new firm? A new comer has natural feelings of isolation and low confidence in being able to perform the job.

The objectives of on boarding include:

1. *Welcome the new employee and make the person feel comfortable.*
2. *Shorten the learning curve for the person to become fully productive.*
3. *Integrate the person into the social fabric and culture of the firm.*
4. *Clarify the expectations of the job at the outset.*
5. *Communicate how the person's job fits into the big picture of the firm.*
6. *Reduce turnover and a premature departure of a new hire.*
7. *Enhance the productivity and profitability of the firm.*

Establish an early warning system for indentifying and nipping in the bud problems of behavior and productivity.

Research in the field has identified certain "best practices" of firms that have successfully introduced on boarding. These firms out perform their competitors by up to 40% in productivity and profitability.

The best practices can be distilled into seven themes.

1. Senior Leaders Embrace the Program

The top team is fully behind the program, supports it with resources and expects leaders at all levels to be with the program. A component of performance reviews of leaders addresses the leader's participation in on boarding.

2. A Key Leader is Responsible for the Program

Typically the human resources director is appointed to be charge of the program and held accountable for its effective execution. Other senior leaders could take on the role. The important point is to designate a senior leader who has the authority to direct program.

3. On Boarding Applies to all Levels of Employees

The best programs apply to every new hire, regardless of level in the organization.

4. Use of Mentors and Coaches

Peer mentors are appointed to work closely with the new hires to demonstrate by example on how to perform the job effectively and to communicate the unwritten rules and norms of the social and cultural context. The peer mentors are chosen for their outstanding job performance, positive attitude and high work ethic. Coaches, who are more senior than the new hire, are assigned to work with the new employee and provide guidance and support throughout the non boarding process.

5. Formalized Policies and Procedures

The program is formalized with a set of policies and procedures and specific checklists to provide a consistent approach throughout the firm.

6. Systematic Feedback

There is a concerted effort to give timely feedback to the new hire, starting at the end of the first week, then monthly through the first six months. This provides an opportunity of the employee to correct problems of performance or behavior that may appear. At the conclusion of the six months the employee receives the first detailed performance review.

7. Evaluation

The program is evaluated at least on an annual basis by senior leaders and fine tuned from time to time.

If during the on boarding process it becomes clear that the new employee is not a good fit for the firm, the firm should cut its losses and terminate the person. The periodic and structured feedback to the employee should eliminate any surprises and questions as to why the termination is taking place.

McAleer & Associates is a member of the Council of Industry and is a professional and executive recruiting firm that has been serving the needs of business for securing top talent for over eighteen years. The firm has the exclusive endorsement of CI. Council of Industry members that use McAleer & Associates are eligible for a 25% discount of recruitment fees. Professionalism, confidentiality, and timely results are assured.

More Personnel Matters

Aftershock: What Would Your Business do at 2:47 PM?

By By Ken Koch from www.humanresourcesiq.com

The tragedy caused by the 2:46 PM earthquake in Japan on March 11 is still unfolding, and perhaps will take years for economic and societal recovery. This event came with no warnings or watches. The earthquake in Japan should remind us that every company, human resources department and employee has a duty and responsibility to be prepared. We should be prepared to act in all disaster situations, including hurricanes, floods, tornados, wildfires and yes-- earthquakes. These natural disasters can occur anywhere, at any time. They often occur with little or no warning. Yet, how prepared are you to support your staff and company?

Larger corporations will usually have entire departments or divisions whose job it is to design, develop and test Disaster Recovery plans. These usually begin as Information Technology initiatives and are focused on the backup and recovery of your software, data and servers/PCs. Extensive planning and testing occurs, and firms often contract with “hot site” vendors so they can restore these systems quickly at a remote location if a disaster strikes. However, a significant gap exists in many of these plans. The gap is related directly to the role of HR and the actual employees of the company.

Continuity of Operations Planning (or COOP) is a holistic approach to disaster planning. It focuses more on the organization versus the systems that a company needs to operate. The goal is to analyze all facets of the business and identify those key processes critical to the company. And guess what – HR is a major contributor (or should be) in these discussions. Why? Who has the current KSAs for all of the employees? Who stores the emergency contact information and usually assists with payroll and benefits? And who is usually the best trained in assessing and ensuring appropriate employee engagement? HR needs to be a key participant in the design, development, testing and execution of every COOP.

So how would a COOP help a company in Japan today? First, let’s assume the plan was clearly written and tested and the employees are well trained. As soon as the initial shaking subsided, the employees assigned to the emergency response team would quickly organize the evacuation (or shelter in place as applicable) of the building, as well as assist those that are injured with the basic medical training that they had received and kept current. Reaching the designated safe zone(s), HR would assist with headcounts and ensure that every employee on the premises was accounted for accurately.

A large boat balances precariously atop a house after the tsunami in Japan on March 11.

The next step is often overlooked in most corporate plans I’ve reviewed. Employees must be allowed (assisted is even better) to learn about the safety of their families, neighbors, and also their own homes. Without this assurance that their loved ones are safe, employees will abandon their role in the corporate COOP and self-deploy to “rescue” their family. This abandonment behavior is well documented in the aftermath of Katrina and leads to the failure of the COOP and subsequent failure of the business. HR has a responsibility to help the company ensure that employee mental wellbeing is balanced and prioritized within a COOP disaster so that every key employee can remain focused and productive within their assigned role. Trained HR employees can also fulfill support roles in being the liaisons with families of COOP participants, grief support counselors, and assist with other mental health issues as appropriate.

As the disaster unfolds and the Continuity Plan begins to be put into action, HR’s role may change to one of support only. While some HR roles will have been identified as critical for the continued operations, several day-to-day tasks will no longer be needed or even possible. Yet, HR again can play a key role in ensuring all of the employees are aware of company and governmental support services available via regular and frequent communications. Yes, the methods for these communications have all been identified and laid out in the COOP and include more than email and telephone, both of which are most assuredly sporadic in Japan today!

Perhaps most important in the days and weeks ahead is the section of the COOP that addresses the recovery and restoration of the business back to its pre-disaster state. Again, HR is a critical partner in helping develop and execute these plans. Who better to onboard and properly prepare an employee for their first day back to work than HR? And HR will be the department to ensure that employees come back into a healthy work environment and be the ones to monitor and assist with any performance challenges.

Tragically, HR will also be the department called upon to replace those employees whose lives have been so affected by a disaster like the earthquake in Japan that they are not able to return.

It is now 2:45 PM at your company. Are you ready?

Legislative Matters

Bipartisan Approach on R&D Tax Credit Will Boost Innovation & Job Creation

By Karyn Burns, Director of Government Affairs, Council of Industry

The Council of Industry has long advocated for an extended and enhanced R&D tax credit, and therefore fully supports H.R. 942, The American Research and Competitiveness Act of 2011, sponsored by Reps. Brady (R-TX), Larson (D-CT), Paulsen (R-MN) and Eshoo (D-CA). This bipartisan legislation will make **permanent and strengthen** the research and development (R&D) tax credit. Strengthening the R&D credit from 14 percent to 20 percent and making it permanent will provide new opportunities for businesses of all sizes to expand and invest in their future, ultimately creating jobs and growing our economy.

Additionally, the credit also helps to maintain and create jobs that bolster world class leadership in the global research that, a critical component to manufacturing success.

For more information about the impact of the R&D tax credit on manufacturers, please visit www.nam.org.

Strengthening the R&D credit from 14 percent to 20 percent and making it permanent will provide new opportunities for businesses of all sizes to expand and invest in their future, ultimately creating jobs and growing our economy.

Introducing the Manufacturers Alliance Blog!

In our continued efforts to keep our collective Council of Industry and Alliance partnership members up-to-date on all things important to manufacturing, I am pleased to announce we have launched our latest form of communication through the Manufacturers Alliance blog! Check out interesting articles, status and updates of key legislation, read my weekly Government Updates, and much more! To access the blog, please visit our website at www.themanufacturersalliance.org!

Business Council says Senate's budget promotes growth, Assembly's business as usual

From The Business Council www.bcnys.org

"New York cannot continue its habit of taxing too much and spending too much if our political leaders are serious about creating jobs in the private sector economy," said Heather Briccetti, acting-president & CEO of The Business Council of New York. "The good news in the one-house budgets released this week is that the State Senate majority gets it. The bad news is that the Assembly majority does not."

"Proposing a new $4 billion tax on high-income taxpayers, as proposed by the Assembly Democrats, is the wrong message for New York to send," added Briccetti. "The structural deficits in New York are caused by too much spending, not too little taxing. The state needs to bring spending under control, not adopt new taxes to support unsustainable government spending."

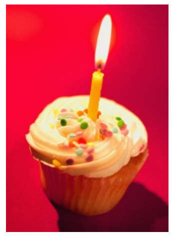
"Fortunately, the Senate Republicans have heeded the call from Gov. Andrew Cuomo to deal with the current budget deficit by fundamentally restructuring the way New York does business," said Briccetti.

The Business Council also supports additional tax reforms proposed by the Senate, including proposal to reduce the so-called "18-A" assessments on energy bills two years sooner than planned, and to expand the investment tax credit for financial services companies, one of New York's most important economic sectors.

Health Care Reform Update

Health Care Law at One Year: Little Protection, Not So Affordable

By Joe Trauger From www.nam.org



One year ago today, President Obama signed the Patient Protection and Affordable Care Act (PPACA), the great federal restructuring of U.S. health care. The law's value in protecting patients is suspect, and it's doing little to make health care affordable. So, after a year of implementation what has been the real effect?

PPACA: Neither Protective, Nor Affordable

We know that the promise of being able to keep our health plan if we like it was an empty one, and even the Administration's own actuary admits this fact. When asked during a hearing in the House Budget Committee whether the health care law really allows people to keep the plans they like, Rick Foster stated that claim was "not true in all cases."

We also know the bulk of the funding for the new entitlement program is based on fuzzy math at best and outright deception at worst. In a stunning admission before the House Energy and Commerce Committee, the Secretary of Health and Human Services admitted the Administration is counting reductions in Medicare spending as a credit to extending the solvency of the program while also using the same funds to "pay for" a large portion of the expected costs of PPACA. This double-counting allowed the Administration to claim the legislation would save the nation more than $100 billion over the next 10 years — a statement with as much veracity as the promise our health plans wouldn't change.

As the law enters its second year of implementation, the National Association of Manufacturers will be watching several issues sure to emerge in 2011: the essential benefits package and accountable care organizations (ACO). The essential benefits package defines for all Americans what coverage must purchase in order to avoid penalties under the law. It's easy to predict how this will turn out: All single men will have to buy a plan that covers pre-natal and post-natal care and all single women will have to have a policy that covers prostate cancer. This is not to say these aren't important things to cover, but the inequity is clear.

What's also clear is how the process of determining what is an essential benefit will be manipulated by well-meaning interest groups that will gauge their importance and influence on policymakers based on whether their particular disease category is included as an essential benefit. Special-interest coverage is hardly a strategy for controlling health care costs.

While accountable care organizations (ACOs) seem to be an attractive idea in some health care policy circles, there are some (this author included) who believe the consolidation and integration of hospitals and physician practices could do irreparable harm to competition in the marketplace. ACOs may work fine in a single-payer system like Medicare, but it could wreak havoc on negotiations for payment rates and the establishment of networks in a private market which depends on competition in order to arrive at a mutually agreed upon price for services. In small to medium-sized communities, this consolidation could lead to oligopolies or monopolies in health care services. Such an outcome would raise prices and make care less affordable.

Many proponents believed, and continue to believe, Americans will warm to the law once they see all the great things and reap all the rewards of the centralized command-and-control this law will bestow upon us. The results so far leave us cold.

As the law enters its second year of implementation, the National Association of Manufacturers will be watching several issues sure to emerge in 2011: the essential benefits package and accountable care organizations (ACO).

Provisions limiting how much money we can all set aside in flexible spending accounts (FSA) — which escaped scrutiny in the legislative maneuvering necessary to enact the bill — are increasing the out-of-pocket costs for those who use these tools. Another provision took away the ability to pay for over-the-counter medicines out of FSA or Health Savings Account without a prescription. This has led to patients seeing their physician to acquire the prescription, obviously increases costs through the simple act of having to obtain a physician order.

This patient protection and affordable care is looking less and less protective and definitely not affordable.

Joe Trauger is vice president for human resources policy at the National Association of Manufacturers

EHS Matters

EPA Sets Unachievable Standard with Final Boiler MACT Rule

From www.nam.org

The Environmental Protection Agency (EPA) released its final rule for emissions from industrial and commercial boilers and process heaters on Wednesday, February 23. The Maximum Achievable Control Technology (Boiler MACT) standard will have a harmful impact on manufacturers of all sizes and could result in the loss of hundreds of thousands of high-wage U.S. manufacturing jobs. Industrial boilers are found in nearly all manufacturing sectors, including chemical, auto, metalworking, petroleum refining and paper companies.

Unfortunately, the stricter emissions standard is not actually achievable or achieved in practice by any existing or new sources, as expressly required by the Clean Air Act.

The EPA first published the new air emissions standard to reduce mercury emissions, among other pollutants, in June 2010. The NAM filed formal comments with the EPA on August 23 to outline manufacturers concerns with the MACT standards. The new rule also caught the attention of lawmakers. In a letter to EPA Administrator Lisa Jackson, more than 100 members of Congress expressed their opposition to the new standards. They noted that the new regulations could impose tens of billions of dollars in capital costs at thousands of facilities across the country."

In a letter to EPA Administrator Lisa Jackson, more than 100 members of Congress expressed their opposition to the new standards. They noted that the new regulations could impose tens of billions of dollars in capital costs at thousands of facilities across the country."

After receiving extensive public comments, the EPA requested a 15-month extension to consider new information about the achievability of the regulations and re-propose the rule. The NAM welcomed the EPA's decision to delay the final rule and carefully consider the potential negative impact on manufacturing jobs and the economy. However, in January, a U.S. District Court rejected the request and granted the EPA only a one-month extension to issue its final rule. The deadline was February 21.

While the EPA made some changes to the rule, the NAM believes these changes will not significantly mitigate the compliance costs for manufacturers.

According to NAM Senior Vice President for Policy and Government Relations Aric Newhouse, "The new Boiler MACT rule will have an immediate, negative impact on manufacturers' bottom lines at a time when they are trying to rebound economically and create jobs. This is a harsh, inflexible rule that will cost jobs, hurt global competiveness and may discourage projects that could otherwise lead to environmental improvements."

The Boiler MACT rule is one in a long line of burdensome regulations imposed by the EPA on industry. Last month, NAM President and CEO Jay Timmons testified before the House Oversight Committee and outlined the costly and unnecessary burdens placed on the manufacturing economy, including aggressive regulations on greenhouse gas emissions and industrial boilers and proposals for stricter ozone standards.

The NAM believes the EPA needs more time to re-propose the standards and seek additional public comment. We will be exploring our options to address our concerns in Congress, the Administration and the courts.

CI Calendar of Training and Events

April 8	**Manufacturing Executive Roundtable Discussion with U.S. Rep. Nan Hayworth** –9:30—11:00 am at Pawling Corp. Advanced registration is required. For more info or to register contact Harold King hking@councilofindustry.org or (845) 565-1355.
April 13	**Central Hudson's Energy Efficiency Lighting Program**— 8:00 am—11:00 am at Wolf-tec in Kingston, NY. For more info go to http://www.centralhudson.com/savemoney/
April 15	**Human Resources Sub-council Meeting: Health Care Reform**– 8:30– 10:30 am Location to be announced. Presentation by Amy Klein, Bond Schoeneck & King, LLP. No cost for members
April 20	**Certificate in Manufacturing Leadership: Effective Business Communication** - 9:00 am—4:30 pm at Dutchess Community College, Poughkeepsie, NY. Cost: $200 single participant, $175 each for 2 or more from the same company.
May 5	**Certificate in Manufacturing Leadership: High Performance Work Teams** - 9:00 am—4:30 pm at Dutchess Community College, Poughkeepsie, NY. Cost: $200 single participant, $175 each for 2 or more from the same company.
May 11	**Certificate in Manufacturing Leadership: Train the Trainer -** 9:00 am—4:30 pm at Dutchess Community College, Poughkeepsie, NY. Cost: $200 single participant, $175 each for 2 or more from the same company.
May 18	**Certificate in Manufacturing Leadership: Best Practices and Continuous Improvement** -9:00 am—4:30 pm at Dutchess Community College, Poughkeepsie, NY. Cost: $200 single participant, $175 each for 2 or more from the same company.
May 19	**Manufacturing Champions Award Breakfast**– 7:30— 9:30 am at the Poughkeepsie Grand Hotel, Cost: $30 per person or $215 for a table of eight. Sponsorships are available.

You can find more information on the courses and events listed in our calendar by going to our website—www.councilofindustry.org or if you are reading our electronic version just press Ctrl and click the course title.

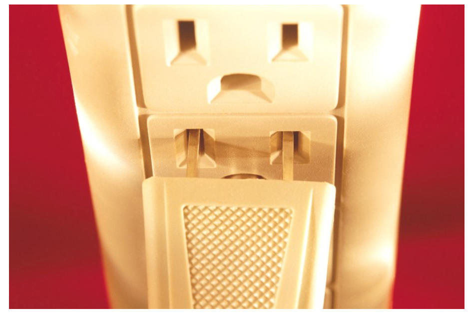
The CI Newsletter is sponsored by ColorPage

Energy Matters

Supporters understand that a long term program will help New York State to emerge from this current economic crisis by supporting jobs and businesses that sustain our economy, produce vast economic benefits to the State.

Statewide Coalition Calls for Immediate Assembly Passage of Recharge New York

By Karyn Burns, Director of Government Affairs, Council of Industry



Following the unanimous New York Senate vote in favor of Recharge New York (S.3164, Maziarz), statewide business groups have joined together in urging the Assembly to immediately take up and passing the Assembly version of Recharge New York (A.5021, Cahill). To date, twenty seven business organizations from across New York State have signed on to a joint letter of support addressed to Speaker of the Assembly Sheldon Silver, asking for immediate action and passage of Recharge New York.

"This program provides critical low cost power benefits to hundreds of manufacturers and other energy intensive businesses across the state, will support retention of over 300,000 high paying jobs, and will support new capital investment and new job growth. On March 8, 2011, the Senate version passed unanimously. We now respectfully ask the Assembly to take final action to approve this critical piece of legislation," the Coalition letter states.

These programs have been subject to one-year extenders for the past six years, which has limited its value to business and its economic impact for the state. Adopting Recharge New York now is in the best interest of our state and its economic future. Anything less than a new, long term program in 2011 will be considered a failure by many. The Senate and Administration have taken action. We now need the Assembly to follow suit, and approve this critical legislation.

Recharge New York, a long term fully sustainable energy economic development power program bill, has been endorsed by the Administration, was included as one of two stand alone bills in Governor Cuomo's Executive Budget proposal, and achieved the support of all 62 Senators in yesterday's vote.

Recharge New York has already received praise and overwhelming support from businesses and economic development organizations statewide. Supporters understand that a long term program will help New York State to emerge from this current economic crisis by supporting jobs and businesses that sustain our economy, produce vast economic benefits to the State. This legislation will support significant new private sector capital investments, and help make New York State more competitive in retaining businesses and attracting new economic activity.

Manufacturing Matters

Time to Rethink JIT?

By James A. Smith

Fifteen years ago, in ASSEMBLY magazine, I wrote that supply chain managers were ignoring the risks associated with "just in time" inventory management. JIT made a great deal of sense when interest rates were running at 15 percent a year and more. Since then, however, the cost of money has fallen by more than 50 percent, and the savings have become far less significant. At the same time, much of the supply base has moved to the other side of the world, greatly increasing the prospects of catastrophic disruptions to on-time deliveries.

"Not true," claim JIT proponents. "We factor in supply chain uncertainties. The benefits of JIT are too great, and international air and sea shipping are too robust to fail."

> *The savings JIT produces in interest, warehouse space and obsolete components can be wiped out by a single supplier catastrophe.*

Today, JIT has gone from aggressive to fanatical. Many factories' warehouse only a few hours of parts and materials. Incoming shipments go straight from the loading dock to the assembly line. A hiccup by a single supplier can crash an entire factory, maybe for a few hours but maybe days or even weeks. The savings JIT produces in interest, warehouse space and obsolete components can be wiped out by a single supplier catastrophe. That is especially true in this era of almost-free money.

Some of these risks showed up during the Asian SARS pandemic in 2003. International travel was curtailed, and some shipping issues arose. After a brief flurry of concern, however, matters returned to normal. In fact, the SARS scare introduced even more hubris in JIT circles. "We have faced the worst," thought supply chain managers, "and emerged unscathed."

The truth is, we don't know the worst. The combination of earthquake, tsunami and nuclear crisis in Japan was on no one's radar, including the nuclear plant designers who believed seawalls for tsunami containment meant there was no need to elevate the generators that would keep cooling pumps functioning if an earthquake ruptured electrical transmission lines. As a species, we always look at the future through the lens of the past; new perils always surprise us.

The real risks of JIT may be immeasurable, but a few insights became apparent less than a week after the Japanese crisis began. GM announced the temporary shutdown of a truck assembly plant in Shreveport, LA, that needs parts from Japan. That, in turn, forced the closure of GM's engine plant in New York. Other plants will surely do the same. There are rumors that Apple's much-anticipated rollout of the iPad 2 is being crippled by shortages of memory and other components sourced from Japan.

Japanese suppliers have temporarily shuttered plants because of structural or equipment damage, worker shortages, and damage to the roads and ports needed to get products from the factory to the customer. No one knows how long it will take before a semblance of normality is restored.

The cost of closing a factory or failing to meet demand for a hot new product is substantial. Is it enough to offset the gains accrued from past JIT success? Possibly. But one thing we can be sure of: There will not be a full accounting of the costs, just as there has never been a proper assessment of the benefits.

The handmaiden to JIT has been the winnowing of suppliers. Companies that once had multiple suppliers geographically dispersed now tend to source only one supplier per part or component. Generally, this equates to lower piece price but, once again, introduces higher risk.

Today's purchasing managers are assessed on a very simple metric—the piece price of goods and materials. The costs of such things as defective products, delayed deliveries or the need for North American personnel to conduct teleconferences in the middle of the night with supplier personnel who do not speak fluent English are not included in the piece price.

The social consequences for North America of "supply chain management" have been serious, too. As more parts were sourced from developing countries, OEMs followed their suppliers to those countries. Being close to the supplier shortened the supply chain and reduced the risk of transportation disruptions, but the migration of manufacturing has hollowed out much of America's heartland. And, while it is almost certainly advantageous to be close to suppliers, the advantage quickly drops away if the transportation disruptions prevent getting goods to market.

Surely some more moderate form of JIT makes sense. Rather than dock-to-line timing, perhaps keeping a month's supply of parts and materials on hand makes more sense in terms of risk management. Finding suppliers in more than one region would reduce the pain if part of the globe takes a time-out. And maybe returning production to the economy that buys the output would be the smartest move of all.

Member Profile

The future continues to look positive for Nexans, as population growth, new generation technology and the replacement of older cables will lead to continued investment in their facilities to address capacity and cost issues.

Member Profile: Nexans Energy USA, Inc.

Year Founded: 1911, 1945 in the Hudson Valley

Location: Chester, NY

Products: Specialty wire and cable products to national distributors.

Website: www.nexans.com

The Nexans facility in Chester, like many other local manufacturers, started out as a much smaller company, the Chester Cable Company. Founded by Malcolm White at the former "New School" on Oakland Avenue, the Chester Cable Company employed fifteen people. In 1948 a fire destroyed the original building, but Mr. White quickly rebuilt on the same site and was soon back in business. From 1945 to 1979 the company underwent several ownership changes, including being owed for a time by CITGO. In 1979, it became part of Alcatel, a large multinational based in France, and in 2001, when Alcatel divested itself of cable manufacturing, Nexans was created.

The main company that formed Nexans North America is celebrating one hundred years of business this year. Originally founded by five entrepreneurs in Ontario, Canada, as the Canada Wire and Cable Company, their objective was to design and supply the necessary primary and secondary distribution cable to transmit power from the hydroelectric facilities at Niagara Falls to the surrounding Ontario area. Today Nexans has an industrial presence in forty countries and commercial activities around the globe. Nexans employs 23,700 people and their 2010 sales totaled over 6 billion euro. The Chester, NY facility is still located on Oakland Avenue, employs 160 people and occupies 275,000 square feet.

Nexans' primary North American markets are energy cables and LAN cables. The energy cables range from more robust medium voltage cables used by utilities and in industrial facilities like oil refineries and petrochemical plants, all the way to the low voltage wiring used in homes for electrical sockets and light switches. Nexans' LAN cables are manufactured by Berk-Tek, a Nexans company, and include both copper and optical fiber designs used in applications like data centers, college campuses, and other commercial locations. Other important products include aerospace, shipboard, and specialty wires, as well as dynamic line rating systems that ensure a reliable and uninterrupted flow of electricity from the power plants to our homes. To supply the huge amount of copper Nexans requires to produce these cables, they own a copper mill in Montreal, QC, which processes and ships copper to all the Nexans factories in North America.

Nexans invests heavily to maintain a competitive manufacturing base and utilizes a variety of processes to remain at the at the forefront of technology. In Nexans' MV process, they use true triple extrusion, x-ray technology to ensure concentricity, and clean room technology to maximize the life of their cables. In the building wire process, Nexans uses the latest technology and some of the fastest equipment in North America to manufacture large strands. Nexans has invested in measurement equipment such as laser scanners, X-ray scanners, resistance bridge and process control to ensure their products meet specifications as well as minimizing waste. Nexans also uses automatic guided vehicles which improve the efficiency and safety of their facility. The future continues to look positive for Nexans, as population growth, new generation technology and the replacement of older cables will lead to continued investment in their facilities to address capacity and cost issues.

With a century of experience in the wire and cable industry, Nexans plans on stretching that success across another hundred years. Experience has strengthened Nexans' competencies and helped them to deliver precisely what their customers want. Nexans has remained true to their roots while diligently pursuing new technology and ideas. Innovation and continuous improvement have been key to the company's success. As a member of the Council of Industry, Nexans has been able to access information on relevant issues from the Council and from other members. Nexans has invested in its most important asset, its dedicated and talented workforce in part by utilizing the Council of Industry's training and development programs. It is these exceptional people that are their workforce that make all the difference at Nexans.

Member Benefits

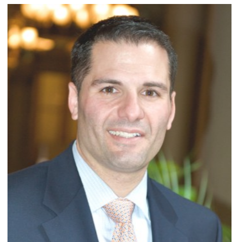
Council of Industry Announces 2011 Manufacturing Champion Award Recipients

The Council of Industry, is proud to announce their 2011 Manufacturing Champion Award recipients. The purpose of the award is to recognize individuals and organizations who through vision, dedication, hard work and tireless involvement have helped to overcome some of the many obstacles faced by manufacturers in the Hudson Valley community and in so doing they have made it possible for manufacturers and their employees to prosper. This year's recipients are Assemblyman Marc Molinaro (public sector champion) and Mr. Richard Croce, President of Viking Industries in New Paltz, (private sector champion). For the first time this year the Council will present a regional organization champion award. Central Hudson Gas & Electric is being recognized for their contributions and support of manufacturing in the Hudson Valley. The breakfast to honor the Manufacturing Champions will be held on May 19th at the Poughkeepsie Grand Hotel.

The Council will present the private sector award to Richard Croce, the President and co-founder of Viking Industries, Inc. in New Paltz. Beyond his role at Viking, Mr. Croce has also contributed to the manufacturing community as a past President of the Council of Industry Board of Directors, past President of the Ulster County Development Corporations Board of Directors, and member of the Ulster County legislature.


Richard Croce, President, Viking Industries

New York State Assemblyman Marcus Molinaro will receive the Manufacturing Champion Award for the public sector for being a consistent and articulate voice for manufacturing in the state legislature. A member of the Assembly minority task force for manufacturing, he is serving his third term in the New York State Assembly from the 103rd District and is Assistant Minority Leader Pro Tempore, making him the third-ranking official in the Assembly Minority Conference.


Assemblyman Molinaro

For the first time this year the Council of Industry will honor an organization that champions the critical role manufacturing plays in our economy. Central Hudson Gas & Electric is an organization that has made significant contributions to Hudson Valley Manufacturing. Central Hudson has a long history of industry support, has been a member of the Council of Industry for nearly a century and has played a key role in promoting economic development, particularly in the manufacturing sector, for many decades.

The Council of Industry will honor these individuals at the Manufacturing Champions Award Breakfast on May 19th, from 7:30 – 9:30 am at the Poughkeepsie Grand Hotel. The cost to attend is $30 per person, $215 for a table of eight. To reserve a seat or table, call (845) 565 -1355 or e-mail abutler@councilofindustry.org. Sponsorships are available see our website for details www.councilofindustry.org.

Consumer Price Index for February 2011

				Point	%	% Increase
Wage Earners & Clerical	**Feb. '10**	**Feb.**	**Jan.**	**Increase**	**Month**	**Year**
1967=100	633.11	647.97	644.59	3.38	0.5	2.3
1982-84= 100	212.54	217.54	216.4	1.13	0.5	2.3
All Urban Consumers						
1967=100	649.26	662.94	659.69	3.25	0.5	2.1
1982-84=100	216.74	221.31	220.22	1.09	0.5	2.1
Hudson Valley unemployment rate for January 2011 = 8.1 %						

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Financial Matters

U.S. Economic and Market Overview: Oil, Earthquakes and Inflation - Recent Events Threaten the Economic Recovery—But How Much?

From The Fidelity Navigator, Navigator Money Management, Inc.

By mid-2011, the central bank will abandon its easy credit policy, which has been pumping billions of dollars into the money supply to help stimulate job-creating growth.

Economic uncertainty heightened in March as political upheaval in the Middle East continued and Japan suffered a devastating earthquake. In response, the U.S. Federal Reserve Board (Fed) maintained its loose monetary policy, vowing to continue its $600 billion government-bond-buying program as scheduled and keep interest rates low for an extended period of time. However, the Fed did dedicate an unusually large section of its post-meeting statement to inflation concerns. All things considered, we still think the U.S. economy will gradually become self-sustaining.

For months now the Fed has faced confusing economic data. Despite high unemployment, rising energy costs appear to be pushing up price expectations, which constitute the first inklings of an inflationary trend. That's something the Fed would most certainly like to avoid.

Then, of course, the worst earthquake on record hit Japan—the world's third-largest economy. The earthquake and related problems could present some disruptions to U.S. companies relying on Japanese imports. However, those disruptions could be at least partly offset by other producers (including those in the United States). Exports to Japan, meanwhile, are less than 0.75% of U.S. gross domestic product (GDP).

On the other hand, the recent spike in oil prices, if it is sustained, could trim half a percentage point off GDP growth over the next year or so, perhaps even more if oil prices continue to rise.

Consumer spending. Retail sales rose 1.0% in February, the eighth straight month of increases, according to the Commerce Department. Part of the gain reflected higher prices for gasoline, but even excluding sales at gas stations, retail sales rose a solid 0.9%. Economist say that rising employment as well as a Social Security tax cut could encourage consumers to spend even more this year, which is important, considering that consumer spending accounts for 70% of economic activity.

Job market. The U.S. unemployment rate has fallen rapidly, from 9.8% in November to 8.9% in February. The Fed seems happy about that, stating after its mid-March meeting that overall job market conditions appear to be improving gradually. We still think we'll be facing high unemployment for a while, though, and that could impact consumer spending and the housing market.

Real estate market. The outlook of homebuilders improved slightly in March, with the National Association of Home Builders reporting that its index of industry sentiment increased from 16 (where it stood for four straight months) to 17. The index hasn't been above that level since April 2006. The cost of borrowing will most likely rise as the government reduces Fannie Mae and Freddie Mac's roles in the mortgage market—and that could further pressure home prices.

Policy changes. All factors considered, we expect economic growth of around 3% to 3.5% in 2011. The policymakers' only notable change was an acknowledgment of inflationary pressures. However, it's important to remember that what you see may not be what you get when it comes to inflation. According to some economists, if we still calculated inflation the way we did under the Carter presidency, today's CPI would be closer to 10% than 1.5%. To say we're concerned, then, would be an understatement.

Continued from front page - Japan Disaster Threatens Supply Chain

worth of electronic parts last year, research from Mirae Asset Securities shows.

"There are a huge number of little bits of the high-tech food chain which are done nowhere but in Japan," said Sam Perry, senior investment manager of Pictet Japanese Equity Selection Fund. "Nobody else has the quality or the consistency, and in some cases the technology, to do it."

Following speculation it could face logistics problems getting key parts from Japanese suppliers, Apple Inc said it would roll out its newest iPad to 25 more markets this week, including France and the United Kingdom.

Apple launched the iPad 2 in the United States earlier this month and the recent wait time for one ordered online was four to five weeks.

Dell, which makes most of its revenue selling personal computers, said so far it sees no disruption to its supply chain but will look to additional component suppliers if necessary.

Rival Hewlett-Packard Co said it was still assessing the disaster's impact on its business.

"Vendors face uncertainty at the minute. The crisis in Japan is already impacting component prices and the importance of the Japan for the memory market will be a worry," Tim Coulling, PC analyst at Canalys, said. "Though production has increasingly been outsourced to China, South Korea and other lower-cost markets, there are over 40 factories in Japan producing a significant proportion of the world's PC and smart phone components," Coulling added.

Fujifilm Holdings, the largest producer of triacetyl cellulose film used in making LCD panels, said its main factories are all west of Tokyo and were not directly affected. It has other facilities in northeast Japan, but said any disruptions were unlikely to damage its earnings.

Konica Minolta, the second-largest maker of the LCD film, said its three factories in the Tokyo region had been affected by the rolling power cuts. Company officials declined to specify what these factories produce.

Camera and copier maker Canon Inc, which has suspended all its domestic camera production until at least Thursday, said a lack of gasoline was affecting distribution and stopping staff getting to work in areas such as the island of Kyushu, where train services are minimal.

Nikon, which makes cameras and precision equipment, said it expected to resume production at all its north Japan plants by the end of March, but warned power cuts and shortages of parts could make a return to full production difficult.

Renesas Electronics Corp, the world's No. 5 chipmaker, restarted operations on Saturday at a semiconductor plant in Yamagata prefecture, in northwest Japan, a company spokeswoman said on Tuesday -- leaving output suspended at six of the firm's 22 factories in Japan.

RIPPLES SPREAD

Hitachi Construction, Japan's No. 2 maker of earth-moving equipment, said five plants in Ibaraki prefecture, north of Tokyo, closed after the quake. Three have partially reopened, but there is no timetable for reopening the others.

Tsunami damage to the nearest port means Hitachi is shipping some products from Yokohama, near Tokyo.

Carmakers are also struggling to get production lines restarted, with Honda Motor Co extending its production suspension until Sunday from Thursday.

A fifth of the company's leading Japan-based suppliers affected by the earthquake have said it will take "more than a week" to recover, Honda said late on Monday.

In a sign of some return to normality, Japan's top three steelmakers saw some progress in restoring production.

Nippon Steel Corp said output at the three blast furnaces at its mainstay plant in eastern Japan had recovered to pre-quake levels, while JFE Steel Corp said two blast furnaces at its 10 million tons-a-year plant near Tokyo were now operating normally.

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