



Council of Industry Newsletter

December 2011

Volume 15

Issue 11

“Toward A Hudson Valley Manufacturing Resurgence”

***A Conference for Manufacturing Executives -
Friday, December 9th***

The Council of Industry is partnering with The Solar Energy Consortium and the Hudson Valley Technology Development Center on a Conference to lay the groundwork for the resurgence of manufacturing in our region. The event will be held Friday, December 9th at the Student Union building on the campus of SUNY New Paltz and will feature an address by Michael Molnar, Chief Manufacturing Officer, National Institute for Standards & Technology (NIST). Also speaking will be Edward Reinfurt, Director, Division of Science, Technology and Innovation, Empire State Development Corporation.



Featured Speaker: Michael Molnar, Chief manufacturing Officer, National Institute for Standards & Technology (NIST)

Recently the Mid-Hudson Regional Economic Development Council issued its strategy report to the Public. The report identified manufacturing as one of 3 sectors critical to economic growth. The strategy also called for the creation of a Center, to be associated with an institution of higher education that will foster the growth of Mid-Hudson manufacturing through engineering and innovation assistance, workforce development and training, strategic business assistance and more. The center will coordinate and enhance existing programs and services for the region’s manufacturers and develop new programs and services as necessary to help the sector compete in the global marketplace.

Toward A Hudson Valley Manufacturing Resurgence will help refine the activates of the new regional manufacturing center to best align with the needs of the sector. The conference will feature a facilitated discussion with “C” level executives to identify obstacles to growth, opportunities for expansion, and strategies for success.

“During the past year I have sensed a growing enthusiasm for manufacturing – for its potential to grow our economy provide good jobs in the process.” Council of industry Executive Vice President Harold king said. That enthusiasm is coming from within the sector as well as from educators, economic development professionals and elected officials, at all levels of government. We need to harness that enthusiasm and direct it toward policies, programs and services that will help manufacturers thrive in the Hudson Valley. This conference is one step in that effort.”

To be successful the conference will need the input of a broad spectrum of manufacturing executives. I hope all our manufacturing members will participate. Please register by December 6th by following this link: <https://events.r20.constantcontact.com/register/eventReg?llr=wl8uhacab&oeidk=a07e5c7wn68fb24f4f3&oSEQ=>
For more information call 845-336-0100 or e-mail Caitlin.tsec@gmail.com or visit: <http://www.councilofindustry.org/seminars.html>

Inside this Issue

| | |
|-----------|--------------------------|
| 2 | Training & Education |
| 3 | Networks & Council News |
| 4 | Personnel Matters |
| 5 | More Personnel Matters |
| 6 | Legislative Matters |
| 7 | More Legislative Matters |
| 8 | Trade Matters |
| 9 | CI Calendar |
| 10 | Manufacturing Matters |
| 12 | Financial Matters |
| 13 | Member Benefits |
| 13 | Consumer Price Index |
| 14 | Healthcare Reform |

Training and Education

Want to Be Successful? Support Your Frontline Managers

By John M. Kamensky from FCW.com

"It is the frontline managers who must motivate and bolster the morale of the people who do the work.... These managers are central to a company's business strategy because they oversee its execution."
 - Fred Hassan, pharmaceutical CEO.

Bob Stone, head of Vice President Al Gore's reinventing government initiative in the 1990s, focused his attention on what was going on at the front line. He said helping those workers get their jobs done was a leader's most important activity.

I was reminded of Bob's insights when I read a recent Harvard Business Review article titled "**The Frontline Advantage**," by Fred Hassan, a pharmaceutical CEO who led the turnaround of several large, troubled companies. Hassan said the key to his success was engaging front-line leaders, such as shop-floor supervisors and call-center managers.

"The managers most responsible for a company's success or failure happen to be the ones with whom the CEO spends the least amount of time," he said.

He goes on to say, "It is the frontline managers who must motivate and bolster the morale of the people who do the work.... These managers are central to a company's business strategy because they oversee its execution."

I have seen that principle in action at several government agencies, including the Occupational Safety and Health Administration, the Federal Student Aid Office and the Veterans Benefits Administration. Connecting with the frontline was where an agency's success was made or broken. Fortunately, the government runs a periodic pulse check via the governmentwide Federal Employee Viewpoint Survey. The survey can give agency leaders a sense of how well aligned their frontline managers are with agency priorities and employees' level of trust in senior leaders.

Hassan made me think of Stone when he wrote that "the CEO who leads through the front has a crucial role to play as champion and chief motivator." His or her role is to "unleash personal engagement and emotional energy [by infusing] people's tasks and goals with a sense of higher purpose." Stone exuded higher purpose during his leadership of reinvention efforts. In fact, the title on his business card was energizer-in-chief.



Graduates of the Council of Industry's Certificate in Manufacturing Leadership Program have the tools they need to be successful frontline supervisors.

Furthermore, Hassan made a commitment to meet with frontline managers "both formally and informally, on every site visit I made, to communicate my vision and solicit their perspectives and concerns."

His CEO Dialogues were structured to ensure a genuine exchange with frontline managers. They included eight to 10 participants whom their peers recognized as high performers and a facilitator from the CEO's immediate staff. After the meetings, a detailed summary and agreed-on action items were sent to the executive staff, with comments kept anonymous. The highlights were later shared with all employees via the organization's intranet.

Hassan said he got to know a number of front-line supervisors at his company's manufacturing plants. "I went out of my way to develop personal relationships with them," he said, adding that he accepted their calls regardless of what he was doing at the time.

He also described how sales managers in one country he visited complained that the bureaucracy involved in getting access to company cars was preventing them from closing deals. Although it seemed trivial, Hassan addressed the issue, and sales increased as a result.

Similarly, retired Gen. Colin Powell once said his job was to deal with the trivial barriers so his staff could get the work done. Many of my most effective bosses saw that as an important part of their jobs. I certainly found it was an important part of mine.

John M. Kamensky is a senior fellow at the IBM Center for the Business of Government and a fellow at the National Academy of Public Administration.



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Council News

January's HR Sub-council Meeting: The Intersection of Culture, HR and Employment Law

Topic: The Intersection of Culture, HR and Employment Law: Lessening Legal Risks While Enhancing Productivity and Moral

When: Friday, January 20,
8:30—10:00 am

Where: To be announced

Cost: None for Members



Devora Lindeman, Esq. Partner Greenwald Doherty LLP will present on The Intersection of Culture, HR and Employment Law: Lessening Legal Risks While Enhancing Productivity and Moral.

What do shoes and an airline have to do with employment law? Ask Zappos.com and Southwest Airlines.

A growing movement focuses on transforming company culture to reflect the company's core values and mission, taking the principles off the plaque on the wall and making them come alive in the workplace.

- This seminar will discuss how HR can become key to this transformation which can lessen the company's employment law risks.
- Learn how HR can align a company's core values with HR processes and procedures to increase productivity and growth, while lessening employment law claims.
- Find out how a purpose-driven workforce can lead to fewer employment-law issues and can transform HR from a cost center only to a potential profit center.
- This seminar addresses the intersection of culture, HR and employment law, and the issues and strategies HR can address and implement to drive productivity, growth, and prosperity for the company.
- We will discuss other companies that have successfully achieved this, despite a lagging economy and the benefits of doing it, too.

To register contact Alison Butler at abutler@councilofindustry.org or call (845) 565-1355. Register online at our website www.councilofindustry.org.

Early Bird Training Discount for Certificate in Manufacturing Leadership Training 2012!

Register for the Council of Industry's Supervisory Leadership Program before December 31st to receive a discount on outstanding frontline supervisor training. The Certificate in Manufacturing Leadership has been providing Hudson Valley companies with training options that would otherwise be difficult to come by at affordable prices. Companies that register and pay before December 31st will receive the Early Bird Discount—see table below for more info.

To register for a one day class, single registrants pay \$185 with the discount, two or more from the same company pay \$160 each. After 12/31/11 the price will be \$200 for a single attendee and \$175 each for two or more from the same company.

For the Fundamentals of Leadership a single registrant pays \$370 with the Early Bird discount and two or more from the same company will pay \$320 each. After 12/31/11 the price will be \$400 for a single person and \$350 each for two or more from the same company.



The best deal is for those registering and paying for the entire program, with the Early Bird Discount \$1,600 for a single attendee or \$1,450 each for two or more from the same company compared to \$1,700 for a single or \$1,550 each for two or more from the same company after 12/31/11. Remember the entire program consists of nine full day courses in skill sets needed for supervisor in today's manufacturing workplace.

For a full list of courses and online registration go to www.councilofindustry.org and click on Programs & Training. Call the Council of Industry office at (845) 565-1355 with questions or e-mail training@councilofindustry.org.

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LENDER

Personnel Matters

Unauthorized Employee Recommendations, References on Social Media May Put Employers at Risk

From JacksonLewis.com

For example, employees anonymously endorsing their own company's products without full disclosure of the relationship may trigger liability.

Employers are beginning to realize that their employees are sending or receiving recommendations on social media sites, such as LinkedIn, about co-workers', vendors', and customers' work performance or services that are inconsistent with the employer's policies. Worse yet, they may even be providing false or fraudulent information. Employers need to take a hard look at their employees' recommendations on social media.

For many years, employers have been advised that providing positive or negative references for former employees can be problematic because negative references can often lead to defamation actions. As for positive references, a number of courts have found employers liable who provided false positive references for former employees that employers knew had committed crimes or engaged in other misconduct. As a result, many employers today simply provide neutral references for all former employees.

Unsanctioned recommendations appearing on social media sites, therefore, can cause complications for employers. Take, for instance, an ill-timed positive reference published by a manager on a social media site extolling his former employee's honesty while, unbeknownst to the manager, the employer was contemplating litigation against the former employee for taking trade secrets or other confidential business information as he was leaving.

Anonymous recommendations or endorsements by employees also may run afoul of the Federal Trade Commission's Guidelines on the Use of Endorsements and Testimonials in Advertising, 16 C.F.R. § 255. For example, employees anonymously endorsing their own company's

products without full disclosure of the relationship may trigger liability. The Guidelines require not only full disclosure of such relationships, but that employers have procedures to prevent such an endorsement from being made.

To avoid these issues, employers should consider taking several steps. Employers should amend their written social media or reference policies to address unauthorized employee recommendations and references on social media sites. Depending upon the circumstances, barring employees from making such references may be appropriate.

However, this is not always practical or prudent for employers who are encouraging employees to promote their businesses through social media. Under these circumstances, employers may require that employees request authorization from their human resources department or a

designated individual before making references or recommendations and make any necessary disclosures.

Simply amending social media and references policies and procedures, however, may be insufficient. Employers need to be vigilant and proactive. Appointing suitable personnel and, perhaps, a social media manager to monitor public social media sites to ensure that employees are not violating critical policies is another measure employers should consider. If the employer is a governmental entity, it must take special care when monitoring so as not to violate an employee's constitutional right to privacy. Private employers also should take care not to infringe upon laws protecting employees' off-duty or protected concerted activities.

Jackson Lewis attorneys are available to discuss this and other workplace issues.



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More Personnel Matters

Challenges with Managing Lieu Time

Contributor: Kiron D. Bondale, From HumanResourcesiq.com

Gone are the days when the stereotype of the office worker was someone who punched a clock at 9 and punched out at 5. Flex time arrangements, telecommuting and global teams have all made the concept of a "typical" working day as being—well, anything but typical.

Most organizations set expectations for their staff on the number of hours that constitutes a working week. Depending on the company and the nature of a role, policies dictate how time that is worked beyond those hours is treated.

A grey area that many companies find themselves in is with regards to lieu time.

Lieu time policies are sometimes established by federal or state/provincial governments as a part of their employment legislation, but where such policies don't exist, the onus is on the employer to define their own approach.

Establishing a policy can seem like the right thing to do - set a specific threshold of hours for the working week, and then indicate how time worked over and above that is treated. For example, a working week is 37.5 hours, and any time worked over and above that can be taken as time off within a set period of time after the overtime was incurred.

The problem with such policies is that they encourage some staff to "nickel and dime" their employers (e.g. I worked one extra hour today, so I'll take one hour off tomorrow). These policies can also cause resentment amongst staff if the policies are not applied to everyone equally - for example, managers are often exempt of lieu or overtime allowances as a function of their positions. Overtime compensation can be even trickier as there is the obvious temptation for employees to shift mandatory work outside of normal working hours knowing that they will be compensated at a higher rate than normal.

If an employer chooses not to establish a policy, it is usually left to individual managers to set their own working guidelines on how excess worked time is handled.

Bad managers can abuse this responsibility by forcing staff to work unreasonable hours and (in the absence of any formal policy) not letting them take time off in lieu. This is, of course, a short-sighted strategy as few workers willingly choose to continue to work in a "sweat shop" if better options exist.

Good managers will normally come to an arrangement with their direct reports to encourage their taking time off if they have incurred substantial excess hours. Such managers will usually appropriate plan future work for their staff to ensure that such overtime is the exception and not the rule.

Like many human resource management issues, there's no single approach that works for all organizations but one possible approach is to define and communicate organization guidelines instead of policies (e.g. we have a 37.5 hour working week, and encourage our staff to maintain a healthy work-life balance by avoiding time worked in excess of this total), empower managers to set lieu

or over time expectations individually with their staff and to have manager's performance evaluations include feedback from their reports to ensure they don't abuse the privilege



Lieu time policies are sometimes established by federal or state/provincial governments as a part of their employment legislation, but where such policies don't exist, the onus is on the employer to define their own approach.

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Legislative Matters

NLRB Quickie Elections Coming Quickly?

From JacksonLewis.com

The Board's sudden action pertaining to the Notice of Proposed Rulemaking is attributed, at least in part, to the fear that the Board will lose its quorum at the end of this year when Member Becker's term expires.

The National Labor Relations Board has announced it will vote on proposed amendments to the agency's union representation election procedures—known as the "Quickie Election" rule—on November 30, 2011. The Board's Notice of Proposed Rulemaking regarding the "quickie election" rule, published this past June, includes significant potential changes to the current union election process.

According to the NLRB's November 18th press release, the public may be seen but will not be heard when Board members cast their votes on the June 2011 Notice of Proposed Rulemaking at the end of the month: "The [November 30, 2011] meeting of the Board's three members, to be held at NLRB headquar-

ters in Washington, will be open to the public, although the public may not participate." At this meeting, members will "discuss and vote on a resolution to accept the [proposed changes], proceed to draft a final rule limited to [the accepted changes], and defer the remainder of the proposed rule for further consideration." It is not yet clear which proposals the Board will vote on during this November 30, 2011 meeting and which ones it will defer for later consideration.

Member Hayes's Letter to House of Representatives Critical of Board's Actions

Meanwhile, also on November 18, 2011, Member Brian E. Hayes, the lone Republican on the Board, wrote to the Chairman of the House of Representatives' Education and the Workforce Committee, John Kline (R-MN), reprising his

dissent to the June Notice of Proposed Rulemaking, in which he "criticized the majority's use of a rulemaking process that is opaque, exclusionary, and adversari-

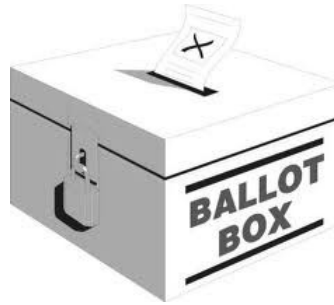
al..." You may view Member Hayes's letter at http://edworkforce.house.gov/UploadedFiles/Letter_to_Chairman_Kline.pdf.

Specifically, Member Hayes noted, "[t]hat criticism apparently made no impression on my colleagues, who have continued this process in the same manner, and without my participation; and, who have now made it unequivocally clear that they intend to publish a final rule before the expiration of Member Becker's appointment without regard to Board tradition or rule."

The Board's sudden action pertaining to the Notice of Proposed Rulemaking is attributed, at least in part, to the fear that the Board will lose its quorum at the end of this year when Member Becker's term expires. Only Chairman Mark Pearce and Member Hayes will remain as members of an agency cre-

ated for five members and which the Supreme Court held in 2010 must have three members to decide cases. Member Hayes's letter also criticized the decision made by Chairman Pearce and Member Becker to disregard Board precedent and vote on sweeping changes to the Board's election processes without the affirmative vote of three sitting Board members.

Member Hayes's letter also reported that, earlier this week, his two colleagues offered him a compromise proposal. The compromise, he said, still served as "an unprecedented 'emergency' revision of the ordinary internal rules for processing all pending cases from now until the end of Member Becker's term. In effect, the 'emergency' procedures would deprive me of any meaningful opportunity to consider the majority position, much less prepare a response, in any number of cases." Member Hayes reproached that "[t]his process, or, more accurately, lack of process, is so diametrically at odds with traditional decisional processes of the Board that it quite frankly defies description."





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Continued on page 15



More Legislative Matters

Your Communications With Congress Make A Difference

By Ned Monroe, senior vice president, external affair, National Association of Manufacturers

Congressional job approval ratings are at an all-time low. It's easy for most Americans to think that members of Congress simply are not listening to their constituents, but study after study has shown the opposite to be true: when a member of Congress is undecided on a particular issue, he or she turns to input from constituents to decide how to vote.

For decades, congressional staffers have tracked the opinions expressed in phone calls and letters. They count the number of communications they receive on each side of an issue. With the advent of the Internet and the explosion of electronic communications, more and more Americans are contacting their lawmakers' offices. So does this increase in the volume of letters, e-mails, faxes and phone calls automatically result in greater influence?

Not necessarily, according to a series of studies by the non-profit Congressional Management Foundation (CMF). The CMF found that the more personal the interaction with a member of Congress or congressional staffer, the more influence that interaction has on swaying a lawmaker's opinion. Understanding which methods of communication are most effective can help you and your employees become better advocates for your business.

By far, the most effective way to communicate with elected officials is through in-person meetings, both in Washington and in district offices. Ninety-seven percent of congressional staff members surveyed by the CMF said that visits with constituents in the Washington office have "some" or "a lot of" influence on an undecided member of Congress, and 94 percent said that visits with constituents in the district office have "some" or "a lot of" influence.

The CMF did not find much difference in influence between e-mail and postal mail. Ninety percent of staffers said that postal letters have a strong positive influence, while 88 percent of staffers said that e-mail is effective. The key to using written communication is to make it as personal and targeted as possible. Telling the story of how a legislative issue affects you, your business and your employees is what truly makes a difference.

Social networking sites and the Internet have revolutionized the way constituents involve themselves in the legislative process. Official websites, e-mail newsletters, Facebook pages and Twitter feeds give members of Congress and congressional staffers unprecedented ways to deliver information to their constituents. According to the CMF, more than half of the staffers surveyed (57 percent) felt that the Internet has made it easier for constituents to hold their elected officials accountable for their legislative actions. Most staffers (64 percent) felt that Facebook is an effective tool for understanding their constituents' views, and 74 percent felt that Facebook is effective for communicating their lawmakers' views to their constituents. Twitter usage by senators has more than doubled in the last six months alone, and most staffers (72 percent) agreed that YouTube is vital in communicating with their constituents.

There is much at stake for the economy in the coming months. As manufacturers are viewed as key to the nation's economic stability, taking the time to send a letter or e-mail through the National Association of Manufacturers' (NAM) Contact Congress page or to post your opinion on Facebook can have a positive impact. The Manufacturers Alliance of New York has a page with state and federal issues and a listing of state and federal legislators and their contact information. Follow this link to the MANY site: <http://www.bipac.net/alert.asp?g=macny>

Continued on page 15



U.S. Representative Nan Hayworth speaking with Pawling Corp. President Craig Busby at a recent Hudson Valley roundtable discussion.

Manufacturing Job Opportunities

If you have job openings and positions to fill:

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

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

Trade Matters

Congress Passes Three Free Trade Agreements

From The National Association of Manufacturers

Ninety-five percent of the world's consumers live outside the United States. By adopting new FTAs, manufacturers in the United States gain freer access to growing markets abroad.

After four years of delay that spanned two presidential administrations, Congress approved the free trade agreements (FTAs) with Colombia, South Korea and Panama on October 12. These trade agreements will generate 100,000 new jobs and \$13 billion more in exports.

The agreements were negotiated during President George W. Bush's second term in the White House. President Barack Obama's Administration took two years to develop and negotiate the changes it wanted before finally transmitting the agreements to Congress early last month.

The final step was agreement between the Administration and Congress to simultaneously consider Trade Adjustment Assistance (TAA), a program intended to help retrain any workers who have been negatively affected by increased international trade.

The United States is already open to products from Colombia, Korea and Panama. Imports from these countries face minimal to zero tariff rates. On the other hand, U.S. products exported to these nations face high tariffs, so U.S. exports to the three countries are expected to increase more than im-



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ports. With the FTAs in place, barriers to commerce will fall, and U.S. manufacturers will enjoy more access to markets abroad. As a result, customers will buy more U.S. products, more U.S. production and

ports. With the FTAs in place, barriers to commerce will fall, and U.S. manufacturers will enjoy more access to markets abroad. As a result, customers will buy more U.S. products, more U.S. production and

Boosting exports is critical to the U.S. economy. The United States lags behind other major manufacturing economies when it comes to exports. Of the world's 15 largest manufacturing economies, the United States ranks 13th, and our share of world exports is on the decline. In 2000, the United States was responsible for 14 percent of world exports of manufactured goods. Last year, our share had fallen to 9 percent. We must make it a priority to reverse that trend. To create more manufacturing jobs, we need to increase exports—to do that, we need to pursue new trade agreements.

Boosting exports is critical to the U.S. economy. The United States lags behind other major manufacturing economies when it comes to exports.

Ninety-five percent of the world's consumers live outside the United States. By adopting new FTAs, manufacturers in the United States gain freer access to growing markets abroad. President Obama has said that he wants to see more products labeled "Made in America." He can fulfill that goal by pursuing a bold international trade agenda.

The Colombia, South Korea and Panama FTAs are a strong start, and the United States should aggressively pursue new trading partners. Dozens of trade agreements are being negotiated around the world, yet the United States is currently a party to negotiating only one—the Trans-Pacific Partnership (TPP).

The United States is clearly missing out by not having more trade agreements: The Commerce Department reports that over the past three years, manufacturers in America accumulated a trade surplus of \$70 billion with current trade agreement partners. During the same time frame, we amassed a \$1.3 trillion manufactured goods deficit with countries that do not have trade agreements with us.

Continued on page 15

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CI Calendar of Training and Events

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|-------------------------|---|
| Dec. 9 | <u>Toward a Mid-Hudson Manufacturing Resurgence</u> — 8 am—1 pm at the Multi-Purpose room of SUNY New Paltz's Student Union Building. Guest of Honor: Michael Molnar, Chief manufacturing Officer, National Institute for Standards & Technology (NIST). Contact Harold King at hking@councilofindustry.org for more info or to register. |
| Dec. 31 | <u>Deadline for Early Bird Special Discount on Certificate in Manufacturing Leadership Training.</u> <u>Deadline for Discount on Member Directory Ads.</u> |
| Jan. 18 & 25 | <u>Certificate in Manufacturing Leadership: Fundamentals of Leadership</u> — 9:00 am—4:30 pm at Bowne Hall, Dutchess Community college, Poughkeepsie, NY. Cost: \$400 single participant, \$350 for 2 or more from the same company. See page 2 for Early Bird Special! |
| Jan 20 | <u>Human Resources sub-council meeting: The Intersection of Culture, HR and Employment Law</u> 8:30—10:00 am at a location to be announced. Contact Alison Butler (845) 565-1355 or abutler@councilofindustry.org to register. |
| Feb. 7 | <u>Manufacturing Day in Albany</u> —Full day event at the state capital. For more information or to register contact Harold king at hking@councilofindustry.org . |
| Feb. 8 | <u>Certificate in Manufacturing Leadership: Best Practices & Continuous Improvement</u> — 9:00 am—4:30 pm at Bowne Hall, Dutchess Community college, Poughkeepsie, NY. Cost: \$200 single participant, \$175 for 2 or more from the same company. See page 2 for Early Bird Special! |
| Feb. 22 | <u>Certificate in Manufacturing Leadership: Human Resource Management Issues</u> 9:00 am—4:30 pm at Bowne Hall, Dutchess Community college, Poughkeepsie, NY. Cost: \$200 single participant, \$175 for 2 or more from the same company. See page 2 for Early Bird Special! |
| Mar. 7 | <u>Certificate in Manufacturing Leadership: Problem Solving & Decision Making</u> 9:00 am—4:30 pm at Bowne Hall, Dutchess Community college, Poughkeepsie, NY. Cost: \$200 single participant, \$175 for 2 or more from the same company. See page 2 for Early Bird Special! |
| Mar. 21 | <u>Certificate in Manufacturing Leadership: Positive Motivation & Discipline</u> 9:00 am—4:30 pm at Bowne Hall, Dutchess Community college, Poughkeepsie, NY. Cost: \$200 single participant, \$175 for 2 or more from the same company. |

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.

Place Your Company's Ad Here

The Council of Industry's monthly newsletter has a mailing circulation of 250 manufacturers and an online circulation of hundreds more.

Contact Alison Butler at abutler@councilofindustry.org or call (845) 565-1355 for more information.

Manufacturing Matters

3 Simple Strategies to Improve Your Bottom Line by Tapping Your Most Valuable Asset, Your People

By Skip Weisman, Weisman Success Resources, Inc.

Here are three specific strategies manufacturers can apply to develop, maintain or recapture employee motivation, morale and engagement so that your employees are truly assets bringing high value to the work environment.

Two startling facts regarding issues absolutely impacting the bottom line of manufacturing companies in today's challenging economy:

- 1) The Gallup organization, an international research company with a division that focuses on employee engagement and motivation, estimates \$300 billion is wasted every year in lost productivity at U.S. companies due to un-motivated, dis-engaged employees.
- 2) Another research firm, Sirota Survey Intelligence, reported in 2005 that in 85% of Fortune 1000 companies, employee motivation and morale "declined significantly" within the first six months of employment and continued to go down after that.



their team (organization) is to reach the Championship Game (for baseball it's the World Series, football The Super Bowl, soccer it's the World Cup, etc).

It is the inspiring vision to win the championship that keeps everyone focused, doing the right things for the right reasons so they can contribute to the team's success, while also being able to reap the well-defined, and not so-well defined, individual and collective rewards and opportunities that come with their contribution.

The same type of culture can be created inside any business. It takes strong, visionary leadership and consistent communication to make it successful.

Jointly create an agreed upon set of core organizational communication and behavioral values

Many organizations have their "values" hanging on posters in the hallways while managers and leaders both engage in, and enable others, in behaviors inconsistent with those values.

With no one holding anyone accountable to the values on the walls, performance and behaviors deteriorate and subsequently default to what is witnessed and experienced in the halls.

This, too, is a strategy that is both easy to create, plus easy to maintain when two processes are applied:

- i. Bring your team(s) together to jointly create the organizational communication and behavioral values and commit to a "team agreement" that everyone, literally, signs on to.
- ii. Leaders, managers and teammates agree to address violations of the values and team agreement immediately (or, at the earliest possible opportunity after a documented and witnessed behavior). *NOTE: One client that recently concluded this process reported employees were self-regulating themselves and their teammates six months after installation of the above strategy.*

Those statistics are startling with regard to the potential impact on bottom line results of companies today. But, it is also not surprising.

Research I recently conducted of over 3000 subscribers to the Workplace Communication Expert blog (www.WorkplaceCommunicationExpert.com) showed 44% of business leaders are unhappy with employee performance.

When you look around your workplace and evaluate the productivity, motivation and morale of your people, how much might your organization be contributing to that \$300 billion?

And, in evaluating the cost of hiring, on-boarding and training new employees, if not being done effectively, could this be another place where company profits are stealthily slipping off the financial statement?

Here are three specific strategies manufacturers can apply to develop, maintain or recapture employee motivation, morale and engagement so that your employees are truly assets bringing high value to the work environment:

Define your "Championship Game"

From the first day of training camp everyone that is part of an athletic team at any level from little league through the professional ranks knows the ultimate objective and vision for

Continued on next page

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Create a communication “Forum” that includes a “feedback loop”

Communication is always among the top three issues or problems identified by employees in organizations. The challenge with this generic, vanilla statement is that there are too many aspects of communication to fix the problems.

It must be more clearly defined.

In a recent client project three different teams in one focus group identified communication as an organizational problem. Yet, each defined it differently from a completely different context.

One simple way to resolve this issue is to create a formal forum for communication that includes a two-way feedback loop.

This sounds much more complicated than it really is. It simply means that regular, structured meetings are facilitated to bring issues, problems, ideas and suggestions to the fore for company leaders to address and respond to.

There are four key steps for doing this successfully:

- 1) Schedule meetings at regular and consistent times
- 2) Invite a cross section of participants representing the various departments, divisions, etc.
- 3) Collect ideas, chunk them into related categories and prioritize
- 4) Create a system through which company leaders can respond to every item in a reasonably timely manner.

Often company leaders are leery of developing this type of communication process for fear of the meetings devolving into gripe sessions. These fears are valid and can be eliminated by doing these three things:

- 1) Setting clear guidelines at the outset,
- 2) Ensure that all ideas and suggestions are articulated in a positive, constructive manner, and
- 3) Following through with prompt feedback on all ideas so that those contributing feel as if their contributions were taken under consideration and were valued (it is perfectly okay

to say “no” to an idea as long as it comes with a credible reason).

Manufacturers that have implemented some, or all, of the three above suggestions have been able to generate dramatic results, such as:

- \$900,000 in waste eliminated within 12 months of implementation
- 300% increase in pre-tax profits over a five-year period
- 100% increase in pre-tax profits within four months of implementation
- 65% permanent improvement in workflow processes and 22% waste reduction within 12 months.

With results like that no business leader in Western civilization can argue that they can’t invest the time, energy and resources to learn how to implement the three simple strategies outlined above.

Give it a try.

Skip Weisman is The Leadership and Workplace Communication Expert based in Poughkeepsie, NY. Since 2001 he has partnered with business leaders and their teams to transform communication in workplaces in a way that offers dramatic increases in productivity, profit margins and the bottom line. His latest white paper report on which this article is based is 3 Simple Secrets to Increasing Your Bottom Line: How Maximizing Motivation, Trust and Commitment in Your Workplace Makes a Difference in Today’s Challenging Economy! The report is available free at www.TheEmployeeEngagementExpert.com. Skip can be reached at 845-463-3838 or by e-mail at Skip@WorkplaceCommunicationExpert.com

Communication is always among the top three issues or problems identified by employees in organizations. The challenge with this generic, vanilla statement is that there are too many aspects of communication to fix the problems.



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Financial Matters

Tax Planning Strategies for 2012

From Smith-Kunz & Associates, LLP

Some important business tax benefits are slated to expire (or drop in value) after 2011. For businesses, the two most important benefits are 100% bonus depreciation and Code Sec. 179 expensing, whose thresholds and limits are changed by Congress every year.

Current Tax Environment

There seems to be a louder call for tax reform than in previous years. Much of this has to do with the U.S. budget crisis. Last year's Simpson-Bowles Deficit Commission recommended tax reform as a way to reduce the deficit. President Obama has proposed changes to the tax code. A trio of Republican congressman has come up with another tax reform plan. Everyone has heard of presidential candidate Herman Cain's 9-9-9 plan. The congressional "Super Committee" that's been charged with finding \$1.2 trillion in savings over the next 10 years by around Thanksgiving is also considering tax law changes. No one is satisfied with the current law. Tax reform is a great possibility.

Although the long-term tax situation remains in flux after 2012, there is some degree of certainty for the next 14 months. We currently don't expect major revisions to the tax code at the eleventh hour for 2011 and 2012. As always, tax planning is a moving target, but the following recommendations could suit your specific situation.

Businesses

Some important business tax benefits are slated to expire (or drop in value) after 2011. For businesses, the two most important benefits are 100% bonus depreciation and Code Sec. 179 expensing, whose thresholds and limits are changed by Congress every year.

Bonus Depreciation

Bonus depreciation is a way of reducing the initial cost of new property by recognizing 100% of the cost of the property as a deduction on your taxes. It's also a way of accelerating deductions, which is usually a great tax strategy.

The status of bonus depreciation is uncertain. President Obama has proposed to extend 100%

bonus depreciation through 2012. However, while this proposal would normally get broad support, the president has proposed to pay for the extension with other tax increases, which the Republicans are likely to oppose.

100% bonus depreciation is scheduled to drop to 50% for 2012 and terminate after 2012. The deadlines are extended one year for property with a longer production period and certain transportation property.



To qualify for bonus depreciation, the property acquired must be new and must satisfy placed-in-service and acquisition date requirements. The acquisition date rules are different for the 100% and 50% rates. For 100% bonus depreciation (the 2011 rate), property is acquired when the taxpayer pays or incurs its cost. For 50% bonus depreciation (the 2012 rate), property is acquired when the taxpayer takes physical possession or control of the property.

Code Sec. 179 Expensing

Code Sec. 179 Expensing is another way of reducing the initial cost of new or used property by recognizing up to 100% of the cost of the property as a deduction on your taxes.

For businesses considering an investment in depreciable property, the payoff is definitely greater for a 2011 investment. Expensing (or the deduction on your return) is capped at a high level of \$500,000 for 2011. For 2012, that limit is projected to be \$139,000. The cap (or the amount of property you can acquire before expensing is reduced) is \$2 million for 2011. For 2012, the investment limit is projected to drop to \$560,000, and \$200,000 for years after 2012. The 2011 expensing limit and investment cap are the highest ever for this benefit.

Taxpayers taking advantage of expensing should apply it to assets that would otherwise have the longest recovery periods. This accelerates deductions.

A unique wrinkle of Sec. 179 Expensing for 2011 is the ability to expense real property, which is typically excluded from this type of treatment. A taxpayer can elect to expense up to \$250,000 (of the \$500,000 deduction limit) for qualified real property for 2011.

Continued on page 14



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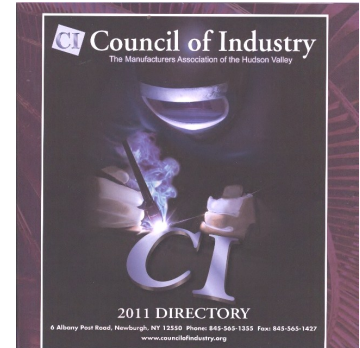


Member Benefits

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Manufacturing is vital to the New York State's economy and the Council of Industry is vital to manufacturing, and our Member Directory is a reference that can be found on the desks of industry decision makers throughout the Hudson Valley. Now is the time to place an ad in the Council of Industry's 2012 Member Directory, and as an added incentive to secure your ad early, we are offering a discount for any ad purchased and paid for by December 31st, 2011.

The Council of Industry's Membership Directory is a valuable reference tool for manufacturers and their associates. This book contains a complete listing of our 160 members and associate members, as well as contact information for local government officials and agencies. Each year we publish and distribute nearly 1,000 directories throughout the Hudson Valley region. That means your company's ad will be seen by executives and decision makers from hundreds of manufacturing firms throughout the state.



We would like to encourage companies to place an ad on our website as well. For only \$375 your company can place a banner ad in the top of the page rotation on our website which will run for the next twelve months. The Council of Industry website has hundreds of visitors each month and the rotating banner displays run on several pages and contain a direct link to your company's website.

You can order online by following this link: <https://connect.computility.com/form/index.php?id=d6eodof81545c52ac256f683985d0975> and remember if you pay before 12/31/11 use discount code MDAD12 to save money.

You can also e-mail Alison Butler at abutler@councilofindustry.org or call at (845) 565-1355 to place an ad or get more information.

Consumer Price Index for October 2011

| | | | | Point | % | % Increase |
|--|----------------|----------------|----------------|-----------------|--------------|-------------------|
| Wage Earners & Clerical | Oct '10 | Oct '11 | Sep '11 | Increase | Month | Year |
| 1967=100 | 639.67 | 664.38 | 666.30 | -1.92 | -0.3 | 3.9 |
| 1982-84= 100 | 214.62 | 223.04 | 223.69 | -0.64 | -0.3 | 3.9 |
| All Urban Consumers | | | | | | |
| 1967=100 | 655.16 | 678.26 | 679.66 | -1.40 | -0.2 | 3.5 |
| 1982-84=100 | 218.71 | 226.42 | 226.89 | -0.47 | -0.2 | 3.5 |
| Hudson Valley unemployment rate for October 2011 = 6.6 % | | | | | | |

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Healthcare Reform

Supreme Court to Hear Healthcare Law in March

From Rose & Kiernan

The Supreme Court agreed Monday to decide the fate of President Barack Obama's healthcare law, with an election-year ruling due by July on the U.S. healthcare system's biggest overhaul in nearly 50 years.

The decision had been widely expected since late September, when the Obama administration asked the nation's highest court to uphold the centerpiece insurance provision and 26 states separately asked that the entire law be struck down.

The justices in a brief order agreed to hear the appeals. At the heart of the legal battle is whether Congress overstepped its powers by requiring that all Americans buy health insurance by 2014 or pay a penalty, a provision known as the individual mandate.

The law, aiming to provide more than 30 million uninsured Americans with medical coverage, has wide ramifications for company costs and for the health sector, affecting health insurers, drugmakers, device companies and hospitals.

The law, Obama's signature domestic achievement, will be a major issue in the U.S. elections in November 2012 as he seeks another four-year term. Republican presidential candidates oppose the law and Republicans in Congress want to repeal it.

A Supreme Court spokeswoman said oral arguments would take place in March. There will be a total of 5-1/2 hours of arguments.

The high court could leave in place the entire law, it could strike down the individual insurance mandate or other provisions, it could invalidate the entire law or it could put off a ruling on the mandate until after it has taken effect.

Legal experts and policy analysts said the healthcare vote may be close on the nine-member court, with five conservatives and four liberals. It could come down to moderate conservative Justice Anthony Kennedy, who often casts the decisive vote.

Paul Heldman, senior analyst at Potomac Research Group, which provides Washington policy research for the investment community, said he still leaned toward the view that the law's requirement that individuals buy insurance will be upheld.

"We continue to have a high level of conviction that the Supreme Court will leave much of the health reform law standing, even if finds unconstitutional the requirement that individuals buy coverage," he wrote in a recent note.



Continued from Page 12 Financial Matters

This category includes qualified leasehold improvement property, qualified restaurant property, and qualified retail improvement property. Subsequent legislation did not extend this treatment into 2012.

Other 2011 Benefits

Other important benefits are scheduled to expire or decrease after 2011. A major benefit for many businesses is the 20% research tax credit. The credit has been extended from year to year, although Congress sometimes renews the credit late in the new year and makes it retroactive. The credit has never been permanent, but President Obama has now proposed that it be permanent.

Another significant benefit is the 100% exclusion for small business stock, which applies to stock acquired through 2011. The normal exclusion is 50%, although Congress has also adopted a 75% rate in recent years. The stock must be acquired in 2011, be held for at least five years, and satisfy other requirements to benefit from the 100% exclusion when it is eventually sold. This is a useful planning tool for closely held businesses.

Special charitable deduction provisions for contributions of food, books, and computer equipment to schools apply through 2011 only. Other tax breaks that are also scheduled to terminate at the end of 2011 are:

- Work opportunity tax credit
- Brownfields remediation deduction
- Indian employment credit

15-year recovery period for certain qualified improvements to real estate.

Conclusion

With the U.S. budget crisis defining most political debates and many different parties proposing tax reform, year-end tax planning has become more complex. Many significant credits and deductions are scheduled to expire at the end of 2011. Actions taken in 2011, while there is still a degree of certainty regarding the tax law, take on added importance. Call your accountant for advice or call the visit the Council of Industry website to find an Associate Member accounting firm experienced working with manufacturers.



Continued from Page 6 Legislative Matters

Member Hayes's letter brought to light the fact that because a number of Board staff members had been assigned to work on the rulemaking, there "had [been] a serious adverse impact on the Board's ability to process pending unfair labor practice and representation cases." He cited the Board's decreased productivity in the number of final decisions the Board rendered in September and October 2011.

* * *

As Jackson Lewis LLP has previously reported, the June 2011 Notice of Proposed Rulemaking included the following potential changes to the current election process:

- Accelerating the initial hearing date following the filing of a representation petition;
- Mandating expansive pre-hearing discovery of issues;
- Significantly curtailing the ability to litigate issues before an election;
- Eliminating the right to file post-hearing briefs;
- Barring pre-election requests to review regional decisions;
- Requiring lists of eligible voters be filed within only two days; and

Providing unions with voters' phone numbers and e-mail addresses.

Approximately 95 percent of all representation elections are held in 56 days. The new procedures, if adopted, could reduce this period by at least 30 days. It appears elections could be held in slightly over three weeks (or possibly less) from the date an election petition is filed with the Board.

Continued from Page 8 Trade Matters


Here's one step this country can take: Complete the negotiation of the TPP, an agreement between the United States and eight other nations. President Obama is hosting the annual Asia-Pacific Economic Cooperation leaders' meeting in Hawaii this November, and a framework should be in place by then.

Free trade benefits the United States and its trading partners. A bold trade agenda can help lift the U.S. economy, and it can strengthen manufacturers as they seek to drive economic growth and create jobs.

Continued from Page 7 More Legislative Matters

According to congressional staffers, the best way to influence an undecided elected official is to have a face-to-face meeting and deliver an informed request. Taking part in Manufacturers Day in Albany would be a great way to start. The Manufacturers Alliance of New York invites all manufacturers to come to Albany for its 4th Annual Manufacturers Day, February 7th, 2012. Manufacturers Day was started to give our economic sector the opportunity to rally together and relay to Albany our legislative agenda for the upcoming session. The day will consist of morning briefings, guest speakers, breakout lobbying visits, and a legislator reception.

Even if you have never visited your legislator before in Albany, it is important to be involved. The voice of manufacturers needs to be heard in Albany and our elected officials need to know that manufacturing is still the engine that drives New York's economy, and that they should want you to be successful. Contact Harold King at hking@councilofindustry.org for more information about Manufacturers Day.



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