# Council of Industry Newsletter

**January 2013**
Volume 17
Issue 1


## 2013 – Challenges Abound For Hudson Valley Manufacturers


In 2012 "uncertainty" was the word that best described manufacturers' thoughts on the economy. Throughout the year it seemed we were always waiting for one thing or another; the election results, action on tax and spending cuts, for a solution to the Euro crisis or for action by the Federal Reserve of the European Central Bank.

The calendar is about to turn to 2013 and what has changed? Well, obviously very little, but here are a few things we can expect in 2013:

**More Regulation -** The EPA, Department of Labor, NLRB, and Health and Human Services all took a bit of a regulatory holiday at the end of 2012 slowing the amount of red-tape being issued prior to Election Day. With the re-election of President Obama we can expect that holiday to end. Indeed the implementation of the Affordable Care Act alone will require the promulgation of hundreds of new rules by HHS. The EPA is expected to continue its march against coal and the NLRB has already begun to tilt the playing field in favor of labor.

**Debt and Deficit -** We will clearly be dealing with debt, deficit spending and tax issues in the year ahead. Even if Congress and the Administration do agree on a solution, the final plan will likely do little to ease our burgeoning deficit. Once again, Washington will fail to give manufacturers—and business in general—the certainty we need.

**Taxes –** Will go up.

**Trade –** Perhaps the one bright spot will be a greater emphasis on free trade agreements. Russia, Pacific Rim, and even the EU are seen as places where progress might be made to make markets more accessible to American manufactured goods. Exports have been a bright spot for our members these past few years and trade agreements could make them even brighter.

**Labor –** The NLRB will continue to be the focal point of controversial decisions. With the President's recess appointment tipping the balance of the Board in 2011 and a lawsuit challenging the legality of the appointment due to be decided this year we can expect lots of activism form the Board in the coming months. The successes of Ohio and Wisconsin may also encourage other states to take up right to work legislation. In addition, the looming longshoreman strike will certainly impact any manufacturer who imports parts or materials, or exports their products.

The Council of Industry will continue its efforts to influence public policy so as to promote the growth of small and medium sized manufacturers. We will work with our national and statewide partners to communicate with our elected officials and federal regulators how pending legislation and regulations might impact our members and constantly remind them of the vital role manufacturing plays in our economy. Of course once any legislation or rule is implemented, we will assist you in complying.

Manufacturing is Vital. The Council of Industry is vital to Hudson Valley manufacturers.

### Inside this Issue

# Training and Education

## 2013 Supervisor Training Program is Full!

The Certificate in Manufacturing Leadership Program has filled every available seat for the second year in a row. This speaks volumes for the members that realize the key to a great company is the people it employs and the knowledge and leadership they provide.

We look forward to a great class and as always we are constantly improving and revising this program based on feedback from our members and participants.

## Customer Service and Sales Training offered in February

**Customer Service Training** — February 21 from 8:30 am- 4:30 pm at a location to be announced. This full day training provides attendees with tools that are easily implemented in order to identify and cultivate their customer relationships. Instructor: Debra Pearlman, DP Sales Pro. Cost: $195 for a single member, $180 each for two or more from the same company. Email training @councilofindustry.org for more info.

The training will be broken up in to three components:

- Effectively Transform Irate Customers - participants will learn how to turn an irate customer into a loyal one and how to keep their cool when customers get hot. They will also learn how to turn complaints into profits, remain motivated and productive, and how to ask for referrals and earn repeat business.
- Empathetic & Effective Listening Skills - This component teaches participants ways to overcome barriers that interfere with listening and develop awareness of how attitudes affect what other people hear. They will be taught to evaluate examples of poor listening and their result on the customer experience and strategize guidelines to empathetic listening. They will become a problem solver with sharpened critical thinking skills in terms of providing customer alternatives.
- Outstanding Customer Service (for external & internal customers) - participants learn it is not what you say but how you say it in this component. They will also learn how to manage stress so the customer doesn't hear it, the difference between you and I messages and how to say no when and if you must.

**To register go to: http://www.councilofindustry.org/training/category_courses.html#custserv**
**For more information contact the Council of Industry at (845) 565-1355 or training@councilofindustry.org.**

**Sales Training** — February 28 from 8:30 am- 4:30 pm at a location to be announced. This full-day training provides participants with specific tools to be implemented instantaneously. The tools discussed will assist participants in sharpening their consultative and customer relationship selling skills. Instructor: Debra Pearlman, DP Sales Pro. Cost: $195 for a single member, $180 each for two or more from the same company. Email training @councilofindustry.org for more info.

This full-day training provides participants with specific tools to be implemented instantaneously. An immediate and noticeable change in both productivity and the positive attitude every sales professional requires to be successful will be visible. The tools discussed will assist participants in sharpening their consultative and customer relationship selling skills.

- Developing Vision & Direction: Goal Setting for Success -This component will let participants hear what Zig Ziglar has to say, teach them what a ERO is and discuss goals. Participants will also learn how to create affirmations and use visualization and how to stay motivated, passionate, accountable, consistent and focused.
- Stop Selling - Consult as a Trusted Partner -Participants will learn how to build customer loyalty and develop sales strategies. They will learn about the success rate of closed deals and the translation in to dollars as well as how to research prospects and make a pre-call work sheet.
- Define Features, Benefits & Values for a compelling Elevator Speech- This component teaches why compelling is important, that Features + Value = Value - Defined and how to create an elevator speech.
- Proven Strategies for Face to Face and Social Media Networking- The goal of this component is to define the purpose of networking, how to network effectively face to face and the top 3 social media and communities. Participants will also learn to define the target audience and how to reach them, how to craft the message they want to convey and about branding and promoting through social media.

**To register go to: http://www.councilofindustry.org/training/category_courses.html#sales**
**For more information contact the Council of Industry at (845) 565-1355 or training@councilofindustry.org.**

# Council News

## Leadership Network Meeting: Best Practices and Continuous Improvement

On Friday, December 7th the first meeting of the Council of Industry's Leadership Network convened at Dutchess Community College with a great turnout several ideas for future presentations. The Certificate in Manufacturing Leadership program has helped prepare dozens of supervisors and managers for the rigors of management. The courses are specifically designed to provide tools and strategies for dealing with a variety of situations that can occur in the manufacturing workplace, but sometimes after the class is over, a situation comes up or there is a nagging question, sometimes it just good to get reinforcement of the techniques that has been learned, hence the Leadership Network.

With an informal crowd of a dozen graduates from the last three years, Rebecca Mazin, one the program instructors, went through a "What worked? What Needs Work" round table discussion that was full of insights into the program and Hudson Valley manufacturing in general. Communication skills learned from the program that were cited as the most valuable tool by several attendees. This included getting along and working with someone you may not especially like. This skill also covers including employees in decision making and increasing their engagement in the work process. Some specific classes that mentioned as providing valuable tools were Positive Motivation & Discipline and Business Communication.

The 2012 Leadership group took part in a DiSK assessment of their leadership style at the beginning of the program and this was a tool that proved extremely helpful as the differences in styles were examined throughout several of the lessons and compared and contrasted with emphasis on dealing with other peoples style. The 2013 program will once again take the assessment and the plan is for increased integration of this technique in the program.

There were questions and scenarios from attendees that Ms. Mazin and the group were able to offer constructive suggestions and possible solutions for. Everyone left eager to plan the next meeting with several offers of locations to hold future presentations. The network will meet quarterly and at various member facilities with the next meeting being planned for March at Viking Industries in New Paltz, NY. Watch the CI Newsletter and Weekly Update for more information.

## Globally Harmonized System - A Brave New HazCom

On Jan. 25, the Environment, Health & Safety Sub-council will hold a meeting on Globally Harmonized System - A Brave New HazCom from 8:30 – 10:00 am at the Council of Industry Office, the Desmond Campus, MSMC, Newburgh, NY. No cost for members. Email abutler@councilofindustry.org to register.

OSHA announced that it has adopted the new GHS-Hazard Communication Standard, thereby aligning OSHA's Hazard Communication standard with the United Nations' Globally Harmonized System of Classification and Labeling of Chemicals (GHS standards). In particular, GHS attempts to standardize hazard communication by requiring a consistent format for safety data sheets and the use of pictograms to depict hazards. With the adoption of GHS, facilities are required to integrate GHS into existing safety programs including:

- Hazard classification - There are several new hazards and drastically different definitions for many of the hazard classes in the original standard.
- Labels - Chemical manufacturers and importers are required to utilize labels that include harmonized signal words, pictograms, and hazard statements for each hazard class and category. Standardized precautionary statements must now be provided on each label.
- Safety Data Sheets -Must include 16-section format, with precise requirements for what must be in each section.
- Information and training - Employers are required to train workers by December 1, 2013 on the new labels elements and the safety data sheets format to facilitate recognition and understanding.

This presentation by Nancy Garry, PE, from HRP Associates, will show you how the new GHS Hazcom Standard will affect you. Ms. Garry is a registered Professional Engineer with over 17 years experience on a wide range of environmental & OSHA compliance, due diligence projects, and health and safety projects. During the past several years, Ms. Garry has focused on the completion and management of environmental investigations, remedial action projects and Environmental Restoration Projects. Ms. Garry is a project manager for the existing $7,000,000 NYSDEC on-call Standby Engineering Contract for HRP's NY Office.

To register contact Alison Butler at abutler@councilofindustry.org or call (845) 565-1355.

# Personnel Matters

## Results from 2012 Wage & Benefits Survey

The results from the 2012 Wage and Benefit Survey are in and available to companies that participated in the survey. This survey is the fourth wage and salary survey since a resumption of the collaboration between the Council of Industry and Marist College's Bureau of Economic Research (BER) and the School of Management. This survey was last conducted in the fall of 2011, and in the spring of 2012 a separate Employment Practices Survey was conducted.

In the 2011 survey, twenty-five companies participated. In this survey, twenty-four companies reported data with three of these participating for the first time. We extend our thanks and hope to hear your comments on changes, which should be considered to improve the usefulness of future reports.

Highlights of information collected include the following points:

- 2012 wage increases among participating companies averaged 1.7% for the management group, 1.5% for the professional, administrative/clerical group, 1.2% for the technical group, and 1.5% for the manufacturing groups. These increases were lower than the reported national average of 3% across all groups.
- For 2013 reported planned increases are 2.9% for the management, professional and administrative/clerical groups, 3.1% for the technical group, and 1.6% for the manufacturing groups. These planned increases compare to the reported national average of 3.0% anticipated for 2013.

When examining benefits offered, companies reporting into this survey as a group continue to have a higher rate of health care coverage for employees than the national average (83% vs. 59%) and a higher rate of pension coverage (89% vs. 59%).

*For 2013 reported planned increases are 2.9% for the management, professional and administrative/clerical groups, 3.1% for the technical group, and 1.6% for the manufacturing groups. These planned increases compare to the reported national average of 3.0% anticipated for 2013.*

## NLRB Makes Two Controversial Decisions

Last month, the NLRB voted 3-to-1 to gut protections for workers who don't want their money spent on politics. In states without right-to-work laws, employees of unionized companies are coerced into paying dues as a condition of employment. But under the Supreme Court's 1988 Beck decision, workers are allowed to withhold the portion of their dues that unions spend on political activity.

Under Beck unions must also maintain independently verified audits of their finances and provide members with proof that their assertions about spending practices are accurate. Under this Ruling (California Saw & Knife) NLRB now says those requirements no longer apply and so-called Beck objectors are no longer entitled to see proof that their money isn't included in union spending on politics. Maybe the Securities and Exchange Commission should waive business audits too. The board also carved out certain lobbying from the list of political activities from which workers may withhold dues. "Lobbying expenses are chargeable to [Beck] objectors," the board wrote, "to the extent that they are germane to collective bargaining, contract administration, or grievance adjustment." That vague definition could cover nearly any lobbying expense.

A week earlier the same 3-1 panel also struck down 50 years of precedent in a case that will force companies to subsidize unions that go on strike against them.

While workers march the picket line, businesses will be required to withhold their dues and pass them along to union leaders. Since the Bethlehem Steel case in 1962, the NLRB has followed the rule that if a union's contract expires and the union goes on strike, the employer can terminate the agreement that requires workers to become union members as a condition of employment as well as each employee's so-called dues "check-off" obligation. The latter obliges the company to withhold dues from paychecks and pass them to the union leadership.

The Bethlehem Steel guidelines have held up for good reason, allowing companies to continue bargaining with the union but suspend dues collection when there is no contract in place. Disarming the ability of business to withhold the money stacks the deck in favor of unions.

# More Personnel Matters

## It's Time for Flu Season Safeguards in the Workplace

*By Tammy Binford from HRHero.com*

The headlines are alarming. A virulent flu strain is striking in at least some parts of the country earlier than usual, possibly signaling a rougher-than-normal flu season. Employers who ignore the flu threat risk turning their workplaces into a flu-fueled fever frenzy that gets worse throughout the winter and into spring.

A survey from office products company Staples found that almost 80 percent of office workers polled reported that they go to work even when they know they're sick. The survey also found that those who stay home are likely to go back to work while still contagious.

Why do people put themselves and others at risk? The Staples survey found that nearly half of workers came to work sick because they were concerned about getting their work done. More than a quarter said they wanted to avoid using a sick day even though most said their productivity level fell to about 50 percent when they were at work sick.

A loss in productivity is nothing to sneeze at. Estimates vary, but flu may account for as much as $10 billion in lost productivity during a typical year.

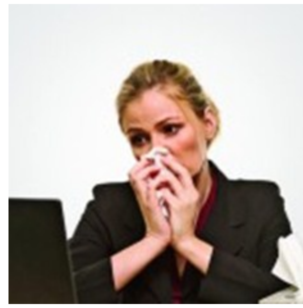
**What employers should do**

The federal Centers for Disease Control and Prevention (CDC) advises employers to promote flu vaccination among workers, encourage proper hand and respiratory hygiene practices, and educate workers on the signs and symptoms of influenza.

The CDC also offers employers resources to promote wellness during the flu season. The Make It Your Business to Fight the Flu: A Toolkit for Businesses and Employers provides information on how to host a vaccination clinic at work, links to flu facts, and print materials to distribute and post in the workplace.

The CDC also provides information on how to minimize risk of flu spreading through a workplace. The CDC advises:

- Getting vaccinated. The 2012-13 flu vaccine protects against 2009 H1N1 and two other influenza viruses – an H3N2 virus and an influenza B virus.



- Avoiding close contact with people who are sick.
- Staying home when sick.
- Covering your mouth and nose with tissue when coughing or sneezing.
- Cleaning hands often. The National Institute of Allergy and Infectious Diseases (NIAID), a division of the National Institutes of Health, says to wash hands often with soap and water or alcohol-based hand rub if soap and water isn't available.
- Avoiding touching your eyes, nose, and mouth.

Proper cleaning within the workplace also can reduce flu risks. NIAID says studies have shown that flu viruses can survive on surfaces between two and eight hours. Flu viruses can be killed by heat (167-212 degrees Fahrenheit) and with chemicals including chlorine, hydrogen peroxide, detergents, iodine-based antiseptics, and alcohols if used in proper concentrations and applied for a sufficient time.

**What employees should do**

In spite of everyone's best efforts, employees may still get the flu. Flu viruses are thought to be spread mainly by droplets when sick people cough, sneeze, or talk. People also can get flu by touching a surface contaminated with a flu virus and then touching their own mouth, eyes, or nose.

**Continued on page 15**

*The federal Centers for Disease Control and Prevention (CDC) advises employers to promote flu vaccination among workers, encourage proper hand and respiratory hygiene practices, and educate workers on the signs and symptoms of influenza.*

# Legislative Matters

## Manufacturers Alliance of New York State, Other Business Groups Successfully Scuttle Thruway Toll Hike


After months of deliberation and postponement, The Thruway Authority announced December 17th that it would not be enabled to increase Thruway tolls, despite their recommendation. This decision comes as a huge victory to business groups including MANY, who have long been advocating against the Thruway's increase recommendations.

MANY and the Council of Industry partnered with dozens of statewide business organizations to oppose the Thruway recommendations and also testified at the Syracuse and Albany hearings in July on the Thruway toll increase proposal. A number of our members joined us in sending in letters opposing the hike, which we sent to the Governor and Legislature as a collective testimony submission from MANY.

*MANY and the Council of Industry partnered with dozens of statewide business organizations to oppose the Thruway recommendations and also testified at the Syracuse and Albany hearings in July on the Thruway toll increase proposal.*

In New York State, where we are taxed more than any other state in the nation, victories like this mean so much to our hard working business community. It is efforts such as this that make us realize how strong our voice can be, when we work in partnership with other business groups and sectors statewide. A special thanks go to Karyn Burns, MANY, and Kendra Adams, President, NYS Motor Truck Association for their leadership and hard work on this issue.



## Labor and Employment Bills Left by Departing Congress May Reappear

*From JacksonLewis.com, a Council of Industry Associate Member*

Newly elected members of Congress are in Washington D.C. for freshmen orientation and to be assigned offices; the members of the 112th Congress have just weeks left before the official end to their lame duck session. A number of bills introduced in the 112th Congress that did not result in legislation likely will be reintroduced in the 113th Congress, beginning in January. Following are a few that we may see again.

**Employment Non-Discrimination Act -**The Employment Non-Discrimination Act ("ENDA") would amend Title VII of the Civil Rights Act to prohibit employers with at least 15 employees and other "covered entities" from discriminating against employees on the basis of sexual orientation or gender identity. A covered entity would be required to post a notice of employees' rights under ENDA. Corporations, associations, educational institutions or societies exempt from the religious discrimination provisions of Title VII of the Civil Rights Act also would be exempt from ENDA.

Unlawful employment practices would include: Failing or refusing to hire or discharging or otherwise discriminating against an individual with respect to the compensation, terms, conditions or privileges of employment because of the individual's actual or perceived sexual orientation or gender identity.

Limiting, segregating or classifying employees or applicants in any way that would deprive or tend to deprive an individual of employment or otherwise adversely affecting the status of the individual as an employee because of the individual's actual or perceived sexual orientation or gender identity.

**Continued on page 14**

# More Legislative Matters

## Wage Theft Prevention Act Annual Notice Requirement Remains in Effect

*From Jacksonlewis.com, a Council of Industry Associate Member*

The Wage Theft Prevention Act ("WTPA"), passed in 2011, requires employers to provide employees with an annual notice regarding their compensation and other terms of employment. The notice must be provided to all employees between January 1 and February 1 of each year, regardless if they previously received a notice. Earlier this year, the New York State Senate approved the repeal of the annual WTPA notification requirement, but the bill was not adopted by the Assembly. So for now, the annual notice requirement remains.

The notice must include:

- Rate or rates of pay, including overtime rate of pay and basis thereof;
- How the employee is paid, for example, whether the employee is paid by the hour, shift, day, week, salary, piece, commission, or another measure;
- Allowances, if any, claimed as part of the minimum wage, including tip, meal, or lodging allowances;
- The regular payday;
- The name of the employer and any DBA names used by the employer;
- The physical address of the employer's main office or principal place of business and the mailing address if different; and
- The telephone number of the employer.

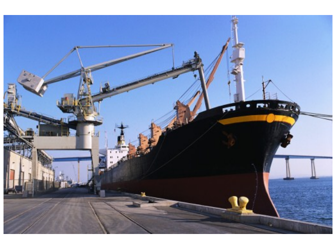
The WTPA form must be provided in both English and the Employee's "primary language." The New York State Department of Labor ("DOL") provides a sample annual notification form in English as well as in Spanish, Chinese, Haitian Creole, Korean, Polish and Russian on its website. However, employers are under no obligation to utilize the DOL's form and may utilize their own form as long as the information required under the statute is provided.

Legislative efforts to repeal the annual notice requirement will likely begin next year. We will keep you updated on any changes.

*The notice must be provided to all employees between January 1 and February 1 of each year, regardless if they previously received a notice. Earlier this year, the New York State Senate approved the repeal of the annual WTPA notification requirement, but the bill was not adopted by the Assembly.*

## 1960 Contract Provision at Heart of Port Strike Threat

A breakdown in collective bargaining for a new master agreement between the International Longshoremen's Association, or ILA, and the U.S. Maritime Alliance, or USMX, could threaten the manufacturers for whom exporting is and increasing portion of their overall sales.



The ILA -- representing more than 14,500 dockworkers at 14 ports along the coasts of the Atlantic Ocean and Gulf of Mexico from Maine to Texas -- has set a strike deadline for Dec. 30 at 12:01 a.m. EST.

The walkout could be avoided at that time should the USMX -- representing all the major marine-terminal operators and port associations on the East and Gulf coasts, as well as 24 container carriers -- agree to extend the current contract until Feb. 1 by taking one key issue off the table.



Continued on page 15

# EHS Matters

The changes will require pollution controls at about 2,300 of the largest and most polluting boilers nationwide, including those found at refineries and chemical plants. Those boilers will have three years to comply and could be granted a fourth year if they need to install pollution controls.

## EPA Boiler Rules to Cut Air Pollution are Finalized

*By Associated Press*

The Environmental Protection Agency finalized rules Friday aimed at reducing toxic air pollution from industrial boilers and incinerators while offering industry more flexibility and lower costs to comply with the new standards.

Obama administration officials said most of the 1.5 million boilers nationwide are not covered by the regulation since they are too small or emit too little pollution to warrant controls.

The changes will require pollution controls at about 2,300 of the largest and most polluting boilers nationwide, including those found at refineries and chemical plants. Those boilers will have three years to comply and could be granted a fourth year if they need to install pollution controls.

Another 197,000 smaller boilers would be able to meet the rule through routine tune-ups.

The EPA said it cut the cost of compliance by about $1.5 billion.

Republicans have opposed the environmental regulations as detrimental to business during tough economic times and unsuccessfully tried to slow down the new rules in Congress.

"It's clear that witih the election over, the president is intent on taking the nation over the regulatory cliff," said Sen. Jim Inhofe, R-Okla. "These rules will cost industry billions of dollars to comply with, meaning that tens of thousands of jobs are going to disappear. In the name of a green economy, the president is pushing new regulations out the door as quickly as he can, and the American people are going to suffer for it. "

The EPA estimated that despite the flexibility and the decision to target the largest polluters, the rules will still provide significant health benefits. The new standards will prevent up to 8,100 premature deaths, 5,100 heart attacks and 52,000 asthma attacks, according to the agency.

EPA estimated that Americans would receive $13 to $29 in health benefits for every dollar spent to meet the final standards and lead to a small net increase in jobs.

Environmental groups said the rules were not as stringent as they had hoped but would help Americans breathe cleaner air.

"These standards are a mixed bag," said John Walke, director of the Natural Resources Defense Council's Clean Air Program.

Industry groups said the regulations were still overly burdensome. Jay Timmons, president and CEO of the National Association of Manufacturers, said the rules were "far from being realistic" and accused the EPA of pushing "another costly and crippling regulation at a time when our economy is on the brink."

Industrial boilers burn coal and other fuels to generate steam and hot water for heat and electricity. After coal-fired power plants, boilers are the nation's second-largest source of mercury emissions, a potent neurotoxin. But boilers are among a handful of pollution sources that still have no standards for toxic emissions.

# CI Calendar of Training and Events

| | |
|---|---|
| **Jan 16, 23** | **Certificate in Manufacturing Leadership: Fundamentals of Leadership**— 9:00 am— 4:30pm at Dutchess Community College, Bowne Hall, Poughkeepsie, NY. |
| **Jan 25** | **Environment, Health & Safety Sub-council: Global Harmonized Systems** - 8:30– 10:00 am at the Council of Industry Office, the Desmond Campus MSMC, Newburgh, NY |
| **Feb 6** | **Certificate in Manufacturing Leadership: Best Practices & Continuous Improvement**— 9:00 am— 4:30pm at Dutchess Community College, Bowne Hall, Poughkeepsie, NY. |
| **Feb 20** | **Certificate in Manufacturing Leadership: Human Resources Management Issues**— 9:00 am— 4:30pm at Dutchess Community College, Bowne Hall, Poughkeepsie, NY. |
| **Feb 21** | **Customer Service Training** -8:30am - 4:30pm, location TBA. Instructor is Debra Pearlman, CEO, DP Sales Pro. Cost:$195 for a single member, $180 each for two or more from the same company, $235 for non members. |
| **Feb 28** | **Sales Training-** 8:30am - 4:30pm, location TBA. Instructor is Debra Pearlman, CEO, DP Sales Pro. Cost:$195 for a single member, $180 each for two or more from the same company, $235 for non members. |
| **Mar 6** | **Certificate in Manufacturing Leadership: Problem Solving & Decision Making—** 9:00 am— 4:30pm at Dutchess Community College, Bowne Hall, Poughkeepsie, NY. |
| **Mar 13** | **Certificate in Manufacturing Leadership: Positive Motivation & Discipline**— 9:00 am— 4:30pm at Dutchess Community College, Bowne Hall, Poughkeepsie, NY. |

***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.***

# Financial Matters

*Absent legislative action, large spending cuts and large tax increases will hit the economy at the same time, causing a total fiscal contraction of $500 billion, or about 3.2 percent of GDP.*

## NAM Study Paints a Most Dire Picture

*From The National Association of Manufacturers*

National Association of Manufacturers (NAM) Senior Vice President of Policy and Government Relations Aric Newhouse sent a letter to President Obama, Senate Majority Leader Harry Reid (D-NV) and Speaker of the House John Boehner (R-OH) reminding them of the impact going over the fiscal cliff will have on the U.S. economy. The NAM study Fiscal Shock: America's Economic Crisis paints a stark picture of what is to be expected.

"This study concludes that the looming fiscal cliff already has cut nearly 1 percentage point from GDP growth this year. Looking ahead, the report finds that falling off the fiscal cliff will result in a loss of almost 6 million jobs by 2014 and an additional cumulative GDP loss of 12.8 percent through 2015. In addition, it finds that falling off the cliff would delay economic recovery by another 10 years after that. A second NAM study found that 1 million defense manufacturing jobs would be lost as a result of sequestration.

The pending fiscal crisis is weighing heavily on the minds of manufacturers, especially for the two-thirds of manufacturers that are organized as S-corporations and pay taxes at the individual rate. A NAM quarterly survey released earlier in December confirms that manufacturers are refraining from investing and hiring due to the uncertainty of the fiscal cliff. Almost 85 percent of the manufacturers responding to the survey cited this uncertainty as their top business challenge.

The U.S. economy is bracing to take an immediate $500 billion hit on January 1, 2013. The "double whammy" of across-the-board cuts in spending and federal tax increases will be large and sudden.

Fiscal Shock: America's Economic Crisis reveals the devastating economic consequences of not addressing the fiscal cliff before it happens. The NAM's report concludes the following:

- Absent legislative action, large spending cuts and large tax increases will hit the economy at the same time, causing a total fiscal contraction of $500 billion, or about 3.2 percent of GDP.
- Washington's failure to address the pending fiscal cliff is already having an impact, cutting 0.6 percentage points from GDP growth for 2012.
- The worst could be ahead. If the fiscal contraction happens, the economy will almost certainly experience a recession in 2013 and significantly slower growth through 2014.
- From 2012 to 2015, the economy will lose 12.8 percent of the average annual real GDP it could have attained with moderate growth, sapping critical resources from all economic sectors.
- Job losses will be dramatic. By 2014, the fiscal contraction will result in almost 6 million jobs lost, and the unemployment rate could reach more than 11 percent.
- Households will take a big hit. Real personal disposable income will drop almost 10 percent by 2015.
- Manufacturers of consumer goods and defense contractors likely will see large and durable contractions in their industries.

It will take most of the decade for economic activity and employment levels to recover from the fiscal shock. Another recession could deal a substantial blow to long-term economic potential, permanently reducing living standards in the United States.

# More Financial Matters

## Is Your Company Retirement Plan Competitive?

*By Jim Santangelo, Certified Financial Planner*


The advent of self-directed 401(k), profit sharing plans, etc. over the last three decades have provided many benefits to companies and plan participants. Like many successful programs, over time a company sponsored benefit may begin to possess some negatives due to a myriad of variables if someone is not periodically reviewing its underlying fundamentals.

In my experience, one of the most commonly overlooked items for retirement plans is the performance of the investments. It is customary for a financial advisor to work alongside the Plan sponsor upon the commencement of the relationship. At that point in time it is likely that the financial advisor will recommend investments that are competitive. (A competitive investment can be defined as one that measures risk and reward relative to its peers. For example, an investment that focuses on large cap growth companies would not be compared to an investment that focuses on small cap value companies.)

As time passes however, some of the investments can lose their competitiveness.

In my opinion, it is the responsibility of the financial advisor to monitor the competitiveness of the investments and update the Plan sponsor on a periodic basis. Yes, the financial advisor should be pro-active, work alongside the sponsor and not disappear shortly after the plan is installed. After all, isn't this one of the reasons the financial advisor is being paid? (FYI, it is typical for the financial advisor to continue to earn monies years and years after the Plan was initially installed.)

*The financial advisor should be pro-active, work alongside the sponsor and not disappear shortly after the plan is installed. After all, isn't this one of the reasons the financial advisor is being paid?*

Another concern is the fee charged by the financial advisor. For informational purposes, many financial advisors receive fees as a percentage of the underlying Plan assets. These commissions are typically deducted from the Plan assets which effectively equate to the participant compensating the advisor for his/her fees.

The advisor is entitled to make money and I do not believe any plan sponsor should begrudge monies to a professional for services rendered. But over time it is likely that the Plan assets will grow in an amount disproportionate to the increase in the number of participants. Consequently and for illustrative purposes, a Plan may have 25 participants and $500,000 in total assets ($20,000/participant) in one year and then have 30 participants and $900,000 in total assets ($30,000/participant) five years later. Based upon the growth in assets relative to the increase in Plan participants, I believe the financial advisor should reduce his/her overall fees. Of course the fees should be judged on a "case by case" basis and no specific fee structure is appropriate for all clients.

Sometimes a Plan may possess both of the concerns discussed in this column. The investments may no longer be competitive and the financial advisor never reduced his/her fee as the assets grew in value. For all intensive purposes, this is a double whammy to the Plan participants! Their hard earned money may not be optimized and their investment returns are further reduced due to a relatively high fee structure.

In conclusion, I highly recommend that all Plan sponsors and fiduciaries periodically work alongside their financial advisor and carefully review the Plan. In addition, I sincerely hope that all Plan sponsors have prepared an Investment Policy Statement (IPS). If not, your financial advisor should be able to assist with this task.

*Jim Santangelo, CERTIFIED FINANCIAL PLANNER™, 845-546-0327. "Securities and Advisory services offered through Royal Alliance Associates, Inc., One Industrial Drive, Middletown, NY 10941. (845)695-1700. Member FINRA/SIPC and a registered investment advisor.*

# Manufacturing Matters

## Achieving Improved Profitability through Waste Reduction

*Part 1 of 2 – Conducting a Waste Audit*

*By Ross Topliff, Tops Engineering, Council of Industry Associate Member*

By their very nature manufacturing processes create some kind of waste. People occasionally have worked hard to significantly reduce the amount of waste being generated with a target of zero waste and I know of a couple examples where that was achieved. These are, however, few and far between.

The cost of handling and disposing of these manufacturing process wastes will typically add 1-3% to the total manufacturing cost of products. By way of comparison, energy costs run 2 – 15% of the total manufacturing cost. One of my clients discovered their waste disposal costs were 8% of their manufacturing cost. While this is an extreme example, I strongly suspect there are other similar examples in plants across the region. The 1 - 3% for waste disposal may seem almost not worth pursuing but with so many companies working on very narrow profit margins cutting this in half or more could have a significant impact on the company's profitability.

As with any realized savings, waste disposal cost reductions will drop straight to the company's bottom line, resulting in increased profitability. These savings can be realized through reducing the amount of waste created and disposed, reducing the cost of this disposal, or a combination of both.

To identify and implement these savings, I recommend a three-step process: 1) perform an audit to identify waste sources & reduction opportunities, 2) prioritize the identified reduction opportunities, and 3) develop an action plan to implement the waste reduction projects. Utilizing this process, we cut the waste disposal cost for the client mentioned above from 8% to 4% of their manufacturing cost.



Below are some ideas to conduct an effective audit to identify waste sources and reduction opportunities (step one). Steps 2 and 3 will be covered in a second article in a future edition.

### The Audit Process

The first step in conducting the audit is securing top management support for the effort. A good way to gain this support is to share with management 1 or 2 areas that you have already identified as reduction opportunities. Some rough quantification for the cost and resulting savings will make this support easier to gain.

The next step is to build your audit team. This team should include knowledgeable people from operations, maintenance, safety & health, and engineering among others. I recommend you keep this team to no more than eight people to increase its effectiveness. Gather this team and develop a timetable so that it remains a priority for the busy people on this team.

As you start the actual audit, categorize each of the wastes that are currently being generated from anywhere within your facility as solids (metal, plastic, glass, etc.), liquids (water or solvent-based), and vapors. Particularly for the solids, make an effort to determine which can be easily separated and recycled either within your facility or by others.

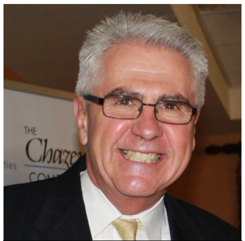
Once the types of waste are identified, perform a material balance around your entire facility to quantify each stream and its composition. Determine the weight of all materials that enter and leave your facility over a given period of time, say a month. Include packaging, raw materials, finished products, and by-products. Identify all hazardous wastes as these typically have a higher disposal cost and some can be recovered/recycled as part of your reduction efforts. Finally, check that the weights in and out from your accounting agree within less than 4%. If not, you may be missing a prime candidate for waste reduction.

Next, isolate each part of your process and analyze it closely to identify all wastes generated within it. Use the same material balance technique for the entire facility to ensure consistency. When this is complete, you can identify the high volume and high concentration streams. These are the key areas to look at for reducing your waste generation.

Stay tuned for the second part of this article, we will describe how to prioritize the opportunities identified during the audit and develop action plans to achieve the savings already identified.

# More Council News

## New Officers and Members Added to the Board of Directors



Mr. Robert Miniger, newly elected President of the CI Board of Directors.

The Council of Industry, the manufacturers association of the Hudson Valley, elected a new slate of officers and welcomes three new board members for 2013.

Robert Miniger, Vice President Human Resources at Balchem Corp., was elected President and will serve a two year term. Mr. Miniger has been on the board since 2005 and previously served as Second Vice President. He is joined on the executive board by 1st Vice President, John Malmgreen (Vice President Manufacturing for Easter Alloys) 2nd Vice President, Jason Smith (President of Pawling Corporation) and Treasurer, Charles Dujardin (Vice President TD Bank).

In addition to executive board elections, the following members were re-elected to the board for another term: Michael Flynn, Vice President Commercial Banking at M&T Bank; Mark Kastner, President of The Chazen Companies; and Stephen Burger, Manager of New Business Development & New York State Governmental Affairs for Central Hudson.

New members that were elected to the board for the first time include: Edward Hopp, Plant Manager at Ametek Rotron; Donald Tegeler, CFO at Wolf-Tec; and Richard Gillette, Vice President of Gillette Creamery.

The Council of Industry has been the manufacturer's association for the Hudson Valley since 1910 and owes its success and longevity to the dedication of its members. The Council Board sets the association's policies and priorities. Through feedback and suggestions, members contribute to these policies and priorities. By having a Board of Directors made up solely from our membership, the direction of Council of Industry is driven by the needs of the manufacturers who participate.

2013 promises to be a challenging year for the Council of Industry and its members. The slow economy along with the so called "fiscal cliff" and significant regulatory and legislative changes will mean uncertainty for manufacturers. The association's officers and directors will play a vital role in ensuring that the needs of the members are being met by the Council and its staff.

Harold King, Council Executive Vice President and CEO, is confident the association, the Board and its officers are up for the challenge: "Our association is fortunate to be led by a board of such high quality, smart and experienced people. The public and public policy makers are becoming more aware of what advanced manufacturing is and how important it is to our region's economy. However, Hudson Valley manufacturers continue to face many challenges, higher taxes, more complicated regulations, higher energy costs and the scarcity of skilled workers are all substantial obstacles. The Council if Industry, with the leadership of our board, will help our members to overcome these obstacles."

## Consumer Price Index for November

| | | | | Point | % | % Increase |
|---|---|---|---|---|---|---|
| **Wage Earners & Clerical** | **Nov. '11** | **Nov. '12** | **Oct. '12** | **Increase** | **Month** | **Year** |
| 1967=100 | 663.69 | 674.96 | 679.07 | -4.11 | -0.6 | 1.7 |
| 1982-84= 100 | 222.81 | 226.60 | 227.97 | -1.38 | -0.6 | 1.7 |
| **All Urban Consumers** | | | | | | |
| 1967=100 | 677.68 | 689.64 | 692.92 | -3.28 | -0.5 | 1.8 |
| 1982-84=100 | 226.23 | 230.22 | 231.32 | -1.10 | -0.5 | 1.8 |
| Hudson Valley unemployment rate for November 2012 = 7.0 % | | | | | | |

**Continued from page 6**

**Legislative Matters**

Retaliating against an individual for opposing an unlawful employment practice, making a charge, testifying, assisting or participating in an investigation, proceeding or hearing under ENDA.

**Paycheck Fairness Act -** The Paycheck Fairness Act would amend the Fair Labor Standards Act of 1938 to prohibit discrimination in wages on the basis of sex, race or national origin. Employers would have to provide equal pay for jobs that require comparable skill, effort, responsibility and working conditions. Employers would be able to differentiate wage rates based on such bona fide factors as education, training or experience, and maintain seniority and merit systems, and systems that measure earnings by quantity or quality of production. Employers would be prohibited from reducing employees' wages to achieve pay equity.

**Healthy Families Act** - The Healthy Families Act would require employers with at least 15 employees to provide employees with up to 56 hours, or seven days, of paid sick leave each year. Employees would begin accruing hours when they began working for the employer and could begin using the accrued time 60 days after their first day of work. Paid sick time would carry over from year to year, but employers would not have to provide more than 56 accrued hours at any time. In addition, if an employee is separated from employment with an employer and is rehired within 12 months, the employer must reinstate the employee's previously earned paid sick time.

Employees would be entitled to use paid sick time: for their own physical or mental illness, injury, or medical condition; to obtain medical care, including preventive care; and to care for, or help obtain medical care for, a child, parent, spouse, or "any other individual related by blood or affinity whose close association with the employee is the equivalent of a family relationship."

The bill also would provide paid sick time for absences related to domestic violence, sexual assault, or stalking, including time spent seeking medical attention, obtaining counseling services or relocation assistance, and pursuing legal action.

Employers with existing paid leave policies that are equivalent to, or more generous than, those included in the proposed legislation would not have to change their policies.

The proposed legislation also includes posting requirements and prohibits employers from: interfering with, restraining, or denying the exercise of any rights under the Healthy Families Act; discharging or discriminating against any individual, including a job applicant, for exercising, or attempting to exercise, any rights under the Healthy Families Act; considering the taking of paid sick time as a "negative factor" in any employment action; counting the paid sick time under a no-fault attendance policy or any other absence control policy; or retaliating against employees who take paid sick time, oppose any unlawful practice, or are involved in proceedings under the Healthy Families Act.

**Comprehensive Immigration Reform Act** - The Comprehensive Immigration Reform Act would overhaul the U.S. immigration system. Among other things, the bill would create "Lawful Prospective Immigrant" ("LPI") status for non-criminal undocumented individuals living in the U.S. since June 1, 2011. Such individuals would be required to submit biometric and biographical data, undergo security and law enforcement checks, and pay a $500 fine plus application fees. LPI status would last four years and could be extended, and would include work authorization and permission to travel abroad. Immediate family members also would be eligible for LPI status. Undocumented individuals could apply for LPI status even if they are in deportation proceedings at the time of application or are subject to an outstanding removal order. The bill includes a system to transition from LPI status to Lawful Permanent Residency.

The bill incorporates the "Dream Act," which would create a path to legal status for individuals who were brought to the U.S. in an undocumented status as children, provided they meet certain criteria and enroll in college or the U.S. military. The bill also incorporates the "AgJOBS" bill to provide a path to permanent residency for farm workers and revises agricultural employer sponsorship requirements. It revises unlawful presence bars to immigration, as well, so that individuals with family ties are not permanently barred from the U.S.

The bill includes new employment requirements. It would require all employers to use a newly-created verification system within five years. The bill mandates creation of a new fraud-resistant, tamper-resistant Social Security card and requires workers to use such documentation to prove authorization to work. It also would create a voluntary pilot program using biometric identifiers to demonstrate work authorization.

**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*

**Continued from page 5**

## Personnel Matters

Even when employees stay away from work when sick, they might still be spreading flu to coworkers since most healthy adults are able to infect others one day before symptoms show up and up to seven days after becoming sick, according to NIAID.

The CDC says to be on the lookout for the following symptoms: fever, cough, sore throat, runny or stuffy nose, body aches, headache, chills, fatigue, and sometimes diarrhea and vomiting. A person doesn't have to experience all symptoms to have flu. In fact, a person can have flu without having a fever.

The NIAID says anyone sick with flu symptoms should go home – and stay home. How long should sick individuals avoid contact with coworkers and others? The CDC recommends being fever free without benefit of fever-reducing medicine for at least 24 hours.



**Continued from page 7**

## More Legislative Matters

That issue is so called "container royalties." According to the USMX: "Container royalties were first established in 1960 as a way to protect ILA members in New York from job losses created by containerization. Today, thousands of ILA workers who were not alive in 1960 continue to receive container-royalty payments that in 2011 totaled $211 million -- an average of $15,500 for ILA workers at the 14 East and Gulf Coast ports." The employers' group added it is not attempting to cut the container royalties in their entirety but trying to limit the payments.

"USMX seems intent on gutting a provision of our master contract that ILA members fought and sacrificed for years to achieve," ILA President Harold J. Daggett said in a statement. "We have repeatedly asked them to leave this item alone -- it was a hard-won gain by ILA members and a wage supplement achieved through hard-fought negotiations."

A strike would have a significant effect on cargo-handling operations at the 14 ports. In the event of a walkout, the ILA's Daggett advised local unions in a memo to have members limit their services to containerized mail, containerized military cargo (excluding household goods), passenger ships, perishable commodities (such as fresh food), and noncontainerized automobiles and cargo.

Among the impacted ports would be five of the 15 busiest in terms of North American container traffic, based on American Association of Port Authorities industry data for last year. They and their traffic ranks are New York/New Jersey, No. 3; Savannah, Ga., No. 4; Hampton Roads, Va., No. 8; Houston, No. 9; and Charleston, S.C., No. 13.

Because of the major role played by the container-shipping industry in U.S. corporate supply chains, government lobbyists and officials both have asked President Barack Obama to employ his authority under the Taft-Hartley Act to order a so-called cooling-off period of 80 days should the current dispute escalate to the point where either a lockout by management or a strike by labor appears imminent.

NAM President Jay Timmons issued a statement on behalf of the nation's Manufactures: "A labor strike of the East and Gulf Coast ports would be a devastating blow to manufacturing supply chains and halt exports of U.S.-manufactured goods. This spells bad news for manufacturers and the millions of men and women who work directly in manufacturing and heavily depend on trade to remain competitive and to support jobs. While there is no good time for a strike along our nation's ports, the economic damage could be even more profound as we face the uncertainty of the fiscal cliff.

In the event of a strike, the NAM urges President Obama to invoke provisions under the Taft-Hartley Act. The President has appointed a federal mediator, and we are urging both sides to come to a resolution as quickly as possible to avoid further damage to our economy and to protect our exports."Historically, Democratic presidents have been less likely and Republican presidents have been more likely to invoke their Taft-Hartley Act power to order a cooling-off period, so it would be interesting to observe Obama's reaction should push come to shove in this labor-management dispute next week."

**Council of Industry**
*The Manufacturers Association of the Hudson Valley*
6 Albany Post Road
Newburgh, NY 12550

Manufacturing is Vital.
The Council of Industry is
Vital to Manufacturing.