Council of Industry

Newsletter

February 2012
Volume 16
Issue 2

Join Us for Manufacturing Day in Albany!

Manufacturers from across New York Sate gathered last year in Albany to voice their thoughts on key issues.

As we embark on the 2012 legislative session, it is time for the Council of Industry and its affiliates with the Manufacturers Alliance to roll out our legislative agenda for the upcoming year. In doing so, please join us in Albany for our kick-off Manufacturing Lobby Days, March 5-6, 2012!

Activities throughout the event include an afternoon briefing on the 2012 Legislative Agenda, distribution of our Public Policy Agenda, guest speakers, an evening legislative reception, and morning lobby visits with your representatives. Some of the key items that will be discussed include the 2012 state budget, the corporate franchise tax exclusion for manufacturers, workers' comp costs, and a state energy plan. This event will give you an opportunity to not only learn more about the Alliance's upcoming legislative agenda, but it also gives our members an opportunity to meet with their elected officials to brief them on their businesses and discuss any legislation that is important to you and your facility.

With the state and economic climate in such turmoil, the time is now for our sector to make our voice heard, and let Albany know how important manufacturing is to our state's economic future. Even if you have never visited your legislator before, it is important to start, and become involved! The voice of manufacturing needs to be heard and our elected officials need to know that manufacturing is still the engine the drives New York's economy. There is no doubt that other groups will be spending a lot of time and resources presenting their case in Albany. Don't miss you chance to help present our case!

We urge all of our members to take advantage of this important event. Please sign up and reserve your spot today! If you would like to join us, please register and fax back the enclosed form to Debbie Sindone at 315.474.0524 or dsindone@macny.org or contact Harold King hking@councilofindustry.org for more info.

Moving Jobs Offshore Becoming 'Harder to Justify'

By Steve Minter, From Industry Week

Economic conditions, natural resources and technological innovation are making it harder for manufacturers to "justify moving jobs offshore," according to a new report by Reynders, McVeigh Capital Management.

Three drivers are responsible for "breathing life back into manufacturing," according to "Workforce Rising: Why U.S. Manufacturing is Poised for a Comeback," authored by Charlton Reynders and Patrick McVeigh.

Offshoring to Homeshoring

Companies are turning from offshoring to homeshoring as the cost advantages of moving production to China and other locations become less significant. The wage gap between China and the U.S is shrinking, the report notes. Wages in China are rising at a predicted 15% to 20% annually while U.S. wage rates are growing at only 2%.

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Inside this Issue

Training and Education

Certificate in Manufacturing Leadership Program Full to Capacity

CML participants work in small groups during the 2012 Fundamentals of Leadership course.

While the Council of Industry has offered quality supervisory training to its members in the Hudson Valley for over 20 years, the Certificate in Manufacturing Leadership program itself has been around for fourteen years and this year we have had to stop accepting registrations because the classes are full to capacity.

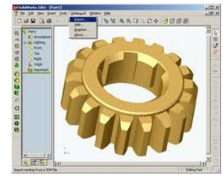
The Leadership Program is a comprehensive group of courses put together by the Council of Industry and Dutchess Community College, that prepares supervisors for their challenging positions at manufacturing facilities.

The program is designed to offer particular skill sets through day long courses designed by manufacturers to help participants meet the challenges of the modern workplace. Participants who complete the required courses are presented with the Certificate in Manufacturing Leadership. There are currently twenty two participants in the program which began on January 18th. Of course for those who are unable to attend there is always next year. The program is constantly being updated and tweaked to offer our members the best training at affordable prices.

For more information about CI Training go to:
http://www.councilofindustry.org/training/category_courses.

Or call: (845) 565-1355
Or e-mail: training@councilofindustry.org

CI Offering SolidWorks Essentials in April



The Council of Industry is offering a week of SolidWorks Essentials Training from April 9-13, Monday through Friday, 9:00 am – 5:00 pm, at Rockland Community College in Suffern, NY. The cost is $350 per person and registration is limited to ten participants.

This five day, hands on course, presented by CADimensions, is for those who wish to have a good fundamental understanding of SolidWorks. It will cover all the basics, from part modeling, creating assemblies, and general design drawings and detailing. The course is weighted towards part design. This course is supported by SUNY Workforce Development Grant funding for members of the Council of Industry. The regular cost per seat is $1500; your cost through this program is $350 per seat.

Online registration at https://connect.computility.com/form/index.php?id=656f3e307a13d0e6a84010889376fe00
or e-mail training@councilofindustry.org or call (845) 565-1355 for more info.

NYSERDA Sponsored Fundamentals of Compressed Air Systems Training Session

On Feb. 29, NYSERDA is sponsoring a Fundamentals of Compressed Air Systems Training Session from 8 am-5 pm at a location to be announced in Newburgh, NY. This one day training session is worth 0.7 CEUs and a certificate is issued upon completion of the course. Cost is $25 per person. Online registration at: https://www.chacompanies.com/nyserda/

The training is for plant engineers, maintenance supervisors, and other personnel responsible for compressed air systems in an industrial setting. Participants will learn how to:

- Calculate the energy cost of compressed air in facilities
- Improve compressed air system efficiency and reliability
- Identify inappropriate uses of compressed air
- Establish a baseline to measure improvements in compressed air efficiency and performance
- Find and fix leaks and establish a leak prevention program
- Better control compressed air to improve productivity and profitability

Cost is $25.00 per person for the one-day session and seats are limited so reservations will be accepted on a first come first serve basis. We will notify you if your registration is accepted.*

Fill out the online registration form and payment information and submit it by no later than Friday, February 17.

* In order to ensure that the training is most useful to you, it will be important for you to bring information about your plant's compressed air system to the workshop. A Pre-Workshop Assignment will be sent to you upon receipt of your registration form.

Council News

The Intersection of Culture, HR and Employment Law

On January 20th the Human Resources sub-council met with Devora Lindeman, Greenwald Doherty, LLP, to discuss the intersection of corporate culture, HR and employment law and how managing these properly can increase the profitability of a company. The group sat round table style and discussed the different cultures that exist in various corporations and how this idea of a corporate culture can be channeled by HR to help a company run more smoothly and contribute to better employee satisfaction and retention while reducing lawsuits and mismanagement issues.

Ms. Lindeman gave the attendees the task of defining the culture of their companies. This is not an easy task when many companies have no defined "corporate culture," only a set of unwritten rules that have developed over the years for better or worse. She pointed out examples of companies that post their corporate values on their website and refer to them often during the hiring process, Zappos for example. By finding employees that "fit in" with the established corporate culture, one carefully outlined by the corporate executives, the work atmosphere is more enjoyable and people have a higher job satisfaction.

The steps suggested by Ms. Lindeman include first identifying the desired corporate culture and then working to implement it through HR channels. This would include questions during the interview process for new hires that would screen out potential candidates that do not fit the defined culture ideals. By having the culture defined on paper and using questions of this type it becomes easier to justify not hiring someone that you "just know" wouldn't work out with the company.

Greenwald Doherty LLP have set up a new company to work with companies to create and implement an effective HR department, including training and support for internal HR to increase productivity called Workforce Engine. More information can be found at www.workforceengine.com.

Welcome New Members:

Curtis Instruments—designs and manufactures devices for motor control, battery management, power conversion, and vehicle instrumentation applications. Westchester County. Contact: Anne Papaelias

Wineracks.com— custom wooden wine racks. Ulster County. Contact: Rob Hazelton

Copley Consulting— a dynamic, full-service systems integration and technology consulting firm. Orange County. Contact: James Quinn

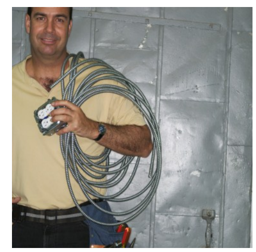
Next Environment, Health & Safety Sub-council Meeting Will Cover Contractor Safety

Topic: Contractor Safety

When: Friday, February 17th, 8:30 - 10:00 am

Where: The Chazen Companies, Poughkeepsie, NY

Cost: None for members



OSHA is increasing enforcement against companies for exposure of contractor employees to unsafe conditions. A court ruling early in 2011 affirmed OSHA's ability to issue citations/violations to companies for actions taken by contractors at their worksite, even if the companies didn't create the hazard and didn't expose their employees to it. OSHA is choosing to exercise that authority as part of a wider step-up in enforcement and is applying that authority to industrial companies, not just construction companies.

Companies expecting to use contractors need to plan ahead– before contractors set foot on the premises – to make sure that they are not needlessly exposing themselves to OSHA liability. If you already have contractors on-site, it's time to step back and do a thorough review of your contractor safety program. Every employer that hires outside contractors needs to have a well-defined safety program for contractors, distinct from the safety program for their employees

This presentation by **Ron Coons, New World Solutions**, will discuss why a contractor safety is needed in your facility and we will also outline essential elements that you need to protect your most important assets. We will also review how a exceptional contractor safety program integrates with other programs contained in your safety and health manual. To register contact Alison Butler at abutler@councilofindustry.org or call (845) 565-1355 or Register online at our website http://www.councilofindustry.org/council-networks/environmental-health-safety.html

Personnel Matters

U.S. Manufacturing and The Skills Gap

As many U.S. manufacturers look to regain momentum, they will likely face some well-documented challenges. Not least among these is the issue of talent. This is not new – for years, manufacturers have reported a significant gap between the talent they need to keep growing their businesses and what they can actually find. Deloitte Consulting LLP and the Manufacturing Institute have renewed the Skills Gap study, conducted in July and August, 2011, seeking to answer several important questions about the nature of the skills and talent gaps in manufacturing today:

- What impact is the skills gap having on company performance?
- Although the skills gap issue isn't new, how is it evolving in the face of continued economic and competitive challenges? Which manufacturing jobs are being affected the most?

What does the future of talent look like? What upcoming trends are companies preparing for today? How fast are these changes happening?

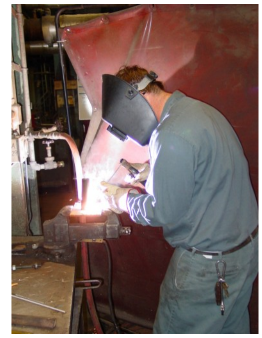
Overall, the survey findings are remarkably consistent with previous Skills Gap studies, with 67% of respondents reporting a moderate to severe shortage of available, qualified workers and 56% anticipating the shortage to grow worse in the next three to five years. In addition, the survey indicates that 5% of current jobs at respondent manufacturers are unfilled due to a lack of qualified candidates. These results underscore the tenacity of a worsening talent shortage that threatens the future effectiveness of the U.S. manufacturing industry.

When asked to look ahead three to five years, respondents indicate that access to a highly skilled, flexible workforce is the most important factor in their effectiveness, ranked above factors such as new product innovation and increased market share by a margin of 20 percentage points. It's not just that manufacturers are concerned about talent today. This has been a serious issue for years, which begs the question of what must be done differently in order to achieve the right results.

It doesn't help that today the skills gap is hitting where it hurts the most. Manufacturers are having the hardest time filling skilled production jobs that fuel their ability to innovate and grow, even in the face of high unemployment. By that same token, their efforts to develop the skills of current employees are falling short. Meanwhile, the manufacturing industry itself is evolving at such a rapid clip that companies are putting themselves at risk of falling behind too far, too fast.

A closer look at the survey results turns up a few surprising insights into the talent gap and how manufacturers are responding. Here are several highlights.

The hardest jobs to fill are those that have the biggest impact on performance.
Shortages in skilled production jobs – machinists, operators, craft workers, distributors, technicians, and more – are taking their toll on manufacturers' ability to expand operations, drive innovation, and improve productivity. Seventy-four percent of respondents indicated that workforce shortages or skills deficiencies in skilled production roles are having a significant impact on their ability to expand operations or improve productivity. Unfortunately, these jobs require the most training, and are traditionally among the hardest manufacturing jobs to find existing talent to fill.



While they recognize the importance of recruiting and developing talent, many manufacturers depend on outdated approaches for finding the right people, developing their employees' skills, and improving their performance.
At a time when finding the right talent for the job has become so difficult, the spotlight shines even more brightly on recruitment and development efforts. After all, if manufacturers can't bring in talent with the skills they need, they can take steps to expand the skills base of their existing workforce. The bad news is that while most manufacturers have some tools in place to address these challenges, they are depending on outdated, informal methods such as word-of-mouth recruiting. When it comes to training, there is also considerable room for improvement.

High unemployment is not making it easier to fill positions, particularly in the areas of skilled production and production support.
There's no way around it: respondents report, on median, that 5% of their jobs remain unfilled simply because they can't find people with the right skills. Translated to raw numbers, this means that as many as 600,000 jobs are going unfilled, a remarkable fact when the country is facing an unemployment rate that hovers above 9%. Respondents separately report that the national education curriculum is not producing workers with the basic skills they need – a trend not likely to improve in the near term.

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More Personnel Matters

Why Do Good People Leave?

By Gordon McAleer, President, *McAleer & Associates*

Scenario:

After a six month search a company finally lands a top manager with superb credentials and work experience. The company spent considerable funds to conduct the search and pay the recruiting firm a placement fee. The winning candidate was wined and dined by the top officers and introduced to the community before the candidate's arrival. A highly competitive compensation package, including sign on bonus, a starting salary 15% over the candidate's previous level, and relocation expenses were extended. With great anticipation the candidate arrived for his first day. A year later the candidate shocked the company by announcing his resignation and his plans to move to another opportunity. What happened?

Analysis:

Good people leave a company for a variety of reasons, including career advancement opportunities, higher compensation, and family priorities are examples. The cost of turnover of good people is substantial. Count on one to two times the annual salary of the departing manager for direct expenses of recruiting the person, relocation expenses, and indirect costs of loss of momentum to the company for the position not being filled.

In this case the manager left because of his immediate boss, who covered up his insecurity with frequent verbal outbursts and playing the blame game for setbacks. A frequent cause for the loss of a good person is the poor relationship between the employee and the person's manager. The leading sins of a poor manager are failure to demonstrate respect to subordinates and demeaning the importance of the employees, poor communications and listening skills, incompetence, playing favorites among subordinates, dishonesty and unethical behavior, outright sexual harassment and other forms of abusive actions.

Remedial Actions:

The company would do well to develop and maintain an effective on-boarding program to accelerate the integration of the new employee into the culture of the organization and to clearly set out the expectations of the job. A sound on-boarding program will extend over six months or longer with frequent check point along the way for constructive feedback to be given to the employee and open exchanges between the employee and his or her manager.

Exit interviews are very useful to solicit straightforward feedback from departing employees. The human resources office needs to tract the results of exit interviews over time to determine trends of issues of discontent in the workforce. The top officers as of the company need to receive this information and pursue prompt remedial actions as needed. HR should trend turnover rates by department and probe for underlining causes. The company might be surprised that to find out that the department manager is the main cause for a turnover rate that exceeds company averages. The manager who is not getting the point that the knowledge worker of today deserves enlightened direction and respect should be directed to sharpen his or her peoples skills or move on. Egregious behavior should be cause for immediate termination.

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.

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Legislative Matters

NLRB Appointments Spur More Controversy as New Year Begins

From Jacksonlewis.com

The White House has added to the controversy surrounding the National Labor Relations Board and its recent actions by announcing the President intended to make three recess appointments to the agency. Despite the recent request of 47 Republican Senators to President Barack Obama to refrain from making recess appointments between the Sessions of Congress, it was announced that the President would do just that. On January 4, the White House Press Secretary said the President would nominate Sharon Block, Terence F. Flynn and Richard Griffin to fill the three empty seats on the NLRB. They would join Chairman Mark Gaston Pearce and Member Brian E. Hayes, giving Democrats a 3-2 majority on the Board. With the end of Member Craig Becker's recess appointment on January 3, the Board now lacks a quorum to make decisions.

Despite the recent request of 47 Republican Senators to President Barack Obama to refrain from making recess appointments between the Sessions of Congress, it was announced that the President would do just that. On January 4, the White House Press Secretary said the President would nominate Sharon Block, Terence F. Flynn and Richard Griffin to fill the three empty seats on the NLRB.

Ms. Block, a Democrat, is presently Deputy Assistant Secretary of Labor for Congressional and Inter-Governmental Affairs. Between 2006 and 2009, Ms. Block was Senior Labor and Employment Counsel for the Senate HELP Committee, where she worked for the late Senator Edward M. Kennedy (D-Massachusetts), who chaired the Committee. In 2008, Senator Kennedy, and the HELP Committee, refused to move the nominations of three Board members sent up by President George W. Bush, two of whom (a Republican and a Democrat) had just completed terms as agency Chairman and Member, respectively. Challenges to the Board's attempt to function with only two members led to a Supreme Court decision in 2010 declaring the Board powerless to decide cases in such circumstances.

Mr. Flynn, a Republican, has been serving as Chief Counsel to Member Hayes. Previously, he was Chief Counsel to former Member Peter Schaumber, where he oversaw a variety of legal and policy issues in cases arising under the National Labor Relations Act, according to the NLRB. Before that, he practiced labor and employment law with a major law firm.

Mr. Griffin, also a Democrat, is General Counsel for the International Union of Operating Engineers. He previously held other positions with the IUOE, and in the early 1980's served as Counsel to Board members. He serves on the Board of Directors for the AFL-CIO Lawyers Coordinating Committee, a position he has held since 1994.

In announcing the intended appointments, the President said, "The American people deserve to have qualified public servants fighting for them every day ... to uphold the rights of working Americans. We can't wait to act to strengthen the economy and restore security for our middle class and those trying to get in it...."

Senator Michael Enzi (R-Wyoming), Ranking Member on the Senate HELP Committee, said he was "extremely disappointed" to see the President announce the recess appointments and thereby "avoid the Constitutionally mandated Senate confirmation process." He criticized, as well, the White House's submission to the Senate of two of the nominees on December 15, 2011, the day before the Senate adjourned, and circumvented the vetting process for these candidates. Referring to the prospective Democratic appointees, Senator Enzi charged that "our struggling economy will soon be faced with two additional bureaucrats who will shackle America's employers with new onerous regulations. Just look at the most recent actions by the NLRB."

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Healthcare Reform Update

Employee Benefits: Group Health Plan Coverage Reporting Required For 2012 IRS Forms W-2

From Bond, Schoeneck & King

Certain employers are required to begin reporting the cost of coverage under employer-sponsored group health plans beginning with the 2012 Forms W-2 issued to employees (i.e., the forms required for the calendar year 2012 that employers will generally be required to provide employees in January of 2013). Employers should begin to take steps now to ensure that adequate processes and procedures are in place to track and record health coverage costs in 2012 to prepare for the new reporting requirement.

Background

The Patient Protection and Affordable Care Act of 2010 ("Affordable Care Act") amended the reporting provisions of the Internal Revenue Code to require that the aggregate cost of employer-sponsored health coverage be reported on an IRS Form W-2. The new reporting requirement does not cause otherwise non-taxable employer-provided health care coverage to become taxable — the Form W-2 reporting is for informational purposes only. According to the Internal Revenue Service ("IRS"), the purpose of the reporting requirement is to provide useful and comparable consumer information to employees regarding the cost of their health care coverage.

Under the Affordable Care Act, the Form W-2 reporting requirement was initially effective with respect to Forms W-2 issued for 2011. In Notice 2010-69, the IRS delayed mandatory compliance with this requirement until the Forms W-2 issued for 2012. Employers could, however, voluntarily begin reporting such amounts on the 2011 Forms W-2. In Notices 2011-28 and 2012-9, the IRS issued additional interim guidance that contained helpful clarifications regarding the Form W-2 reporting requirement and provided transition relief for certain employers and with respect to certain types of employer-sponsored coverage. The transition relief will continue at least through the 2012 Forms W-2 which are required to be furnished to employees in 2013 and will stay in effect until the issuance of further guidance by the IRS (the IRS will provide at least six months notice regarding any changes to the transitional relief).

Employers Subject to The Reporting Requirement: In general, all employers that provide "applicable employer-sponsored coverage" under a group health plan are subject to the reporting requirement, including federal, state and local governments, churches and other religious organizations, and employers that are not subject to the COBRA continuation requirements (to the extent such employers provide applicable employer-sponsored coverage under a group health plan). Federally recognized Indian tribal governments are exempt until further guidance is issued.

"Small" Employer Exception

Under the transitional relief provided in Notice 2012-9, an employer is not subject to the reporting requirement for the 2012 Forms W-2 (and Forms W-2 for later years unless and until further guidance is issued), if the employer was required to file fewer than 250 Forms W-2 for the preceding calendar year. For example, if an employer files 100 Forms W-2 for the 2011 calendar year, the employer will not be subject to the reporting requirement for Forms W-2 for the 2012 calendar year.

Types of Health Care Coverage That Must Be Reported: In general, affected employers are required to report the total cost of all "applicable employer-sponsored coverage" under a group health plan provided to an employee. Applicable employer-sponsored coverage is coverage under any group health plan made available to the employee by the employer that is excludable from the employee's gross income, or would be excludable, if it were employer-provided coverage.

Applicable employer-sponsored coverage does not include: (1) any coverage for long-term care; (2) coverage for certain HIPAA "excepted benefits;" (3) any coverage under a separate policy, certificate, or contract of insurance which provides benefits substantially all of which are for the treatment of the mouth (including any organ or structure within the mouth) or for treatment of the eye; and (4) any coverage for a specified disease or illness and hospital indemnity or other fixed indemnity insurance, if the employee pays the premiums for the coverage on an after-tax basis.

In addition, the following amounts are not required to be included in the aggregate reportable cost (although considered applicable employer-sponsored coverage): (a) amounts contributed to any Archer MSA; (b) the amount contributed to any Health Savings Account ("HSA"); and (c) the amount of any salary reduction to a flexible spending arrangement.

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Manufacturing Job Opportunities

If you have job openings and positions to fill:

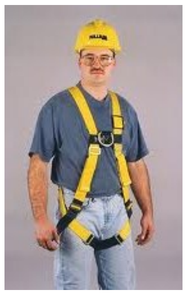
- *Post it on the Council of Industry Website* *www.councilofindustry.org*
- *Look at resumes from our member recommended* ***For Hire page***

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

EHS Matters

FALLS: Overcoming Gravity

By Barry R. Weissman, From the January 2012 issue of Occupational Health & Safety



Superman came from the planet Krypton. It has a force of gravity that is greater than the gravity here on earth and, because of that, Superman is "able to leap tall buildings in a single bound" and come down safely. You and your employees, however, need some protection. Ensuring that those employees use that protection, always, is our task.

In this article, I would like to present you with some techniques that can help you develop some training to keep your employees engaged when you need to talk about fall protection.

What do the following numbers have in common? 4' 6' 10' 15'

So what did you come up with?

These are OSHA's requirements for when guarding and/or fall protection is required:

- 1910.23(b)(1): Every wall opening from which there is a drop of more than 4 feet shall be guarded....
- 1926.501(b)(1): "Unprotected sides and edges." Each employee on a walking/working surface (horizontal and vertical surface) with an unprotected side or edge which is 6 feet or more above a lower level shall be protected from falling....
- 1926.451(g)(1): Each employee on a scaffold more than 10 feet above a lower level shall be protected from falling to that lower level.
- 1926.760(a)(1): [Steel Erection] ... each employee engaged in a steel erection activity who is on a walking/working surface with an unprotected side or edge more than 15 feet above a lower level shall be protected from fall hazards by guardrail systems, safety net systems, personal fall arrest systems, positioning device systems or fall restraint systems.
- 1926.1423(f): [Cranes] For assembly/disassembly work, the employer must provide and ensure the use of fall protection equipment for employees who are on a walking/working surface with an unprotected side or edge more than 15 feet above a lower level....

A – B – C – D

How easily do your employees remember all of the components they need for a correct fall protection system? It's as easy as A-B-C-D.

DBI-SALA/Capital Safety says:

- A: Anchorage -- each anchor point needs to support 5,000 pounds per person
- B: Body support -- full-body harness that is correctly sized to the employee
- C: Connector -- shock-absorbing lanyard or self-retracting lifeline
- D: Descent/rescue -- in the event of an incident, how does your employee get to safety?

Splat!

With a typical 6-foot lanyard and a harness, what's the minimum height where this type of equipment will work and protect your employee?

Miller Fall Protection Company says you need to take the following items into account for calculating the minimum fall distance:

- Length of anchorage connector
- Length of connecting device (lanyard, typically 6 feet)
- Maximum elongation/deceleration distance
- Harness stretch/sliding back D-ring movement
- Height measured to worker's harness back D-ring

Safety factor

(Miller Fall Protection's calculation for fall protection, http://www.millerfallprotection.com/smart-solutions/connecting-devices/calculating-fall-clearance-3)

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CI Calendar of Training and Events

Feb. 8	**Certificate in Manufacturing Leadership: Best Practices & Continuous Improvement—** 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.
Feb. 17	**EHS Sub-council Meeting on Contractor Safety—**8:30—10:00 am at a location to be announced. No cost for members to attend.
Feb. 22	**Certificate in Manufacturing Leadership: Human Resource Management Issues** 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.
Mar. 5 & 6	**Manufacturing Day in Albany**—Full day event at the state capital. For more information or to register contact Harold king at hking@councilofindustry.org.
Mar. 7	**Certificate in Manufacturing Leadership: Problem Solving & Decision Making** 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.
Mar. 21	**Certificate in Manufacturing Leadership: Positive Motivation & Discipline** 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.
Apr. 4	**High Performance Teamwork**- 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.
Apr. 4	**SolidWorks Essentials Training** - April 9 - 13, 9 am—5 pm at Rockland Community College, Suffern, NY. Cost $350 per seat. Class size is limited to 10.
Apr. 18	**Effective Business Communication** -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.
May 2	**Train the Trainer** -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.

Manufacturing Matters

Best Practices in Waste Management

By Ross Topliff, Principal at Tops Engineering

After interviewing several businesses in the mid-Hudson Valley on their best practices, it became apparent that one of the chief methods of converting waste into value is by creating a new product such as compost, a practice exemplifying the increasingly relevant philosophy of "zero waste."

In approaching waste management today, manufacturers are seeking ways to save money, but also generate income. This means converting waste into economically and (as we go increasingly greener) environmentally viable uses. After interviewing several businesses in the mid-Hudson Valley on their best practices, it became apparent that one of the chief methods of converting waste into value is by creating a new product such as compost, a practice exemplifying the increasingly relevant philosophy of "zero waste."

I found a variety of practices in use at three of the small to mid-sized companies I spoke with. The smallest, MY BROTHER BOBBY'S SALSA in Poughkeepsie, N.Y., recycles the packaging boxes for their salsa ingredients by donating them to local food banks and is considering a compost area for their food leftovers. A fragrance and cosmetic ingredient supplier in Orange County, New York, originally recycled their organic and botanical wastes as potpourri or scented powder for vacuuming carpets but discovered that adding these liquids to fuel oil disguised its offensive odor. They sought customers for the resulting product which is entirely consumed when the fuel is burned, creating a profitable "zero waste" solution. EFCO in Poughkeepsie, N.Y., a food ingredient supplier, hasn't generated income from waste as yet, but did discover a major cost-saving measure by adding flexible plastic pouches to the packaging for their mixes and toppings. This reduced their freight charges as the plastic film needed to make these pouches takes up a fraction of the space as the pails and cans they also use - one pallet of film compared to an entire trailer load of empty pails to package the same amount of product.

The largest company I visited, MANNKIND CORPORATION in Danbury, Connecticut, is a pharmaceutical facility which handles hazardous waste material, the disposal of which is regulated by the Resource Conservation and Recovery Act of the Environmental Protection Agency. Mannkind maintains five permits from Connecticut's Department of Energy and Environmental Protection to cover air emissions from the company's exhaust vents and water outflows as well as waste processes and laboratory solid waste. Mannkind uses outside companies to dispose of universal, or hazardous wastes as well as medical and proprietary wastes which require "witnessed destruction." While Mannkind does not exemplify a strategy where waste provides revenue, the elegance of its waste management design reflects a standard of excellence which garnered the company two industry awards last year for their facility's superior form, function and efficiency.

The concept of zero waste is perhaps best exemplified by GREENWAY ENVIRONMENTAL SERVICES in Newburgh, N.Y., a designer of zero waste systems for institutions and municipalities as well as a composting and topsoil-making operation. Greenway's clients, primarily commercial food purveyors, are advised on recycling food waste and organic material into products which Greenway sells for gardening, landscaping and the construction industry. The company recently developed a scientifically innovative combining of new waste to compost with nearly odorless decomposition, the end-product of which is a superior quality potting soil purchased by professional landscaping firms.

Summing up, it seems that zero waste and its notion of incorporating revenue gathering solutions while protecting the environment is highly regarded by those companies who are currently moving forward. This survey led to an understanding of how profit can also be defined as beneficial to the global community. With this in mind, business owners at the smallest levels, with imagination and commitment, have the capacity to view waste management as an opportunity to grow their companies and also make socially relevant contributions.

ROSS TOPLIFF is the principal at Tops Engineering (30 Algonquin Dr., Newburgh, NY 12550; Phone: (845) 728-1769; Email: rosst@topsengineering.com), which focuses on reducing waste from manufacturing processes thereby improving the economics. He has more than 30 years of process engineering experience, including 15 years in process development and manufacturing at Givaudan Flavors, and stints in the production of bulk chemicals, semiconductors, and consumer goods. He has designed and operated most major unit operations used in chemical engineering.

More Manufacturing Matters

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Moving Jobs Offshore Harder to Justify

Higher oil prices have pushed transportation costs dramatically higher, the report notes. "By reallocating resources to the U.S., companies can reduce the distance to the point of sale and eventually benefit from more accessible, cheaper fuel in domestic natural gas," the report states.

Industries are adopting a more holistic view of production, according to the study, by using Total Cost of Ownership (TCO). TCO includes in cost evaluation "the burden of controlling quality and delivery, transportation, oil consumption, inspection of labor, inventory carrying, and freight and packaging." Companies that use TCO "find it is cheaper and more predictable to keep manufacturing close to home," the report states.

Resources Spur Momentum

Water stress is a global issue and the U.S. is well-positioned to address it. The report notes that the U.S. has the largest reserves of water on the planet. Moreover, there is "significant growth in domestic companies focused on conservation and desalination technology - both of which will be critical to augmenting the fresh water supply."

Natural gas, much of it coming from shale formations, could generate domestic supplies for 120 years. The report states this would not only help with transportation costs but also may give "U.S. manufacturing a competitive refooting, which will in turn stoke industrial demand." The report cites an estimate by PricewaterhousCoopers that natural gas investments could create 1 million U.S. manufacturing jobs in the coming 15 years.

Technology & Innovation

3D printing, also known as additive manufacturing, could "transform entire industries," the report notes. It may streamline manufacturing and make it more efficient by "vastly" reducing production liens and wasted material. The report argues that 3D printing could unleash a wave of innovation, with "millions of innovators in millions of garages - each with a 3D printer on hand."

While the report does not foresee a "quick fix" for U.S. manufacturing, it argues that manufacturing will return as "China struggles with growing infrastructure and the emergence of its middle class; as industries built around U.S.-based resources solidify; and as innovation brings production to new levels of efficiency."

"By reallocating resources to the U.S., companies can reduce the distance to the point of sale and eventually benefit from more accessible, cheaper fuel in domestic natural gas," the report states.

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Financial Matters

The cost study highlights the need for policies that reverse this upward trend and help manufacturers compete in the global economy. That is what the National Association of Manufacturers' new policy blueprint, A Manufacturing Renaissance: Four Goals for Economic Growth, seeks to do.

Taxes, Torts and Regulations Drive Up the Cost of Doing Business in America

By Emily DeRocco, From NAM Member Focus Dec 2011

A new study confirms just how expensive it is to manufacture in the United States. Our country's chief barrier to competitiveness is not other countries trying to wrest away our mantle of economic leadership, but the structural cost of doing business right here at home.

The Manufacturing Institute and the Manufacturers Alliance for Productivity and Innovation (MAPI) recently released their fourth Structural Cost of Manufacturing in the United States report. The study concludes that it is 20 percent more expensive to manufacture in the United States compared to our nine largest trading partners. The study takes into account corporate tax rates, employee benefits, tort costs and energy and regulatory costs.

The latest study reveals another alarming fact: the cost of doing business in the United States is rising.

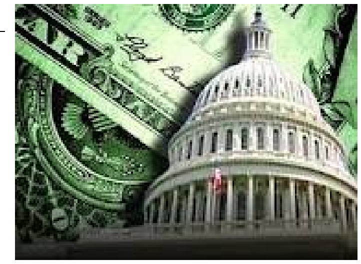
When the cost study was last conducted in 2008, it was 17.6 percent more expensive to manufacture in the United States. So, while Washington has been busy talking about jobs for the past few years, it has actually become more expensive to do business in our country.

U.S. manufacturers face a set of structural disadvantages that erode U.S. competitiveness and offset many of the productivity gains achieved through innovation and the relentless pursuit of efficiencies.

The cost study highlights the need for policies that reverse this upward trend and help manufacturers compete in the global economy. That is what the National Association of Manufacturers' (NAM) new policy blueprint, A Manufacturing Renaissance: Four Goals for Economic Growth, seeks to do.

This plan lays out the policies that will reduce the high cost of doing business, as documented in the cost study, and outlines other changes needed to make manufacturers more competitive.

For example, it advocates a reduction in the corporate tax rate to 25 percent or lower. One of the main drivers of the high cost of manufacturing in the United States is the corporate tax rate. U.S. corporations currently pay that tax at a statutory 35 percent rate—the second highest rate among industrial nations.



While there has been plenty of discussion about reforming the U.S. corporate tax, there has been no action. Meanwhile, U.S. competitors have been lowering their rates.

The cost study notes that Canada, the United States' largest trading partner, has cut is corporate tax significantly. So too has our fifth largest trading partner, Germany, which has cut its rate almost 10 percent since the last cost study was conducted.

Another contributor to the high cost of doing business is regulation, particularly the unachievable and excessive regulations being proposed by the Environmental Protection Agency. These rules will cost jobs —even forcing entire plant shutdowns in some cases —and will increase energy prices for manufacturers and individuals alike.

A Manufacturing Renaissance calls for policies that promote stewardship and drive innovation, not drive manufacturers out of business. It proposes requiring federal agencies to consider the indirect costs of regulations and to conduct a regular review of their rules.

Energy costs also factor in to manufacturers' burden. Manufacturers consume one-third of the nation's energy output, so accessible and abundant energy is critical. To reduce energy prices and increase access to new supplies, the NAM's blueprint proposes an "all of the above" approach to energy. The United States has abundant sources of energy, but regulations and lengthy permitting processes have placed many of these sources off-limits.

With the right policies, like those outlined in A Manufacturing Renaissance, the United States can begin to reduce the cost of manufacturing within its borders. For more information, visit institute.nam.org.

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Economic Development for Manufacturers

Job Development Authority (JDA) Direct Loan Program

Info from http://esd.ny.gov/BusinessPrograms/JDADirectLoanProgram.html

Program Purpose

This program provides Direct Loans for the growth of manufacturing and other eligible businesses within New York State by assisting in financing a portion of the cost of acquiring and renovating existing buildings or constructing new buildings ("Real Estate" projects) or for purchasing machinery and equipment ("M&E" projects). Funds to make Loans are derived from the sale of State-guaranteed bonds.

Program Highlights

- In most cases, JDA Loans can be for up to 40% of the total project cost of Real Estate projects or M&E projects.
- Loans may be up to 60% for projects located in Empire Zones or economically distressed area.
- The combination of a bank loan and a JDA Loan allows up to 90% financing of a project.
- Typical financing structure: 50% Bank Loan 40% JDA Loan 10% Borrower Equity
- A JDA Real Estate Loan is normally a second mortgage loan, subordinate to a first-mortgage loan provided by a bank; M&E Loans are secured by a first lien, co-equal with the bank's lien, on the M&E being financed.
- Real Estate project costs include the cost of an existing building and renovations, purchase of land and construction of a new building and soft costs normally associated with a real estate transaction.

M&E project costs include the cost of the machinery and its delivery, installation costs solely attributable to the machinery being purchased and soft costs related to the M&E acquisition.

Eligibility

- Facilities to be used for manufacturing, distribution, warehousing and certain service businesses are eligible for JDA Loans.
- Loans for retail facilities, which customers must personally visit in order to obtain the goods or services being sold, are not eligible for JDA Loans, nor are loans for hotel or residential facilities.
- JDA does not make loans for motor vehicles, nor does JDA make Working Capital Loans.

Requirements

- The Borrower must secure a letter of commitment from the bank providing the 50% financing portion of the project cost.
- The Borrower must provide at least 10% of the project cost as an equity contribution to the project.

Personal guarantees are required from any person owning 20% or more of the Operating Company for whose benefit the JDA Loan is being made.

Application Process

Requests for JDA Loans are made through the ESD Regional Offices located throughout the State.

All JDA Loans must be approved by the Members of the JDA board of directors and subsequent approval by the Public Authorities Control Board.

The approval of the JDA Board must take place before the commencement of the project.

Consumer Price Index for December 2011

				Point	%	% Increase
Wage Earners & Clerical	**Dec '10**	**Dec '11**	**Nov'11**	**Increase**	**Month**	**Year**
1967=100	641.2	661.77	663.69	-1.93	-0.3	3.2
1982-84= 100	215.26	222.17	222.81	-0.65	-0.3	3.2
All Urban Consumers						
1967=100	656.56	676.01	677.68	-1.67	-0.2	3.0
1982-84=100	219.18	225.67	226.23	-0.56	-0.2	3.0
Hudson Valley unemployment rate for December 2011 = 6.9 %						

Energy Matters

Gas, Electricity Prices Rise on Chesapeake's Decision to Cut Natural Gas Production

Faced with decade-low natural gas prices that have made some drilling operations unprofitable, Chesapeake Energy Corp. says it will drastically cut drilling and production of the fuel in the U.S. Chesapeake, the nation's second largest natural gas producer, said Monday that its planned 8 percent production cut means the U.S. as a whole would produce the same or slightly less natural gas in 2012 than it did in 2011.

That's a change from the dramatic increase in output of recent years. Chesapeake, which produces about 9 percent of the nation's natural gas, and other drillers been tapping enormous reserves of natural gas trapped in shale formations under several states. A sharp rise in supplies has combined with mild winter weather to drive the price to its lowest level since 2002.

Natural gas for February delivery rose 7.8 percent, the most since Dec. 10, 2009, to settle at $2.525 per million British thermal units on the New York Mercantile Exchange after the announcement. They had fallen by half in the past year and declined the most among the Standard & Poor's GSCI Spot Index of raw materials. New York ISO prices quickly followed suit.

"Chesapeake is a big player," Scott Hanold, a Minneapolis-based analyst for RBC Capital Markets who rates Chesapeake at "sector-perform" and owns no shares, said today in a telephone interview. "It's going to be a collective effort by the industry to right the market and you'll see more announcements this quarter."

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Legislative Matters

With the Board at full strength and functional once the recess appointees take office, the agency (absent judicial intervention) would be able to apply its much disputed new rules for "quickie" representation elections and notice posting when they take effect on April 30th. (See our articles, Quickie Election Rule Finalized Before Year End and Judge Needs More Time, NLRB Posting Rule Postponed to April 30, 2012.)

The U.S. Chamber of Commerce also criticized the President's action. Executive Vice President for Government Affairs Bruce Josten said that by sidestepping the confirmation process, the President's action "will simply further poison the well with regard to labor-management relations pending in front of the Board and on Capitol Hill."

Legal challenges to the expected recess appointments reportedly are being considered by members of the Senate and others upset over the President's action.

The recess appointees could serve until December 2014.

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Personnel Matters

The changing nature of manufacturing work is making it harder for talent to keep up.
Over the past five years, most manufacturers have redesigned and streamlined their production lines while implementing more process automation. In short, as the industry has changed, the nature of work that it requires is changing as well. It's happening fast, and manufacturers will continue to expect more from their employees. Unfortunately, respondents report that the number one skills deficiency among their current employees is problem solving skills, making it difficult for current employees to adapt to changing needs.

The skills gap is expected to take the biggest toll on skilled production jobs, and will likely widen as time passes.
When asked where the skills gap is likely to hurt the most as respondents look to the future, they identify skilled production jobs by a wide margin. Fully 80% of respondents indicated that machinists, operators, craft workers, distributors, and technician positions will be hardest hit by retirements in the upcoming years. At the same time, companies expect the skilled production group to be the hardest to find in the job market.

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Healthcare Reform Update

Under the transition rules that apply until future guidance is issued, the following amounts also are not required to be reported: (i) the cost of coverage under a multiemployer plan; (ii) the cost of coverage under a Health Reimbursement Arrangement ("HRA"); (iii) the cost of coverage under a dental plan or vision plan, if that plan satisfies the requirements for being excepted benefits for the purposes of HIPAA pursuant to applicable regulations; and (iv) the cost of coverage provided under a self-insured group health plan that is not subject to any federal continuation coverage requirements.

Calculating the Cost of Coverage: In general, employers may calculate the cost of coverage under a plan using the applicable COBRA premium for the coverage. Other permissible cost calculation methods are detailed in Notice 2012-9, including using the premium charged by the insurer in the case of insured plans.

The reportable cost of coverage generally includes both the portion of the cost paid by the employer and the portion of the cost paid by the employee, regardless of whether the employee paid for the cost through pre-tax or after-tax contributions (however, as explained above, the amount reported should not include salary reduction contributions to a health flexible spending arrangement).

Is a W-2 Required To Be Issued to Retirees? No, an employer is not required to issue a Form W-2 that includes the aggregate reportable cost of health coverage to an individual to whom the employer is not otherwise required to issue a Form W-2.

If an Employee Terminates Employment During the Calendar Year and Requests a Form W-2 Mid-Year, Does the Cost of Health Coverage Need To Be Included on the Form W-2? Under the transition rules that apply until future guidance is issued, if an employee requests a Form W-2 before the end of the calendar year, the employer is not required to report any amount of health benefits on the Form W-2.

How Is the Cost Of Coverage Reported On Form W-2? The aggregate reportable cost is reported on Form W-2 in box 12, using code DD.

Recommended Action

Employers subject to the reporting requirement for 2012 Forms W-2 should begin to prepare now for the additional reporting requirements imposed by the Affordable Care Act. Recommended compliance steps include identifying applicable health coverage that is subject to the reporting requirement, ensuring that proper record keeping exists with respect to contributions made for such coverage, determining the cost of the coverage, and working with payroll administrators and other third-party service providers to make sure that systems are in place to facilitate the tracking of such amounts. Employers also should review IRS Notice 2011-28 for further details regarding the reporting requirements. Early preparation should help ease the additional reporting burden that will begin in 2013.

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EHS Matters

What's your calculation? Did you get 18.5 feet? If your employees are working at less than that distance, then you need to make some changes to the equipment. Use a 4-foot lanyard or use a self-retracting lanyard instead.

How do you show this to your employees ... safely? You can get a SPLAT indicator from your Miller distributor or make one of your own. Use a small weight and 18.5 feet of string. Fasten the end of the string to the anchor point and drop the weight. If it hits the ground, splat! Your anchor point is too low for a standard set-up. You will need to change something. Raise your anchor point or shorten your lanyard.

Let's Play with Dolls

How can you show what a swing fall is without falling? How can you show what a splat looks like without getting hurt?

Play with dolls. The doll pictured in this article was found in a dollar store, and all I did was tie some rope to simulate the harness and lanyard. I used a key-ring (toy) carabiner to simulate the anchoring snap-hook. Put a tack in the wall, move the doll more than 30 degrees to the side, and let go. Put you hand under the tack and show that the employee could hit the wall (your hand) if he or she had a swing fall.

Inspection

Regardless of what other techniques you use in your training courses, don't forget to train your employees in how to properly inspect their fall protection equipment. The manufacturer of your equipment should be able to provide you with inspection requirements. Don't forget to document your inspection by marking the tags attached to the equipment and/or filling out an inspection report form.

This inspection needs to be performed by a competent person at least on an annual basis. If the equipment was used in an actual fall event, it should be removed from service until it can be determined whether it is safe to use or should be replaced.

Make the training interesting. Get your employees engaged and keep them safe.

Council of Industry Staff

Executive Vice President: *Harold King*

Director of Membership & Communication: *Alison Butler*

Director of Government Affairs: *Karyn Burns*

Website: www.councilofindustry.org

Phone: *(845) 565-1355*

Fax: *(845) 565-1427*

Council of Industry

The Manufacturers Association of the Hudson Valley

6 Albany Post Road

Newburgh, NY 12550

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