



Council of Industry Newsletter

January 2012

Volume 16

Issue 1

Manufacturing Resurgence Conference Identifies Issues Hindering Growth



Council of Industry members participating in small group discussion during the Manufacturing Resurgence conference.

On Friday, December 9th, Manufacturers from throughout the Hudson Valley met to discuss the challenges, opportunities and benefits of manufacturing in New York State at the “New York State Manufacturing Resurgence” conference at SUNY New Paltz. Michael Molnar, Chief Manufacturing Officer for the National Institute for Standards and Technology (NIST), was the keynote speaker and he emphasized the need for a new public perception of manufacturing. He argued that manufacturing is no longer Dumb, Dirty, Dangerous and Disappearing but is now Sustainable, Smart, Safe and Surging. This change in perception is critical if we

are to fill the growing need for skilled individuals to join the manufacturing workforce. A highlight of the conference was the smaller discussion groups that met to deliberate on the opportunities and challenges that Hudson Valley manufacturers deal with. These small groups then reported their concerns back the rest of the attendees and the presenters as well.

Several local and national government officials were part of this conference, including: Ulster County Executive Mike Hein; Aimee Vargas, the Mid-Hudson Regional Director for Empire State Development; Ed Reinfurt, Empire State Development Division of Science, Technology & Innovation Director; Francis Murray the President of NYSERDA and U.S. Representative Maurice Hinchey. Each of the aforementioned spoke to the audience about the importance of a manufacturing resurgence, but perhaps more importantly they were also present when the small groups presented the challenges and opportunities faced by Hudson Valley industry. Common themes seemed to run through all presentations, the need for cooperation and collaboration between government agencies, learning institutions (including universities, community colleges and high schools) and the manufacturers themselves.

The keynote speaker, Michael Molnar, explained to the gathered manufacturers about how NIST works to bring academic institutions, the government and industry together. He focused on the need for more advanced manufacturing and discussed recommendations made by the President’s Council of Advisors on Science and Technology (PCAST) which include: launching a federal advance manufacturing initiative, improving the tax policy, supporting research, and strengthening the workforce. Molnar also told the audience about the Advanced Manufacturing Research Partnership and the Nano-electric Research Institute (NRI) at SUNY Albany and the ways that companies are getting research done through collaboration with that institution and NIST.

The conference participants left with information and contacts. “The conference was a very worthwhile exercise,” said Harold King, Executive Vice President of the Council of Industry. “With so many government agencies and other organizations (including the Council of Industry) supporting Hudson Valley manufacturing, it is important that we are all pulling in the same direction. The direct feedback the manufacturing executives provided is the best way to make sure we are not only pulling in the same direction, but the right direction.”

Inside this Issue

2	Training & Education
3	Networks & Council News
4	Personnel Matters
5	More Personnel Matters
6	Legislative Matters
7	More Legislative Matters
8	EHS Matters
9	CI Calendar
10	Member Profile: PDQ Manufacturing Co.
11	Energy Matters
12	Financial Matters
13	Member Benefits
13	Consumer Price Index

Training and Education

The first class, a two day session held on January 18 and 25th is Fundamentals of Leadership. This course takes managers and supervisors on a two day journey that begins with a discussion of the difference between leadership and management.

Certificate in Manufacturing Leadership Training Starts This Month



Time is running out to register for the Council of Industry's Supervisory Leadership Program. 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 is a comprehensive group of courses 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 presented by the Council of Industry and Dutchess Community College.

All courses are full-day classes (from 9am - 4:30pm) and are held at Dutchess Community College, Poughkeepsie, NY with breakfast and lunch included on site. The first class, a two day session held on January 18 and 25th is Fundamentals of Leadership. This course takes managers and supervisors on a two day journey that begins with a discussion of the difference between leadership and management. This discussion sets the stage for a program that allows participants to identify their own leadership style and gain tools and techniques to make their individual strengths most effective.

Though participants are encouraged to complete the course series for the most comprehensive supervisory education, the Council welcomes individual course registration as well.

For a full list of courses and online registration go to www.councilofindustry.org and click on Programs & Training. Call the Council of Industry office at (845) 565-1355 with questions or e-mail training@councilofindustry.org. See the Calendar on page 9 for January, February, and March class information.

CI Members Complete Greenbelt Program

On December 15th, the Lean Six Sigma Greenbelt program participants gave their final presentations finishing the three month class. The projects were quite impressive, ranging from reducing non-value added time and wasted man power involved in order processing to minimizing the amount of wasted material during quality control testing.



A total of four Council of Industry members sent teams of employees to attend this course which consisted of fourteen full days of class over three months at Dutchess Community College. The instructors, Vinnie Buonomo and Don Baker from the Rochester Institute of Technology, were able to guide each team through the Greenbelt program by having them work on an actual situation that needed improvement at their companies. The teams were able to implement the techniques they learned and measure the data. The increase in productivity and decrease in time, materials and man power wasted was fantastic. Many projects had not yet reached their set goal yet, but given another month or two of implementation they certainly will. Most of these projects will continue even though the class is over.

The Council will continue to offer Lean and Six Sigma programs for its members in 2012, with a Yellow Belt course in the works for the spring.



HV SHRED, INC.

**ONSITE
DOCUMENT
SHREDDING
SERVICE**

845.705.7279

www.hvshred.com





Council News

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

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

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

Where: The Council of Industry, The Desmond Campus, Newburgh, NY

Cost: None for Members

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

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

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

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

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

Topic: Contractor Safety

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

Where: To be announced

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 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 www.councilofindustry.org.



We make doing business easier - just ask US!

Our Payroll Services are designed to ease the stress of running a business.

**Payroll Processing • Small Business Tax Returns
Bookkeeping Services**

Ulster Savings

You've got US!

Banking • Loans • Investments • Tax & Payroll • Insurance

MEMBER
FDIC

Investment, Tax, Payroll and Insurance products and services available through Ulster Insurance Services, Inc. and Ulster Financial Group, Inc., subsidiaries of Ulster Savings Bank, are NOT FDIC INSURED.

LENDER

Personnel Matters

Employee Time & Attendance Recordkeeping Requirements

From www.acumendatasystems.com

The best record retention policies are probably the most inclusive policies. Keeping as much information for as long as possible is a best practice for protection against labor-related litigation.

With so many disparate regulations governing employee recordkeeping requirements, it's hard to keep track of exactly what you need to keep, and how long you need to keep it.

Nearly every federal employment law sets specific recordkeeping rules for employee data, depending on the data in question. In addition, most states, and some local municipalities, also have unique recordkeeping requirements that go beyond the federal mandates.

The Short Answer for Time & Attendance Record Retention

If you're looking for the most straightforward solution for record retention and are not concerned about data storage and archiving costs, many experts will recommend keeping all employment data for the entire amount of time a person remains an active employee, plus 5 years. The only federal provisions that extend beyond a 5 year retention requirement are:

- Records for pension and welfare benefit plans: 6 years retention following employment
- Records for safety and toxic chemical exposure: 30 years retention following employment

The Long Answer for Time & Attendance Record Retention

The best record retention policies are probably the most inclusive policies. Keeping as much information for as long as possible is a best practice for protection against labor-related litigation.

But in addition to ensuring compliance and protecting against litigation, a good record retention policy helps apply time and attendance rules evenly across all employees. This can be especially helpful to dismiss claims of different treatment based on discrimination.

When creating your record retention policy, it is useful to categorize documentation and data retention requirements by employee status:

- Pre-employment: Retain Records for Non-Hires for 2 Years Plus
- During Employment: Retain All Employee Records
- Post-employment: Retain Records for 4 Years Plus

Employee Benefit Record Retention

Employee time off, such as vacation time and sick time, must be carefully tracked - ideally with automated time and attendance systems to protect against claims of discrimination. Since some states require unused accrued vacation time to be paid-out upon termination, accurate and complete documentation helps dispel any compensation claims from former employees.

As stated above, pension and retirement-related records must be retained for 6 years following employee separation according to the Employee Retirement Income Security Act (ERISA).

Family and Medical Leave Act-related leave records and workers' compensation-related records are recommended to be kept indefinitely to protect against future litigation.

The Most Common Retention Requirements

- Fair Labor Standards Act (FLSA)
- Application
- All employees
- Retention Requirements

Retain for 3 Years: Employee information (name, address, occupation, birth date if under 19, and gender), complete payroll records (hours worked, overtime, and wage deductions), certificates, union agreements, written training agreements, sales and purchase records, and certificates of age for employees under 18.

Additional Retention Requirements

Continued on page 15



DAVID L. LANDESMAN
PRESIDENT

**DUSO CHEMICAL
COMPANY, INC.**

26 VAN KLEEK DRIVE
POUGHKEEPSIE, NY 12601
TEL 845-454-6500
FAX 845-454-0188

info@dusochemical.com



More Personnel Matters

Customer Service – Make or Break the Long Term Success of a Company

By Gordon McAleer, President, McAleer & Associates

Consistently superior customer service, whether it is business to business or business to consumer, will drive repeat business and sustain a winning brand for the enterprise. The converse is true – consistent patterns of poor customer service will eventually drive the firm out of business. Many companies fall in the middle with spurts of good customer service and declines to periodic embarrassing lapses. There is a tendency for customer service to have wide variations within a company. So much of the customer service rests on the behavior and attitude of employee on the front line who directly interacts with the customer.

Scenario

A customer who was about to embark on a project to install a new tile floor came to a “big box” for hardware and construction material. He received superior service from an experienced sales associate who happened to be a flooring contractor in an earlier life. The associate gave useful tips on how to do the project effectively, what tools to have and how to prepare the sub-flooring for the final layer of tiles. The associate went on to place the order for the materials and gave an estimated delivery date of two weeks out. The order came in three days early, and the project was at the go. However, it turned out that the factory had sent the wrong color of tiles. The retailer got right on the issue and sent the assistant store manager to the manufacturer’s depot to pick up the correct tiles and deliver them personally to the customer. This was an example of extraordinary service recovery. However, the customer after finishing the project had some unused materials to return to the store. This was when a disgruntled employee who staffed the return desk openly expressed her complaints about the information system, her long hours and alleged mistakes that a fellow employee had made in scanning the purchased materials and “tossed her fellow employee under the bus.” The last thing the customer wanted to hear was complaints about the compa-

ny’s information system and a fellow employee. The unpleasant exchange tarnished the good will that had been established by the original transaction. As the customer in this scenario I can personally attest to the experience.

The lesson is that consistency of premier customer service is vital for a successful business. The reputation of the company is on the line every single time an employee interacts with the public, business partner or customer. It is incumbent on the leaders of the company, at all levels to set the standards and hold employees accountable to the standards.

It starts with hiring the right people who have a positive attitude, are truly interested in serving the customer and have the ability to think on their feet and solve problems.

Select the Right People

It starts with hiring the right people who have a positive attitude, are truly interested in serving the customer and have the ability to think on their feet and solve problems. A solid selection system is vital to be sure that the right kind of persons are chosen for open positions. Extensive, systematic interviews by several internal team members are the best way to assess the candidate’s attitude and ability to stay calm and upbeat under pressure.

Training on Customer Service

Progressive firms know the value of investing in their employees for superior customer service through training. The orientation program for new employees should address cus-



tomers service. The ongoing training should be universal for employees at all levels and periodically reinforced and updated to remain fresh and pertinent. To the extent practical, employees should be empowered to use their own devices to resolve customer complaints. This will result in more timely responses to problems and quicker service recoveries, higher customer satisfaction, and a true sense of empowerment for the employee.

Link Customer Service to Performance Reviews

Customer service is everyone’s responsibility, from the line employee up to the CEO. Performance reviews should have a component to evaluate the employee’s commitment to and performance of customer service. Chronic behavior of poor customer service should not be tolerated and should be considered as a cause for termination.

Over the past decade US companies have made tremendous strides in reaching breakthroughs in the quality and efficient production of products to compete successfully in the global market. Applying the same degree of focus on customer service will result in ever higher payoffs.

Professional & Executive Search

- All Industries
- Manufacturing
- Engineering
- IT

- Financial
- Not for Profit
- R&D
- Sales & Mktg

**CISE Member
Discount!**

McAleer
& Associates

Professional & Executive Search
gmcaleer@mcaleerassociates.com
www.mcaleerassociates.com

Phone: (845) 294-5622



Legislative Matters

Manufacturers' Fight Against NLRB Overreach Reaches U.S. District Court

By Matthew Lavoie at www.nam.com

"The NAM is a strong supporter of a commonsense, thoughtful NLRB – but the policies offered by the current Board have been anything but. We hope the court will take the first step in rebuking the NLRB's overreach and fostering a positive environment for manufacturers and their employees."

JUDGE REQUESTS DELAY IN IMPLEMENTATION UNTIL COURT'S RULING IS ISSUED

National Association of Manufacturers (NAM) President and CEO Jay Timmons issued a statement after the NAM presented oral arguments in its lawsuit against the National Labor Relations Board (NLRB) over the "Posting Requirement" rule issued by the agency in August.

This 194-page rule would increase regulation on employers by forcing them to post unionization information. The lawsuit, which is pending in the U.S. District Court for the District of Columbia, asks the NLRB to set aside promulgation of the rule and alleges that the Board has overstepped its statutory authority and ignored congressional intent.

"This posting requirement rule is a perfect snapshot of the way the NLRB has conducted itself in the past year. The overreaching and activist policies inject the Board into the everyday operations of businesses, creating the potential for hostile work environments where there is no existing conflict," said Timmons. "The Board has overstepped its authority and ignored well documented congressional intent to implement an agenda that will place even greater burdens on job creators.

Manufacturers have taken this battle to the courtroom because we need immediate action to rein in this rogue agency before it does even more damage to the American workplace," Timmons continued. "The NAM is a strong supporter of a commonsense, thoughtful NLRB – but the policies offered by the current Board have been anything but. We hope the court will take the first step in rebuking the NLRB's overreach and fostering a positive environment for manufacturers and their employees."

Chairman of the House Education and Workforce Committee John Kline (R-MN), along with 35 Members of Congress submitted an amicus brief in support of the NAM's lawsuit. The brief documents the history of the National Labor Relations Act and clearly demonstrates that the NLRB has ignored congressional intent with regard to its authority to implement the "posting requirement" rule.

At the hearing on December 19th, Judge Amy Berman Jackson acknowledged the complexities of the issues presented in the case and again encouraged the Board attorneys to discuss delaying implementation of the rule until the court has reached an opinion.

Manufacturers continue to keep a watchful eye on the pending harmful actions from the NLRB - including the ambush elections rule and the decision in the Specialty Healthcare case. Nearly 70 percent of manufacturers say that the NLRB's actions would make it harder for them to create jobs, according to a recent NAM survey.



**RIVERSIDE BANK**
member FDIC

Business Banking the way it should be.

Poughkeepsie 845-454-5511	Red Oaks Mill 845-463-2265	Newburgh 845-562-6766	Fishkill 845-896-9300
-------------------------------------	--------------------------------------	---------------------------------	---------------------------------

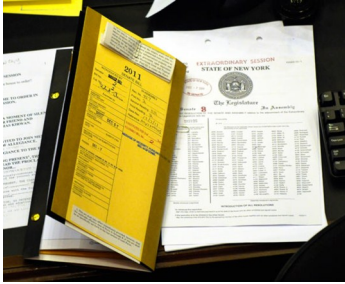
www.riversidebankhv.com



More Legislative Matters

Governor Signs Law to Cut MTA Payroll Tax

By Philip Newman From The Bridge at VDDW.com



Gov. Andrew Cuomo has signed legislation cutting back a payroll tax passed in 2009 to rescue the financially imperiled MTA, which has been assured any lost revenue will be made up by the New York state Legislature.

Cuomo signed the new law on Long Island, site of much of the outcry against the payroll tax, which was effective in the 12 counties served by the Metropolitan Transportation Authority.

The new legislation provides tax relief for nearly 300,000 small businesses and self-employed New Yorkers. The tax on businesses with an annual payroll under \$1.5 million would be reduced by 0.11 percent and drop to 0.23 percent for businesses with payroll less than \$1.75 million for a total savings of \$250 million across the state. Businesses whose payroll is below \$1.25 million got a permanent reprieve.

The deal came as part of an overhaul of the state tax code, which will lower taxes for the middle class and raise taxes for the state's richest citizens.

The governor's office said that "on Dec. 7, the Legislature passed the governor's middle-class tax cut and job creation legislation, reducing the MTA payroll tax on small businesses while maintaining the necessary funding for the MTA from other sources."

The new measure will have no effect on MTA funding since the state will reimburse the MTA for all revenue that has been eliminated by the tax reduction, the governor's office said.

State Sen. Joseph Addabbo (D-Howard Beach) pointed out that the payroll tax legislation eliminated the MTA payroll tax for private and parochial schools.

Opposition was great throughout the area where the MTA tax was effective, but particularly heavy on Long Island, where the MTA's Long Island Rail Road and Nassau Bus operate. Nassau Bus recently withdrew from the MTA. The MTA had declined to maintain the level of financial subsidy for the bus line the agency had long maintained.

A leader of the opposition to the tax was state Senate leader Dean Skelos (R-Nassau).

"The MTA payroll tax has been an enormous burden on businesses and we now are lifting that burden," said Skelos about the legislation signed in West Hempstead, L.I., Monday.

"We are grateful to the governor, majority leader and speaker for reaching an agreement that ensures the MTA will continue to receive the level of funding needed to keep New York and its economy moving," the MTA said following passage of the tax reduction legislation.

The MTA payroll tax provided 14.3 percent of the MTA operating budget.

Although the new legislation pledged to make good to the MTA all money taken away by the payroll tax reduction, some transit activists have questioned where such funds would come from in a state long in financial distress.

The tax on businesses with an annual payroll under \$1.5 million would be reduced by 0.11 percent and drop to 0.23 percent for businesses with payroll less than \$1.75 million for a total savings of \$250 million across the state. Businesses whose payroll is below \$1.25 million got a permanent reprieve.

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

EPA Issues Revised Industrial Boiler MACT

The revised standards represent a step in the right direction but that "there are still some important issues that need to be addressed to avoid job and investment losses from plant closures."

The **U.S. Environmental Protection Agency (EPA)** has re-issued a proposed Clean Air Act (CAA) rule that would establish maximum achievable control technology (MACT) standards for limiting emissions of mercury and other hazardous air pollutants (HAPs) from U.S. industrial boilers and furnaces. The agency claims that standards are more flexible and less onerous and costly than those originally issued earlier this year—standards that the regulated community and Republicans in Congress severely criticized. The revised standards apply to approximately 14,000 boilers—less than 1% of all boilers in the United States—which would face a cumulative cost of \$1.5 billion to comply, according to the agency. The proposed rule also covers about 187,000 small boilers, which EPA said would be treated as "area sources" and could comply simply by conducting regular maintenance and tune-ups.



"With this action, EPA is applying the right standards to the right boilers," said Gina McCarthy, assistant administrator for EPA's Office of Air and Radiation. "Gathering the latest and best real-world information is leading to practical, affordable air pollution safeguards that will provide the vital and overdue health protection that Americans deserve." Bob Cleaves, president and CEO of the Biomass Power Association, said that the revised standards represent a step in the right direction but that "there are still some important issues that need to be addressed to avoid job and investment losses from plant closures."

EPA released the new proposed Boiler MACT rules on December 2nd and now the Council of Industrial Boiler Owners released the new updated report of the impact these harmful rules will have on jobs.

The updated report conducted by CIBO and IHS Global Insight estimates that the impact of the reconsidered Boiler MACT rules on ICI Boiler and Process Heater Owners and Operators will put 240,181 jobs at risk, 10,000 more than the previous rule, and cost more than \$15 billion to comply. The states that will be impacted the hardest by these rules will be North Carolina and Indiana with more than 16,000 jobs at risk.

This is a regulation that manufacturers just can't afford right now when they are continuing to recover and trying to create jobs.

ENHANCING

the future of
our communities



THE
Chazen
COMPANIES®

With offices located in Poughkeepsie, Troy,
and Glens Falls, NY as well as Waterford, CT

Engineers • Land Surveyors • Landscape Architects • Environmental Scientists • Planners

www.chazencompanies.com 888-539-9073



HRInfo4U

- Virtual Human Resources
- HR Outsourcing
- Talent Acquisition
- HR Planning & Forecasting
- Organizational Effectiveness

Greg Chartier, PhD., SPHR

Post Office Box 84
Maryknoll, NY 10545

914.548.1689
914.941.1607 fax

greg@HRInfo4U.com
www.HRInfo4U.com



CI Calendar of Training and Events

Jan. 18 & 25	<u>Certificate in Manufacturing Leadership: Fundamentals of Leadership</u> — 9:00 am—4:30 pm at Bowne Hall, Dutchess Community college, Poughkeepsie, NY. Cost: \$400 single participant, \$350 for 2 or more from the same company.
Jan 20	<u>Human Resources sub-council meeting: The Intersection of Culture, HR and Employment Law</u> 8:30—10:00 am at a location to be announced. Contact Alison Butler (845) 565-1355 or abutler@councilofindustry.org to register.
Feb. 7	<u>Manufacturing Day in Albany</u> —Full day event at the state capital. For more information or to register contact Harold king at hking@councilofindustry.org .
Feb. 8	<u>Certificate in Manufacturing Leadership: Best Practices & Continuous Improvement</u> — 9:00 am—4:30 pm at Bowne Hall, Dutchess Community college, Poughkeepsie, NY. Cost: \$200 single participant, \$175 for 2 or more from the same company.
Feb. 17	<u>EHS Sub-council Meeting on Contractor Safety</u> —8:30—10:00 am at a location to be announced. No cost for members to attend.
Feb. 22	<u>Certificate in Manufacturing Leadership: Human Resource Management Issues</u> 9:00 am—4:30 pm at Bowne Hall, Dutchess Community college, Poughkeepsie, NY. Cost: \$200 single participant, \$175 for 2 or more from the same company.
Mar. 7	<u>Certificate in Manufacturing Leadership: Problem Solving & Decision Making</u> 9:00 am—4:30 pm at Bowne Hall, Dutchess Community college, Poughkeepsie, NY. Cost: \$200 single participant, \$175 for 2 or more from the same company.
Mar. 21	<u>Certificate in Manufacturing Leadership: Positive Motivation & Discipline</u> 9:00 am—4:30 pm at Bowne Hall, Dutchess Community college, Poughkeepsie, NY. Cost: \$200 single participant, \$175 for 2 or more from the same company.
Apr. 4	<u>High Performance Teamwork</u> - 9:00 am—4:30 pm at Bowne Hall, Dutchess Community college, Poughkeepsie, NY. Cost: \$200 single participant, \$175 for 2 or more from the same company.
Apr. 18	<u>Effective Business Communication</u> -9:00 am—4:30 pm at Bowne Hall, Dutchess Community college, Poughkeepsie, NY. Cost: \$200 single participant, \$175 for 2 or more from the same company.

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

Place Your Company's Ad Here

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

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

Manufacturing Matters

PDQ Manufacturing Co., Inc. is a Contract Manufacturer specializing in low volume, highly complex products for the telecom, datacom, and high-end server markets. PDQ designs and fabricates the box that surrounds and protects the components of an electronic product.

Manufacturers Electricity Aggregation



An Opportunity to Manage Your Electricity Costs

For more information call
845-565-1355

Member Profile: PDQ Manufacturing Co. Inc.

Year Founded: 1963

Location: Staatsburg, NY

Products: Contract manufacturer specializing in electronic enclosures

Website: www.pdqmfg.com

For over forty years, PDQ Manufacturing, (Price, Delivery, Quality,) has been dedicated to total customer satisfaction. This was the vision of their founder, Richard Wilson, and it still is the company's guiding principle.

PDQ Manufacturing Company was started in 1963 by Wilson, who led the company for thirty years before retiring in 1992. The company's tell tale characteristics of attention to detail, true belief that the customer always comes first, and sound financial management are the direct result of Wilson's leadership. These three fundamental business practices allowed the company to grow, stand strong through more than one recession, and develop IBM as a primary OEM customer.

Upon Mr. Wilson's retirement in 1992, Scott Hutchins functioned as acting president of PDQ until purchasing the company privately from Mr. Wilson in July of 1995. Joining PDQ in 1985 as the purchasing and financial manager, Mr. Hutchins complemented Mr. Wilson's mechanical expertise and strength with knowledge of new management tools, computers and their many functions, and systems/business processes. Sharing the philosophy of dedication to the customer and commitment to detail, the company was converted from a small "mom and pop" manufacturing company into a World Class Manufacturer. In 2006 PDQ became a Minority/Woman Owned company under Kristin Hutchins who has successfully continued to uphold the original founder's vision.

PDQ Manufacturing Co., Inc. is a Contract



Manufacturer specializing in low volume, highly complex products for the telecom, datacom, and high-end server markets. PDQ designs and fabricates

the box that surrounds and protects the components of an electronic product. Electronic enclosures perform a number of functions that include: shielding components from physical and electrostatic damage, dissipating heat, enhancing modularity, minimizing space requirements, and facilitating the integration of other components, such as cable assemblies, back planes, power supplies, and fans.

PDQ provides companies with traditional services including: mechanical assembly, design services, inventory management, packaging, and product distribution. PDQ provides these services both directly and indirectly to compa-

nies such as IBM, Jabil, Endicott Interconnect, Electrochem, and others.

PDQ runs a state of the art shop. Combining the EML Punch / Laser with Amada TK / ASR and Dr. Abe CAM software brings a new era of fabrication efficiency and cost controls. The highly advanced automation, allowed by com-

binning Amada EML Punch / Laser Combo components with Dr. Abe software, provides the lowest part costs with the highest throughput. Dr. Abe streamlines the development of flat blanks and NC programs, and improves material utilization. Punch/laser technology, combined with automated storage and retrieval (ASR) equipment, allows for the flexibility to produce smaller lot sizes in a variety of material types and thicknesses using the additional shelves of the ASR, while the system's TK provides single part removal and stacking eliminating direct labor from production and reducing costs. Non value-add processes are removed, material handling is reduced, and better accuracy, reliability, and rapid response to real time production changes are provided.

Continued on page 14





Energy Matters

The Council of Industry to Host Fundamentals of Compressed Air Training Session

We are excited to announce that The Council of Industry is hosting a “Fundamentals of Compressed Air Systems” training session on Wednesday, February 29, 2012. This one-day training session is being offered for a nominal fee of \$25 – a class that typically costs hundreds of dollars. In this class, you will learn how to reduce compressed air costs and save energy. Each year U.S. companies miss the opportunity to capture large amounts of lost energy that is paid for but doesn’t contribute to production. By improving the efficiency and operation of compressed air systems, the U.S. Department of Energy estimates that, nationally, 18 to 45 billion kilowatt-hours per year could be recovered.

To raise awareness of this opportunity, the Compressed Air Challenge, a group that has one purpose in mind - helping you to enjoy the benefits of improved performance of your compressed air system, developed this one-day training session which offers a comprehensive look at compressed air systems and an action plan to put this energy back to work.

The training is intended 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

The location of the training session will be determined at a later date. The session will run from 8am - 5pm, and will include lunch. Also, this training session is worth 0.7 CEUs and a certificate can be issued to you upon completion of the course if requested.

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.

This training is being sponsored by NYSEERDA. The New York State Energy Research and Development Authority (NYSEERDA) is a public benefit corporation created to help New York meet its energy goals: reducing energy consumption, promoting the use of renewable energy sources, and protecting the environment.

The 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-served basis. We will notify you if your registration is accepted. Please register no later than Wednesday, February 22. Either contact Harold King at hking@councilofindustry.org, (845) 565-1355 or Robin Styles-Lopez at rstyles-lopez@chacompanies.com and she will forward the detailed information to you.

To learn more about the Compressed Air Challenge generally, please visit <http://www.compressedairchallenge.org/about/index.html>.

Note the following insight from the site: “Compressed air is not free; it requires a huge amount of energy to generate. An inefficient system can cost you money and production time. But because compressed air is a utility that is generated in-house, you have more control over it than any other utility. By focusing on your entire compressed air system, rather than taking a piecemeal approach, you can reduce leaks, better match supply to demand, and ensure appropriate use of air. The result is increased productivity, less waste and lower operating costs.”

Each year U.S. companies miss the opportunity to capture large amounts of lost energy that is paid for but doesn’t contribute to production. By improving the efficiency and operation of compressed air systems, the U.S. Department of Energy estimates that, nationally, 18 to 45 billion kilowatt-hours per year could be recovered.

Financial Matters

IRS Offers Favorable Settlement Terms for Employers Resolving Worker Misclassification Issues; IRS & DOL Team-Up to Combat Worker Misclassification

From Bond, Schoeneck & King LLP

Voluntary Classification Settlement Program

In late September, the IRS established the Voluntary Classification Settlement Program ("VCSP") which allows employers, upon application and acceptance into the program, to prospectively reclassify, as employees, those workers that they may have erroneously treated as independent contractors. Employers accepted into the VCSP will receive substantial relief from federal payroll taxes that they may owe for prior years and will not be audited on payroll taxes related to those workers for prior years.

Eligibility -- To be eligible, an employer must have consistently treated the misclassified workers as independent contractors or nonemployees and must have filed all required Forms 1099 within six months of their due date for those workers for the three years prior to applying for the program. In addition, the employer (including any parent or subsidiaries) cannot currently be under audit by the IRS, the DOL or a state agency concerning the classification of those workers. If the employer was previously audited by the IRS or the DOL about the classification of those workers, the employer will only be eligible for the VCSP if it has complied with the results of that audit.

VCSP Agreements -- The VCSP allows employers to reclassify some or all of their workers as employees. However, once an employer chooses to reclassify certain workers, all workers in the same class must be treated as employees for employment tax purposes. Employers accepted into the VCSP will agree to prospectively treat the class of workers as employees for future tax periods. In exchange, the employer:

1. Will pay 10% of the employment tax liability that may have been due on compensation paid to the workers for the most recent tax year, determined under the reduced rates of IRC § 3509 (which is roughly 1% of the wages paid to the reclassified worker for the most recent tax year);

2. Will not be liable for any interest or penalties on the liability;
3. Will not be subject to an employment tax audit with respect to the worker classification of those workers for prior years; and
4. Will agree to extend the statute of limitations on assessment of employment taxes for three years for the first, second and third year after the date on which the employer has agreed under the VCSP closing agreement to start treating the workers as employees.

Other Considerations -- There are several other issues that should be considered prior to applying for the VCSP. For example, employees are covered by the Fair Labor Standards Act (FLSA) and state wage and hour laws and nondiscrimination laws. Among other things, these laws require employ-

ers to pay employees a minimum hourly wage and time-and-a-half for time worked in excess of 40 hours per week. In addition, employees may be eligible for other statutory and fringe benefits (e.g., unpaid leave under the Family Medical Leave Act; COBRA benefits; health insurance, etc.).

Also, reclassification may put some small businesses over the minimum employee threshold that triggers certain statutory benefits for all employees. Employers should also consider whether participation in the VCSP will have any state tax or ERISA implications. Lastly, it is important to note that while participation in the VCSP limits federal employment tax liabilities, it does not prohibit lawsuits which seek damages for an employer's failure to comply with federal and state wage and hour laws and nondiscrimination laws.

Memorandum of Understanding between the Department of Labor and IRS

In an effort to reduce the incidence of employee misclassification and improve compliance with federal labor law, the IRS and the Department of Labor ("DOL"),

Continued on page 14

Employers accepted into the VCSP will receive substantial relief from federal payroll taxes that they may owe for prior years and will not be audited on payroll taxes related to those workers for prior years.





Member Benefits

CI's Survey Finds Region's Manufacturers Provide Higher Than Average Wages and Benefits

Lack of Skilled Workers Inhibits Growth

The Wage & Benefit survey, sponsored by the Council of Industry and conducted by the Marist College Bureau of Economic Research, took place in November and was completed by 25 CI member firms with more than 2,600 employees.

The survey's findings include:

- 2011 wage increases among participating companies averaged 2.3% for the management group, 2.8% for the professional, technical and manufacturing groups, and 2.7% for the administrative/clerical group. These increases were slightly lower than the reported national average of 2.9%.
- For 2012 reported planned increases are 1.9% for the management group, 2.0% for the professional group, and 2.1% for the administrative/clerical, technical and manufacturing groups. These planned increases are significantly below the reported national average of 3.0%.
- 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 (100% vs. 59%) and a higher rate of pension coverage (90% vs. 59%).
- The survey identified the average wage for some 75 job titles within the companies. Average wages ranged from \$12.79/hour for an assembler to \$24.52, for a CAD/CAM technician, \$36.60 for manufacturing engineer.

There was also an increase among participating companies that reported recruiting difficulty for specific positions with 72% indicating they are having difficulty finding qualified candidates for vacancies. This is up significantly from last year's survey when only 48% reported such problems. Among the positions reported as difficult to recruit for are: engineers, welders, machinists,

quality control technicians, quality analysis inspectors, mill and lathe operators, purchasing coordinator, customer service representatives, chemists, cost accountants, programmer/analysts, laborers, entry level managers, diesel mechanics, electronic technicians, CNC operators and multiple specialized knowledge technicians.

"The lack of skilled workers continues to be a drag on the growth of nearly all of our member manufactures," said Council of Industry Executive Vice President Harold King. "Manufacturing in the United States is highly automated and technology driven. This is particularly true in the Hudson Valley. Manufacturing is a vital to a healthy economy. It generates wealth and, as this survey indicates, a wide variety of good jobs. If policy makers are serious about supporting manufacturing they need to address this issue in both the immediate and long term."

Headed by Dr. Christy Caridi, the Marist College Bureau of Economic Research publishes the Economic Report of the Hudson Valley. The Bureau also conducts economic impact studies, analyses of demographics and business location, as well as forecasting and policy analysis. The Manufacturers Wage and Benefit Survey was compiled for the Bureau by Dr. Ken Sloan, Assistant Professor of Management at Marist College.

To purchase a copy of the survey contact Harold King at hking@councilofindustry.org.

Consumer Price Index for November 2011

				<u>Point</u>	<u>%</u>	<u>% Increase</u>
Wage Earners & Clerical	<u>Nov '10</u>	<u>Nov '11</u>	<u>Oct '11</u>	<u>Increase</u>	<u>Month</u>	<u>Year</u>
1967=100	639.67	663.69	664.38	-0.68	-0.1	3.8
1982-84= 100	214.75	222.81	223.04	-0.23	-0.1	3.8
All Urban Consumers						
1967=100	655.16	677.68	678.26	-0.57	-0.1	3.4
1982-84=100	218.8	226.23	226.42	-0.19	-0.1	3.4

Hudson Valley unemployment rate for November 2011 = 6.7%

JOE PIETRYKA INCORPORATED

85 Charles Colman Boulevard,
Pawling, New York 12564

**Designers, Manufacturers
and Assemblers of
Plastic Injection Molded
Parts and Components**

Serving the Electrical, Industrial,
Medical, Automotive, Photo-
graphic, Pharmaceutical, Cosmet-
ic and Food Markets of America

ISO 9001:2008 Certified
Adhering to TS16949

UL Listed
CSA Listed

Drug Master File Registered
FDA Registered
CE Conformity

In House Color Matching

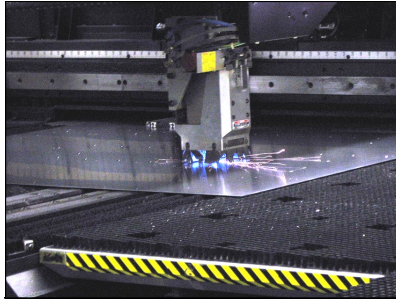
www.joepietrykainc.com
Phone: (845) 855-1201
Fax: (845) 855 5219

Continued from Page 10

Member Profile: PDQ

Also employed at PDQ is the FabriVISION Laser: a high-tech laser technology based inspection machine that will increase inspection performance, quality control processes, and production capacity. FabriVISION is a non-contact, flat part laser scanner that provides automatic measurement and digitizing capabilities that are an integral part of modern quality assurance models such as ISO 9000, TQM, and SixSigma. FabriVISION will reduce first article inspection time and at the same time increase the accuracy of inspections by eliminating costly human errors in measurement. What might have taken hours in the past will now take minutes to complete. Hence, maximum machine green-light time allowing increased production time on valuable machines.

In addition to this advanced machinery and software, PDQ's plant has been organized to accommodate short runs, and their selection of equipment has aided in substantially reducing setups and lead times, making these short runs cost effective. The PDQ staff is divided into self-directed work teams, which are constantly being trained and cross-trained. Team Leaders participate fully in the corporate decision-making process. PDQ employs the CIM (Computer-Integrated Manufacturing) model with a closed loop information system, which is accessible to all team members throughout the organization.



The EML 3610NT/TK/ASR, punch laser technology combined with automated storage and retrieval.

In addition to PDQ's precision work and exceptional quality, two main factors set them apart from the competition:

- **ISO Certification:** In February of 1994, PDQ was registered with Underwriters Laboratories and British Standards Institute for ISO 9002:1987(E), since updated to the 2007 revision.
- **Minority/Woman Owned status,** acquired in 2006

PDQ Manufacturing also provides product from a highly technical facility in Staatsburg, New York. This facility features state of the art manufacturing resources to include: design, development, prototyping, fabrication services, inventory management, packaging, and distribution. Although PDQ is not a "major" player in the industry it offers unique services as a result of its size. The ability to control all aspects of the product dramatically reduces the lead time from design to market.

As a member of the Council of Industry since 1970, PDQ Manufacturing has benefited from several CI programs. Members of PDQ's team have participated in Lean Manufacturing classes, Executive Training, and Certificate in Manufacturing Leadership training. The Council also keeps PDQ up to date with local and state-wide events related to the manufacturing industry and provides a community of peers within the manufacturing industry with whom manufacturing challenges and solutions can be discussed and ideas can be exchanged.

Continued from Page 12

Financial Matters

on September 19, 2011, entered into a Memorandum of Understanding ("MOU") to share information and collaborate on the issue of employees who have been misclassified as independent contractors.

Under the MOU, the DOL, at its discretion, will refer to the IRS any data that it believes may raise IRS employment tax compliance issues related to misclassification. The IRS will evaluate and classify employment tax referrals provided by the DOL and, at the IRS's discretion, conduct examinations to determine compliance with employment tax laws. The IRS will also, at its discretion, share the DOL employment tax referrals with state and municipal taxing agencies that are authorized to receive tax return information under approved agreements with the IRS. With respect to information pertaining to VCSP applicants, the IRS advised that it will not share such information with the DOL or state agencies.

New York is expected to sign a similar MOU with the DOL. Colorado, Connecticut, Hawaii, Illinois, Maryland, Massachusetts, Minnesota, Missouri, Montana, Utah and Washington have already entered into similar MOUs with the DOL.

ACTION SUGGESTED: Given the IRS's increased efforts to combat employee misclassification and the extremely favorable settlement terms offered under the VCSP, employers should evaluate whether their independent contractors and nonemployees should actually be classified as employees. If so, the employer should consider the nontax implications of participating in the VCSP before applying for the program.



SINCE
1948

MID-HUDSON WORKSHOP
For The Disabled, Inc. A 501(c)3

OUTSOURCING SERVICES

Assembly, Fabrication, Fulfillment, Packaging, & More

188 Washington Street

Poughkeepsie, New York 12601

midhudsonworkshop.org

BILL DELTOSTA

Director of Sales & Marketing
bill@midhudsonworkshop.org

OFFICE: (845) 471-3820

CELL: (845) 656-4229

FAX: (845) 452-3407



Continued from Page 4 Personnel Matters

Retain for 2 Years: Basic employment and earnings records, wage rate tables, job descriptions, actual work completed, wage additions and deductions, evaluations, merit or seniority systems, and wage differential payments to employees of the opposite sex and same position.

- FLSA / Equal Pay Act
- Retention Requirements
- Retain for 3 Years: Collective bargaining agreements; employee and payroll information.
- Additional Retention Requirements

Retain for 2 Years: Explanation of merit or seniority systems; employee time sheets or cards.

FLSA / Tipped Employees

- Application
- Employees who receive tips as part of required wages
- Retention Requirements

Retain for 3 Years from the Date the Record is Created:

- Time paid for hours worked each day in a tipped position
- Time paid for hours worked each day in a non-tipped position
- Tips received and accounted for or turned-over to the employer in a weekly or monthly amount

Family & Medical Leave Act (FMLA)

- Application
- Applies to employers with 50+ employees as defined by the FMLA.

Retention Requirements

Retain for 3 Years: Detailed payroll and employee data, records of FLMA leave, copies of all employee notices and documents describing FMLA policies, records of premium payments made by employees on FMLA leave, copies of requests for leave and notices to employees responding to requests for leaves and designating leaves as FMLA leaves, records of any dispute regarding the designation of a leave as FMLA-related. Any medical records must be kept in a separate, secure location.

- Internal Revenue Service (IRS) Regulations
- Application
- All employees
- Retention Requirements

Retain for 4 years after payment, deduction of taxes, or due dates of returns: Basic employee data (name, address, Social Security number, and birth date), pay records (daily and weekly hours, overtime, tips, deductions from pay, taxes withheld, fringe benefit payments, and the amounts and dates of wage payments), copies of employee withholding forms (W-4 or W4-E), annual records of total wages and taxable pay, documentation describing why any taxable pay did not equal the total pay for an employee, the amount paid into the state unemployment fund (including employee pay deductions), and experience rating data.

Note: Retention can be extended by the IRS as long as records are pertinent to a tax filing in question. For this reason, many experts recommend keeping IRS-related records indefinitely.

Additional Regulations & Recordkeeping Requirements

Additional regulations and recordkeeping requirements may apply to your business and employees.



Complete Protection

for all of your business insurance needs:

Commercial Lines • Group Benefits
Workers Compensation



Call Dan Southard or Kim Whelan at (845) 338-6000 for details!



HOME & AUTO • BUSINESS • EMPLOYEE BENEFITS

Insurance products and services available through Ulster Insurance Services, Inc., a subsidiary of Ulster Savings Bank, are NOT FDIC INSURED.

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



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.**