



Council of Industry Newsletter

May 2013
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Issue 5

Manufacturing Champions to be Honored at Award Breakfast on May 23rd

The Council of Industry will hold their annual Manufacturing Champion Awards Breakfast on May 23rd at the Powelton Club in Newburgh to honor individuals and organizations who through vision, dedication, hard work and tireless involvement have helped to overcome some of the many obstacles faced by manufacturers in the Hudson Valley community and in so doing they have made it possible for manufacturers and their employees to prosper.

This year's award winners are Jim King, IBM Integrated Supply Chain, Global Execution Planning and Inventory Manager; Ulster County Executive Michael Hein; and the SUNY New Paltz School of Business.

Private Sector Champion Jim King has over 30 years of manufacturing experience, including leadership roles across the diverse Supply Chain and most recently managed the Poughkeepsie Manufacturing Operations team. Under Jim's leadership, the Poughkeepsie facility has successfully adapted to become competitive in the global landscape (in terms of cost, quality and delivery metrics) so much so that IBM is relocating manufacturing from Rochester, Minnesota.



Public Sector Champion Ulster County Executive Michael Hein has worked hard to reduce the cost of government while making it more effective and responsive to its citizens. In his first four years in Office Mike Hein has proved to be a huge supporter of manufacturing. He understands that hiring a qualified workforce is one of the primary issues facing today's manufacturers and he worked to secure training funds for Ulster County manufacturers. County Executive Hein has also fought routinely so that industry can continue to prosper in Ulster County. Such actions have included seeking incentives to retain Wolf-tec and Stavo Industries in Ulster County. With the County Executive's help, these businesses revitalized a vacant industrial building in the heart of mid-town Kingston and kept important advanced manufacturers in Ulster County. In 2011 County Executive Hein demonstrated his commitment to taxpayers by producing a budget with no increase in the County property taxes. His 2013 Executive Budget will decrease Ulster County's real property taxes. This effort is one among many County Executive Hein has undertaken to ensure that Ulster County continues to be a great place to live, work, visit and raise a family for decades to come.

Organization Champion SUNY New Paltz School of Business has, since its establishment in 2001, responded to the needs of manufacturing by establishing a curriculum to educate and train the business community. The School of Business has worked closely with the Council of Industry to provide training and education in global business and strategic management. The School recently received its AACSB accreditation the most distinguished available.



SCHOOL OF BUSINESS
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Training and Education

During this interactive Yellow Belt training, each group of participants will identify opportunities within their respective work areas and ways to improve those areas utilizing taught problem solving tools.

Reading and Understanding Blueprints

Dates: Wednesday, June 5, 2013 **Time:** 8:30 am - 3:30 pm

Location: SUNY Orange Newburgh Campus, Tower Building, Room 309

Cost: \$55 Single participant - \$50 each for two or more from the same company

Who should attend: Machine operators, quality control inspectors, shop supervisors, metalworking manufacturing personnel, engineering managers, and other manufacturing persons interested in learning to read manufacturing prints or updating their knowledge in this area. Participants will learn to identify the essential details and interpret the dimensions and tolerances found on engineering drawings. Actual blueprints for hands-on study will be available.

Description: A six hour, one day hands on program will enable participants to accurately and effectively use blueprints to obtain the information they need to do their jobs. Topics will include:

- Blueprints – Are they really blue?
- Reading Prints
- Proper handling of prints
- Scrutinize the Details
- Symbols and schedules
- Each Kind of Line Has a Meaning
- Locating and Reading Information Blocks
- Graphic Scale vs. Stated Scale
- Tolerance - Allowable degree of deviation from given dimension
- Component Name
- Intended Use
- Blueprint or Part Number Associated with the Component
- Name of the Company or Engineer that Designed the Component
- Orthographic Projections: top or plan view, elevations or side views
- Sections
- Isometrics and perspectives
- Viewing the Blueprint as a Whole Diagram – How Parts Work Together

To register online go to http://www.councilofindustry.org/training/category_courses.html#technology or email training@councilofindustry.org or call (845) 565-1355.

Sign Up Now for Lean Six Sigma Yellowbelt Training

Dates: June 25, 26, 27, 2013 **Time:** 9:00 am - 4:30 pm

Location: Business Resource Center, Kingston, NY

Cost: \$380 per person* **Instructors:** Vinnie Buonomo and Dr. Don Baker, RIT
**Groups with a minimum of 3 people from a company are required for this training.*

This is an approach to process improvement that merges the complementary concepts and tools from both Six Sigma and Lean approaches. The resulting approach will have greater impact than one that centers on only Six Sigma or Lean. Participants will learn a short history of each approach and how they can complement each other. They will be introduced to the Define, Measure, Analyze, Improve, Control improvement process and some of the tools associated with each stage.

Control improvement process and some of the tools associated with each stage.

During this interactive Yellow Belt training, each group of participants will identify opportunities within their respective work areas and ways to improve those areas utilizing taught problem solving tools. The teams will present their identified work area opportunity and suggested solutions.

To register online go to http://www.councilofindustry.org/training/category_courses.html#Leansixsigmayellow or email training@councilofindustry.org or call (845) 565-1355.



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Council News

Environment, Health & Safety Sub-council Meeting: DEC Proposed Audit Policy

On Friday, April 26th The Environment Health & Safety Sub-council was educated on the New York State Department of Environmental Conservation's recently released proposed Environmental Incentive Policy, which is aimed at improving practices at businesses, local governments and other regulated entities to better protect the environment and prevent pollution. While the DEC has not yet released information on how this policy will be implemented, Scott Nostrand, P.E., Barton & Loguidice, discussed the Proposed Audit Policy, including ways get your environmental compliance house in order.



The key message of this proposed policy is that now is the time to get your environmental house in order. This is when companies can address issues they have been avoiding. The incentives include (depending on the infraction) penalty wavier, gravity component adjustments, and Economic Benefit Component offers which include investing the penalty amount back into bringing your facility into compliance.



Nostrand predicts this program will be implemented in a way similar to the EPA's self audit program for hospitals, colleges and public highway garages. If this is the case it means that companies that participate should be exempt from surprise inspections, but we will have to wait and see how the implantation phase goes.

Nostrand's suggestions include making sure you have a good policies in place, Make sure all labels, documents, reports and paperwork are complete and up to date and easily accessible.

He also says to know your acronyms, SPCC—Spill Prevention Control & Countermeasures, PBS—Petroleum Bulk Storage, CBS—Chemical Bulk Storage, SPDES—State Pollution Discharge Elimination System, RCRA—Resource Conservation and Recovery Act.

If the program is similar to the EPA one there is the potential for it to be beneficial to the companies that participate.

Paying Your NY Employees – It Is More Than Just Writing a Check

Topic: New York State's Wage & Hour Requirements – Update and Review

When: Wednesday, May 15, 8:30- 10:00 am

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

Cost: None for members

Employers can get tied up in the morass that is New York's wage and hour laws. This presentation by **Devora Lindeman, Esq. Partner, Greenwald Doherty, LLP** will look the following questions:

- Which employees need to be paid weekly?
- What can you deduct from an employee's pay checks?
- Do employees have to get two paid breaks per day, morning and afternoon?
- Who, really, is an independent contractor?
- No one paid on a salary is entitled to overtime pay, right?



Get practical information on New York's wage and hour requirements from an experienced employment lawyer.

Devora L. Lindeman is a Partner with Greenwald Doherty LLP, a labor and employment law firm exclusively representing man-

agement in relationships with employees and unions, with offices in New York, New Jersey, and Connecticut. She provides management training to employers and employer associations on these and other topic. Lindeman received her undergraduate degree from Sarah Lawrence College and graduated from Rutgers School of Law—Newark with Highest Honors. During law school, she served as the Notes & Comments Editor for the Rutgers Law Review. On graduation, she was inducted into both the Order of the Coif and the Order of the Barrister. She then clerked for the Honorable Stanley R. Chesler, U.S.M.J., in the District of New Jersey. Lindeman has practiced management-side labor and employment law ever since. She is admitted to practice in New York and New Jersey.

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

Personnel Matters

The Use of Influence

One Pillar that really stood out was "Follow up". Often times when employees make suggestions they fall on deaf ears. It is important to recognize that this is a vital source of feedback and possible innovation on your processes.

"To earn respect, you have to give respect," was just one of the many leadership skills addressed at the April 19th Leadership Network Meeting at Viking Industries. The graduates of the Certificate in Manufacturing Leadership Program have formed a networking group which meets quarterly to discuss different aspects of leadership and maintain the connections formed among participants in the classes from different companies. The recent meeting at Viking Industries in New Paltz, NY addressed the Use of Influence.

Michael Cozzolino, Plant Manager for Viking Industries, explained to the attendees that honesty, trust and caring about the people you work with helps to build your influence with them. When people respect you they will want to do things for you as opposed to when someone comes in and demands people do things "because I said so and you should respect me." Cozzolino says managers need to show a genuine interest in people and what is going on in their lives. Building a rapport with people is important but you must also set boundaries. This involvement will also help managers to tell when an employee is not telling them the truth about situations, good managers can intuitively sense when someone is not being honest with them.

Another way to build influence is to allow people the opportunity to succeed or fail on their own. By giving them the responsibility to make choices and



also spoke to the leadership group about his experiences and philosophies.

Croce laid out the Five Pillars of Management:

- Set expectations
- Get feedback on expectations
- Follow up (on suggestions, whether positive or negative)

- Delegate
- Develop people

One Pillar that really stood out was "Follow up". Often times when employees make suggestions they fall on deaf ears. It is important to recognize that this is a vital source of feedback and possible innovation on your processes. Even if it is not a viable suggestion, Croce points out that it is important to let the person know why their suggestion was not implemented. Providing such feedback encourages employees to formulate stronger suggestions in the future.

Croce shared Six Values of successful managers with the group as well:

- Communication –make sure you are clear; paraphrase or repeat instructions back
- Integrity – be honest and genuine
- Accountability
- Continuous improvement
- Have fun
- Be caring

Demonstrating these values will increase your personal power and influence and people will respond well to you when you ask them to do things because they will want to do things for you. It is also important to follow up, not only with someone who completed a task but with yourself. Continually review your interactions with others and conduct after action analysis of situations that went well and those that did not go as well.

The group was treated to a tour of the Viking Industries facility and came away with the words of wisdom from two well respected leaders fermenting in their minds. The next Leadership Network meeting will be in the early fall, watch the CI Newsletter and Weekly Update for more information.

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More Personnel Matters

Six Steps to Improve Performance Evaluations

By Rebecca Mazin, Recruit Right

Performance evaluations, appraisals, reviews, whatever you call them people have strong opinions about the process. Whether you love them, hate them or fall somewhere in between they are a policy requirement for many organizations. The process can be viewed with trepidation and about as much enthusiasm as a nasty medical procedure or facilitated with forethought and preparation.

Here are six steps for both fans and foes to improve evaluations.

1. Know the Program

Review any policy that describes the appraisal process, timeline, approvals and how results are used. If something is not consistent with practice ask about it. When there is no written policy follow up to identify the expectations. Clarify due dates, formats and flow.

2. Understand the Rating Scale

What does an outstanding rating mean? Is a 3 on a 1 to 5 scale a good rating or merely mediocre? Look for definitions of rating scales and ask questions to make certain you are applying them correctly. Be wary of the philosophy that no one can achieve the top grades. Why use a system that rates from unacceptable to excellent if no employee can be excellent?

3. Do Your Homework

Check all available records and results for documentation, both positive and negative, to back up ratings and comments. Looking at last year's evaluation is a good place to start, particularly if you were not the manager at the time. If previous evaluations seemed inflated, or overly harsh, pull the team together and explain your philosophy and the tools you will use for the process.

4. Think About the Outcome

What are you trying to accomplish with the performance evaluation conversation? Do you want to motivate the employee to pump up performance, prepare them for a promotion or help them continue to excel? Think about the broader picture and not simply the document on the desk. This is also the time to be ready for possible reactions to good news and reminders of less than stellar results.

5. Make it a Conversation

"Here is your evaluation, sign it," is not an appraisal discussion. (Although I have heard this.) This is your opportunity to sit down with staff and devote time to talking about their performance. Use it wisely and make certain that it is a conversation that helps to build a relationship of trust.

6. Start Planning for 2014

Don't wait until the 2014 procedure is issued to plan for the next evaluation. Talk to employees throughout the year about performance results, keep notes of your conversations and document the good and the bad. Starting now will make the process easier in the future.

Rebecca Mazin uses her HR expertise to provide consulting, training, and writing that produces measurable results in a range of industries impacting organizations from small startups to industry giants. She wrote The Employee Benefits Answer Book: An Indispensable Guide for Managers and Business Owners and co-authored The HR Answer Book: An Indispensable Guide for Managers and Human Resources Professionals. Follow Rebecca on Twitter @thehranswer. Learn more at www.recruitright.net.



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LENDER

Legislative Matters

The proposed Corporate Franchise Tax Reduction bill, S. 3562, would create an exemption from this tax for businesses engaged in manufacturing and related sectors. Phasing out the tax would be accomplished over two fiscal years, eliminating 50% of the imposition the first year and 100% the next.

Reduction and Elimination of Article 9-A Corporate Franchise Tax on Manufacturers

By Karyn Burns, Executive Director of the Manufacturers Alliance of New York

In order for business & manufacturers to assist New York State in regaining its financial footing, a better business climate is needed. A reduction and elimination of the corporate franchise tax on manufacturers will allow businesses to do what is needed most: invest in their companies, capital growth, grow jobs and sustain their communities.



Issue

Article 9-A of the New York code of laws imposes a state franchise tax of 7.1% on general business corporations. The Corporate Franchise Tax serves as an impediment to the economic development of manufacturing business in New York State. Amidst a troubling climate for manufacturing operations in New York, this tax effectively reduces business revenue that could be reinvested to promote job creation and growth. While many businesses have relocated out of New York due to high taxes and other difficulties involved with doing business here, the corporate franchise tax continues to punish those who have chosen to stay and strive for success. It also puts New York State at a significant disadvantage when outside businesses looking to relocate often take their businesses to another state, sending those reliable high paying jobs elsewhere. The New York corporate income tax rate is the 11th highest in the US. The revenue lost to taxes by manufacturers of New York constitutes a small portion of the overall state tax revenue, less than 1%; however, this amount is a debilitating cost to these manufacturers and businesses which results in hindered growth and development.

Solution

The proposed Corporate Franchise Tax Reduction bill, S. 3562, would create an exemption from this tax for businesses engaged in manufacturing and related sectors. Phasing out the tax would be accomplished over two fiscal years, eliminating 50% of the imposition the first year and 100% the next.

The legislation would provide \$226 million in tax cuts for manufacturing business in the first year and \$453 million for the second year. Recent studies show that these funds remaining within the manufacturing business would result in job increases, profit gains, greater investments, rising disposable incomes, and a greater state gross domestic product both in the short and long-term. In these ways, the elimination of corporate franchise tax for manufacturers would benefit the state as a whole.

While there will be losses in terms of state tax revenue, predictions indicate that they will be minimal and that the benefit in economic growth and investment would be immediate. It is essential to note that the lost state revenue is merely a portion of less than 1% of total tax revenue.

Conclusion

This bill clearly shows the importance and acknowledgement of the immediate benefits a tax cut for manufacturers would bring to New York State and its economic revitalization. The Manufacturers Alliance believes that eliminating the corporate franchise tax for manufacturers will preserve and create jobs, foster New York's economic growth and development, and produce significant economic returns to the state.

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Work Force Matters

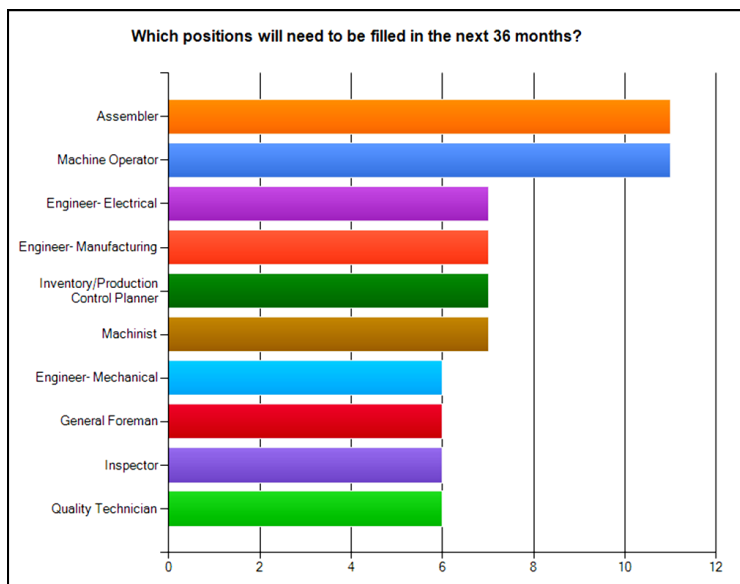
Skills Needs Assessment Survey

By Jorge Gonzalez, Council of Industry Intern

During March the Council of Industry conducted a Skills Needs Assessment Survey to assess the gap between the skills Hudson Valley manufactures require of employees and the skills that candidates for employment actually possess. The results will be used to inform educators, elected officials, and potential workers of the needs and to direct resources to ameliorate the problem. 38 firms completed the survey.

Here are a few items of note:

- Most companies agreed that assemblers and machine operators will be in short supply in the next 1 to 3 years. These jobs generally require only a high school degree.
- Half responded that they have at least 1-3 positions available. Another 7 companies responded that they have 4-10 positions available currently.
- More than half said that the shortage of available skills negatively impacted their ability to serve customers.
- Engineers of all types are in short supply – especially manufacturing and mechanical engineers.
- Most of the companies want to see high schools make sure students are proficient in basic skills (the “3Rs”).
- Most companies want Community Colleges to encourage internships/ on-the-job training.
- Both schools and companies need to work together to help students find jobs and fill positions respectively.



Closing the skills gap will not happen overnight, it will take time, energy and persistence. It will also require coordination and communication between industry, educators and students and employees.

What are companies willing to do to help?

- 26 companies responded that they were willing to attend a career fair.
- 22 companies responded that they were willing to host a tour for educators.
- 21 companies responded that they were willing to host a tour for students.

Closing the skills gap will not happen overnight, it will take time, energy and persistence. It will also require coordination and communication between industry, educators and students and employees. The Council of Industry the Manufacturers Alliance of New York and the National Association of Manufacturers as well as many other organizations and institutions are coordinating their efforts to close the gap.



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EHS Matters

NIOSH Developing Free Mobile Pocket Guide

From www.ohsonline.com Occupational Health & Safety



Donna Van Bogaert, Ph.D., chief of the Information, Resources, and Dissemination Branch at NIOSH, and Glenn Doyle, the NIOSH Web Coordinator, announced on the agency's Science Blog that NIOSH is developing a free mobile web version of the NIOSH Pocket

Guide to Chemical Hazards and seeks feedback from users on what to include in it. The guide, NIOSH's most popular document, has been available in print since 1978 and will continue to be, they wrote.

The Pocket Guide is used by a wide range of workers and managers in training courses and in the field, including during emergency response situations. The current, 424-page edition contains detailed descriptions of 677 chemicals commonly found in the work environment, along with details on exposure routes, recommended PPE, first aid, incompatibilities and reactivities, and much more.

"We know many people rely on the printed version, particularly in times of emergency when power may be out or signals down or overextended. The NPG will continue to be available for print. We also know that there is a growing demand for the NPG in a mobile version that could offer users more convenience and flexibility," Van Bogaert and Doyle wrote April 15.

They ask users to post comments -- at least eight commenters have weighed in, all of them welcoming the news -- about these assumptions:

1. A free mobile web version of the NIOSH Pocket Guide (NPG) would be a valuable tool for safety officers, industrial hygienists, emergency responders, and health professionals who treat workers.
2. Most professionals using the mobile NPG will be using iphone, ipad, and Android technologies.
3. Hands-free technology would be an important feature of a mobile NPG.
4. A small mobile device will not be able to show all the NPG fields at one time. The

fields most important to show first are: Name, CAS#, Incompatibilities and Reactivities, Exposure Symptoms, First Aid.

5. Not everyone will have the resources to access the NPG mobile version. Other ways NIOSH could make the NPG easier to use might include posting a downloadable EXCEL database. Users could decide which pages and fields to print and eliminate information that wasn't useful in their specific situations.

OSHA Releases Booklet for Responders Encountering Combustible Dust

From www.ohsonline.com

OSHA has issued a new booklet, "Firefighting Precautions at Facilities with Combustible Dust," to aid emergency responders who may face fires and explosions caused by combustible dust.

"This booklet will keep both emergency response and facility workers safe by giving them a framework to prepare for potential emergencies involving combustible dust," said Assistant Secretary of Labor for Occupational Safety and Health Dr. David Michaels. "Stakeholders that have reviewed the booklet, including fire chiefs and union health and safety representatives, describe it as 'An excellent resource for explaining the hazards associated with combustible dust and outlining the best practices for pre-incident operational preparation by emergency responders.'"

Since 1980, more than 130 workers have died and more than 780 have been injured in combustible dust explosions, according to OSHA. The publication describes how combustible dust explosions occur and uses previous incidents to illustrate how firefighting operations can prevent dust explosions. It explains the preparations emergency responders can make before a response and how these preparations will affect the operational plan during a response.

Fires typically are precursor events to combustible dust explosions. Many materials in dust form can be explosive at certain concentrations in the right circumstances, including metals, wood, plastic, rubber, coal, flour, sugar, and paper.

This will make the agency's most popular document a true pocket guide, one commenter observed.

NIOSH officials want feedback from users to help them decide how to organize the content.

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.



CI Calendar of Training and Events

May 8	<u>Certificate in Manufacturing Leadership: Making a Profit in Manufacturing</u> — 9:00 am— 4:30pm at Dutchess Community College, Bowne Hall, Poughkeepsie, NY.
May 15	<u>Human Resources Sub-council meeting—Wage & Hour Update</u> — 8:30– 10 am at The Council of Industry Office, Newburgh, NY. Speaker: Devora Lindeman, Greenwald Doherty LLP. No cost to attend for members.
May 22	<u>Certificate in Manufacturing Leadership: Environment, Health, & Safety Risk Management</u> — 9:00 am— 4:30pm at Dutchess Community College, Bowne Hall, Poughkeepsie, NY.
May 23	<u>Manufacturing Champion Awards Breakfast</u> — 7:30 –9:30 am at the Powelton Club, Newburgh, NY. Cost; \$30 a seat or \$215 for a table of eight.
June 5	<u>Reading and Understanding Blueprints</u> — 8:30—3:30 at SUNY Orange, Newburgh Campus, Tower Building Room 309. Cost \$55 per person or \$50 each for two or more from the same company.
June 14	<u>Senior Executive Network Meeting: Strategic Supply Chain Management</u> – 8:00 am – 10:00 am at Clarkson University's Beacon Institute, Beacon, NY. Speaker : Dr. Farzad Mahmoodi. No cost to attend for Members. To register email Alison Butler at abutler@councilofindustry.org or call (845) 565-1355.
June 25, 26, 27	<u>Lean Six Sigma Yellowbelt Training</u> — 9:00 am—4:30 pm at the Business Resource Center in Kingston, NY. \$380 per person, companies must have groups of at least 3 people attending.

*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.*



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Energy Matters

By answering these four simple questions, organizations can make strides toward setting the right budget priorities, choosing products that best suit their goals, and controlling energy costs.

Key Questions to Ask to Develop an Energy Purchasing Strategy

For the average manufacturing organization energy-related costs can account for close to 40 % of its total operating budget. In addressing these four key questions, you can identify ways in which your organization can better manage its energy budgeting, purchasing and usage.

Q: Does your energy budget align with operating strategies?

Many organizations set their energy budget by simply planning on a flat percentage increase year-over-year. However, there are opportunities to align with their key strategic goals. For example, if an organization is in growth mode and plans to open new facilities in the coming year, this will have direct implications on energy usage and may require a re-evaluation of its energy budget. In other instances, commercial businesses that may be focused on cost reduction may need to be more aggressive in exploring the lowest-cost options and opportunities for usage reduction.

In either scenario, an organization's energy purchasing and budgeting should align with its strategic goals.

Q: How much information do you have to help you evaluate your energy spend, create usage forecasts, and set accurate budgets?

•Leading energy suppliers can provide commercial and industrial customers with performance assess-



- Historical volume data
- Market trends
- Archives of previous bills
- Benchmarking data

Together, these intelligence tools go a long way toward helping firms plan their budgets and preferred product types.

Q: Have you considered a full range of pricing product options?

A supplier that offers a variety of pricing product options can significantly impact budgeting because it can offer solutions for customers at any point on the risk-tolerance spectrum.

For example, indexed products let customers buy all their energy at the market rate, while various hybrid products can be tailored to let slightly more risk-averse buyers decide what portion of their costs will be tied to the market. And for the most risk-averse buyers, fixed-price products offer budget certainty.

Suppliers may also offer products with built-in price protection mechanisms, or solutions that help organizations meet their sustainability goals. The best suppliers have the resources and stability to provide a full range of choices to meet their customers' diverse needs.

Q: Have you conducted an evaluation of recent energy bills to compare them to those of other energy suppliers?

By conducting an evaluation, customers often uncover new information about what they are paying for with each monthly energy bill, due to how their supplier structures pricing. Does the supplier include all the cost components in its rates, or does it break out those components and charge them in addition to the rate the customer was quoted?

By answering these four simple questions, organizations can make strides toward setting the right budget priorities, choosing products that best suit their goals, and controlling energy costs. The Council of Industry along with its energy buying consortium partner Direct Energy can help you with this process providing you the tools to develop the best strategy to manage your energy risk.

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Manufacturing Matters

How To Make the Most of Your Chief HR Officer

By Fran Hawthorne, Chief Executive.net

When Humana set out to hire a new chief human resources officer last year—to replace a 13-year veteran who was retiring—the \$37 billion, Louisville-based health insurance giant didn't ask applicants only about their HR credentials. "We wanted a CHRO who had a strong business mind and experience in operations," says CEO Bruce D. Broussard. "We find that the closer the individual is aligned to the operational and strategic direction of the organization, the stronger partnership they have with the executive team."

Indeed, the person Humana ultimately picked in January, Tim Huval, was the senior vice president for consumer service and operations at Bank of America, not the HR chief.

The CHRO's role has become not only strategic but also intensely personal, as CEOs increasingly turn to these executives for advice on everything from corporate culture to conflict in the C-suite and career coaching. The growth of social media has also enhanced the human resources director's responsibility as an intermediary with the work force. Some CEOs, in fact, see no reason to limit their HR guru to HR.

Umpire, Advisor, Counselor and Coach

As the keeper of the personnel files, the HR director has traditionally been the chief executive's confidential advisor when it comes to matters like hiring, firing and promotion. But now that function has expanded, and the CHRO has become an all-around sounding board for the entire executive circle.

"It's a very difficult role, of being an umpire, a trusted advisor—kind of the conscience of the team," says Manuel de Miranda, head of the HR practice at the Zurich-based executive search firm Egon Zehnder. "This is the one the CEO can most trust to answer questions like, 'How did you think the meeting went? How do you think this individual reacted when I mentioned that element of the strategy?'"

Broussard says that when he first came to Humana in December of 2011, the then-CHRO, Hathcock, "was able to give me a very strong perspective on the executive team and the senior leadership team." And when two Fortune 100 clients were working on CEO succession planning last fall and summer, de Miranda says, the only managers in the room with the board were the CEO and the human resources chief.

One reason for this reliance on the CHRO is that presumably an HR expert is well-trained in "people skills." In addition, some experts say, the HR person can usually be neutral—neither defending an operating department against criticism, as a division head would do, nor gunning for the CEO job, like a chief operating officer or chief financial officer. "The CEO probably looks at the CHRO as the one who is least threatening to his own posi-

tion," de Miranda suggests.

Translating Twitter

It may seem less obvious

why the burgeoning use of social media should make the CHRO more of a corporate player. It used to be that the CEO didn't necessarily hear what was going on lower in the organizational chart. Now you can reach him directly. The company has a blog, and the communication flow is so different. It's unfiltered information.

Even if rank-and-file workers are not e-mailing the CEO personally, they can certainly post lots of interesting comments on Twitter, Facebook and the corporate blog, and the CEO had better be aware of them. While the chief information officer is in charge of the technical part of such websites, it's the HR chief who is best positioned to know the undercurrents behind the postings.

With or without social media, "I need [an HR chief] who has a very effective ear to the ground in terms of the undercurrents of what's going on in the company," says Walter.

Walter says his HR chief, Joanne G. Hamilton, now attends all the executive meetings about major investments—not to make investment suggestions, but "to better evaluate the talent, to see the talent in action."

"Best-in-class CEOs are really relying on their HR head much more," Shanahan sums up. "If they've seen or worked with strong HR leaders, they can never go back."



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Financial Matters

Following the Supreme Court's affirmative ruling on the ACA and the general election results, business leaders have now come to the reality that they will need to implement the new law's requirements beginning in 2014, regardless of how they feel about the law itself.

The Costs of Healthcare

By Chad Moutray, The National Association of Manufacturers

In the most recent National Association of Manufacturers (NAM)/IndustryWeek survey of Manufacturers, 74 percent of respondents cited rising health care and insurance costs as their top concern. Other top challenges that manufacturers face include an uncertain political climate (72.1 percent), an unfavorable business climate (67.7 percent) and slower domestic sales (49.9 percent).

The fact that the cost of health insurance is now the primary concern of manufacturers more than likely comes from concerns about the implementation of the Affordable care Act (ACA) and double-digit increases in

health premiums. More manufacturers are contemplating how the ACA will impact their business. Following the Supreme Court's affirmative ruling on the ACA and the general election results, business leaders have now come to the reality that they will need to implement the new law's requirements beginning in 2014, regardless of how they feel about the law itself. In a survey conducted by the Deloitte center for Health solutions last year, 69 percent of manufacturers said that the ACA was a "step in the wrong direction." Many NAM members face uncertainties related to the ACA's implementation, ranging from how the exchanges will be set up to the many still-pending regulations on the topic coming from the U.S. Department of Health and Human Services

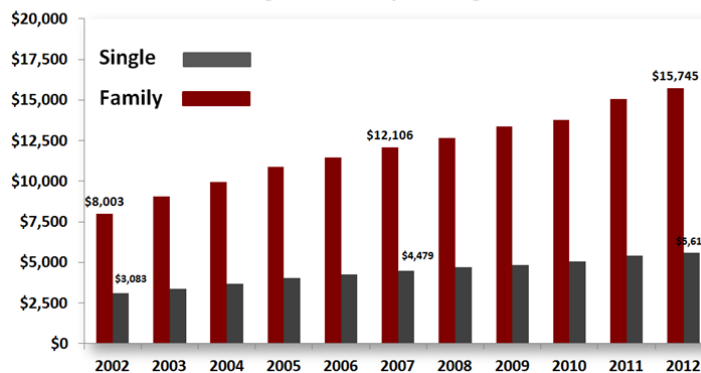
(HHS). With "open season" for benefit plans beginning in October or November for many firms, that does not give manufacturers much time to get the answers that they need.

On the cost front, significantly higher premiums for health insurance cov-

erage have been a persistent frustration for manufacturers for many years. The average annual cost of health insurance for a family in the manufacturing sector has risen steadily over the past decade, up from \$6,549 per year in 2000 to \$14,765 in 2012. The data come from the latest Health Benefits survey released in September from the Kaiser family foundation and the Health Re-

search & Educational Trust, as well as previous reports. Specifically, family premiums increased almost 7 percent for manufacturers between 2011 and 2012, with a nearly 30 percent jump since 2007 and have

Average Annual Premiums
Single and Family Coverage



more than doubled in the past 12 years.

Manufacturers have one of the highest levels of eligibility and take up rates for health insurance in the private sector. Frustrations with this issue stem mostly with cost, not with whether or not to provide coverage to their workers. In fact, 97 percent of manufacturers offer health care coverage to their employees. Eighty-three percent of eligible workers in manufacturing participated in their employers' health insurance plan in 2012, according to the Kaiser family foundation survey. The only sectors with higher take-up rates than manufacturers were state and local government (90 percent) and finance (84 percent).

In conclusion, it is perhaps not a surprise that health care is the top concern of manufacturers right now. Many business leaders continue to fret about the implementation of the ACA, and they anxiously await the drafting of new regulations from HHS to address some of the unknowns that exist. The NAM will continue to follow this process closely. At the same time, sharp rises in insurance costs both this year and in previous years have hurt the bottom line of many businesses, pushing up average compensation for workers, as well as causing some firms to hold back on hiring.



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Continued from front page

The 2013 award winners join a well-respected group. This is the sixth year the Council has presented the awards and past Manufacturing Champions include: Carole and Richard Parker, FairRite Products; Jack Effron, EFCO Products; Taylor Thompson, Millbrook Technologies; Richard Croce, Viking Industries, Roger Smith, Pawling Corporation; New York State Senators William Larkin and Stephen Saland; Orange County Executive Ed Diana; Dutchess County Executive Marc Molinaro, and Central Hudson and the HVEDC.

To join in the celebration go to the Council of Industry website www.councilofindustry.org for more information and online registration. The award breakfast will be held on **Thursday, May 23rd from 7:30 to 9:30 am at the Powelton Club in Newburgh, NY. Seats are \$30 each or \$215 for a table of eight.**

The Council of Industry would like to thank the supporting sponsors that make this award breakfast possible:



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Consumer Price Index for March 2013

				<u>Point</u>	<u>%</u>	<u>% Increase</u>
Wage Earners & Clerical	<u>Feb. '12</u>	<u>Feb. '13</u>	<u>Jan. '13</u>	<u>Increase</u>	<u>Month</u>	<u>Year</u>
1967=100	674.09	683.08	681.16	1.93	0.3	1.3
1982-84= 100	226.30	229.32	228.68	0.65	0.3	1.3
All Urban Consumers						
1967=100	687.16	697.28	695.47	1.82	0.3	1.5
1982-84=100	229.39	232.77	232.17	0.61	0.3	1.5
Hudson Valley unemployment rate for March 2013 = 7.2%						

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

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Member Profile

Glasper recognized that the people are the strength of the company and has refined his hiring process to ensure the right people are put in the right positions to create a strong team.

Member Profile: Mechanical Rubber Products

Year founded: 1941

Location: Warwick, NY

Products and services:
Custom contract manufacturer of high quality rubber, plastics, and metal products.

Website:
www.mechanicalrubber.com

Mechanical Rubber Products (MRP) has been providing solutions to the needs of a variety of industries for over seventy years. They manufacture high quality, custom rubber, plastics and metals products using cutting edge technology. Their innovation and dedication to quality ensure the highest standards are met with each order. "Mechanical Rubber is a solutions -based company," explained Cedric Glasper, President and CEO of Mechanical Rubber Products. It is Glasper's can-do attitude that has taken the company from bankruptcy when he acquired it to the vibrant company it is today.

Mechanical Rubber Products was founded by Stanley Kogut in 1941 when he decided to quit his job at Continental Rubber Compa-

ny and open his own company in a rented garage in the Bronx. Not long after World War II began and the company took off. By 1948 the company had out grown the original facilities and relocated to a larger building in Warwick, NY.

Over the years Mechanical Rubber Products has had its ups and downs. Highlights include supplying the high pressure window gasket for the Lunar Expedition Module in 1969, being acquired by Kendavis Industries of Fort Worth, Texas in 1978 and then by Carey Industries of New York in the late 1980s. This was a difficult time for the



company, which was bankrupt by the time the current owner Cedric Glasper acquired it in 1995. Glasper was able to turn things around

and Mechanical Rubber Products then acquired Minisink Rubber in 2000.

President and CEO Glasper capitalized on one of MRP's strengths, the people who work there. "People are the biggest asset," he said. "Constant improvement of people is critical to success." When Glasper took over the bankrupt company, he had to first layoff the staff and then rehire them back again as part of the acquisition agreement. Only a small percentage of the employees returned to be rehired, which provided a great deal of insight to how the company had been run. Glasper recognized that the people are the strength of the company and has refined his hiring process to ensure the right people are put in the right positions to create a strong team.

These dedicated employees ensure Mechanical Rubber Products commitment to quality. Aviation and Aerospace are the largest industry served by MRP with customers such as



Mechanical Rubber produced a high pressure window gasket for the Lunar Expedition Module in the 1960s.

Bombardier, Learjet, and Gulfstream. There isn't a product line; according to Glasper, "we're not limited. We don't restrict what we can do. If it's something we've never done before, we seek to find a solution that will satisfy the customer's requirements." The primary material manufactured by MRP is rubber but the company is expanding more and more to include polymers as well as aluminum and other metals.

Continued on page 15



The manufacturing processes have been refined over time. "What's old is new," commented Glasper. "The science is the same, but the art of producing products is just that, an art. It's learned over time, not plug and play." Mechanical Rubber's products are specialty manufactured to fit into a customer's specific niche. That requires being creative and consistently seeking to ensure quality and innovation in all aspects of production. The company is AS9100 Rev. C / ISO9001:2008 certified and US Government Spec. MIL-I-45208 compliant. Rubber is used in a wide variety of applications and MRP is here to provide solutions.

Mechanical Rubber Products has been a member of the Council of Industry since 1999. The Council has provided a good source of networking and has been a way for Glasper and the company to share experiences with others in the industry.



One of Mechanical Rubber Products lab technicians at work.

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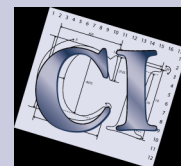
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