



Council of Industry Newsletter

May 2012
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Issue 5

Council of Industry to Honor the 2012 Manufacturing Champions at Award Breakfast on May 18th



CI Executive Vice President Harold King congratulating last year's private sector Manufacturing Champion Richard Croce, President of Viking Industries.

The Council of Industry will honor the 2012 Manufacturing Champions at an Award Breakfast on May 18th at the Powelton Club in Newburgh, NY. The Manufacturing Champion Award is an honor bestowed on individuals, from both the public and private sector, and an organization, 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 years recipients are Richard and Carol Parker - Fair Rite Products Corporation, Orange County Executive Ed Diana, and The Hudson

Valley Economic Development Corporation. The Council invites the **Hudson** Valley manufacturing community to attend the Manufacturing Champions Award Breakfast and show your support.

This year's Champions from the private sector, Richard and Carole Parker, are the founder and president of Fair Rite Products Corporation. Richard Parker, a pioneer of the early efforts to use ferrites for EMI energy attenuation, founded Fair Rite Products Corporation in Ulster County in 1952. Under Richard and his wife (and Fair Rite CEO) Carol's leadership Fair Rite Products has grown into a multinational business. Today, still based in Ulster County, Fair Rite Products is one of the world's leaders in development, innovation and manufacture of soft ferrite products, offering a comprehensive product line that includes a wide range of materials and geometries for EMI suppression, power applications and RFID antennas.

The public sector Champion is Orange County Executive Ed Diana. Serving as county Executive since 2001 Ed Diana believes that commercial investment is key to affordable taxes, good paying jobs, and quality communities. He has taken personal interest in numerous economic development activities affecting manufacturers including negotiating the Port Authority takeover of the management of Stewart Airport, the formation of the Orange County Business Accelerator, and the retention of major manufacturing employers Kolmar Labs and Satin Fine foods.

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Training and Education

A Simple Plan for Training ROI

By Kendra Lee, Training Magazine

Without a multi-level perspective, you miss a key step in tying the training to business success. We often hear varying needs from different people.



The training world continues to be all abuzz about return on investment (ROI), but there's much discussion about how to effectively and affordably do that. Before you design your training, begin with the end in mind. In other words, determine what your business success looks like before you start. You can do this by getting a multi-level perspective on the situation and then determining the scope, severity, and value to the company.

When you're called upon to create a new training program, interview not only the requesting manager, but also the sponsoring executive and some target participants. Without a multi-level perspective, you miss a key step in tying the training to business success. We often hear varying needs from different people. The sponsoring executive, who sees the financial forecast and knows the attrition rate, says, "We aren't generating enough revenue from new clients." The manager says the problem is that salespeople don't know how to craft value propositions or manage their prospecting time. The salespeople admit they aren't great at value propositions, but they also don't understand how to use the customer relationship management software and waste time navigating it. Without a multi-level perspective, you miss a key step in tying the training to business success.

As you plan for your multi-level interviews, keep in mind you need answers that get to the scope, severity, and value of the training so you can quantify the problem and give value to the solution.

Scope speaks to how widely across the organization the training will be delivered. How many people are impacted? Do other audiences need to be involved? If only one department of 20 needs to be trained, your solution will be very different than when the audience is 2,000.

Severity answers the questions: "How bad is the problem the training will address? And how is it impacting the company?" Something as simple as employees incorrectly or tardily filling out expense reports can be a minor detail—or a major one if many employees turn in inaccurate and late reports, especially during a financially tight quarter. Does the return to the company justify the expense?

Ascertaining the Value will give you an idea of: what the problem is truly costing the company, what your training budget can be, and what your training metrics should be. If the problem is declining revenue, then you know tracking revenue is going to be a key metric. If increased customer satisfaction issues are a problem, then you know you need to track that.

After completing this process, you then can effectively begin answering your first training delivery question: What should your training look like to provide ROI within the scope, severity, and value of the topic?

Taking the time to use this strategy in your analysis phase of design will help ensure that your sponsoring executive feels the training accomplished what he or she envisioned and that the training, indeed, ties into business results.

If you're unsure how to question to get to the heart of the matter, use the funnel questioning technique. For a job aid on this method, go to www.klagroup.com/resources/articles under Training Organizations.



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Council News

OSHA Update with Tom McCarthy

The OSHA Update Environment Health and Safety meeting was extremely informative and participants were able to gain not only knowledge about OSHA's latest initiatives and what to do or not do when OSHA visits your work place but also how to use the OSHA website, www.osha.gov. The one point presenter Tom McCarthy, Compliance Assistance Specialist for OSHA, could not stress enough was that the OSHA website is a tool that is available 24 hours a day seven days a week and anyone can access it. There is a wealth of information available, especially on the Small Business section.

McCarthy outlined the 2012 key initiatives for OSHA as Workplace Violence, Distracted Driving, Heat Stress, and the I2P2 (Injury and Illness Prevention Program) as well as the National Emphasis Programs for Lead and Primary Metals, Cranes and Derricks, and the new Hazard Communications for Globally Harmonized Systems. He also suggested that anyone interested in being kept up to date on the Health and Safety front subscribe to OSHA's Quick Takes newsletter which can be done from the OSHA website.

Another helpful link on the OSHA website is the Small Business section. Here manufacturers can find information on free OSHA consultations, how to become part of the SHARP program, other benefits and resources OSHA provides for small businesses. There is also the Safety Pays Program (follow this link: <http://www.osha.gov/dcs/smallbusiness/safetypayhtmls/index>.) This page has a cost estimator that will help see what financial impact injuries and illness can have on a company as well as the cost to prevent those same injuries and illnesses.

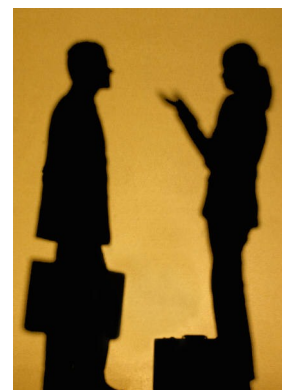
The take away from this meeting was that it is better to be prepared and proactive than to be caught off guard and reactive and OSHA has a number of resources to help employers to do just that.



Ask the Experts - Next combined HR and EHS Sub-council Meeting

Keep your afternoon open on June 28th! The next sub-council networking meeting will be a combined Human Resources and Environment Health and Safety group called "Ask the Experts" and is tentatively scheduled for 3pm—5pm on Thursday, June 28th at the Council of Industry office in Newburgh, NY.

The Council is putting together a panel of experts on labor law, safety regulations and best practices in general. Participants should write down those nagging questions and bring them along to ask our experts. The informal meeting will take place on the porch of the beautiful Desmond Campus at Mount St. Mary's College where the Council of Industry offices are located. Even if you don't have a question, this is an excellent networking opportunity so join us for the afternoon.



Look in the June CI Newsletter for more details including the experts that will be in attendance.

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MEMBER
LENDER

Personnel Matters

Marriage Equality Act

By Greg Chartier, President, HR Info 4 U, Council of Industry Associate Member

On June 24, 2011, Governor Cuomo signed the Marriage Equality Act (MEA) into New York State law. Under the new law, same sex couples have the same rights as opposite sex couples to marry and receive governmental benefits and treatment.

While the law sounds simple enough at first glance, there are serious implications and impacts for Human Resources and our firms. While the answers are not completely clear, there are three areas that we do need to pay attention to.

Retirement Plans

The Employee Retirement Income Security Act (ERISA) gives spouses of qualified retirement plans the right to either joint or survivor's benefits. However, another federal law, the Defense of Marriage Act (DOMA) states that, for federal purposes, a spouse may only be defined as someone of the opposite sex. Since, in most cases, federal law and ERISA in particular, pre-empts state law, these spousal retirement rights will not be extended to same sex spouses. So, the MEA will not apply to your qualified retirement plans. You should, though, check the definition of "spouse" in your retirement plan documents to make sure that it states "opposite sex couples."

Health Care and Other Insurance Plans

The New York State Insurance Department has long stated that same sex couples who are legally married in other states should be treated the same as opposite sex couples for health, disability and group life insurance plans programs.

While this seems simple, there are two types of these insurance programs; those that are subject to the New York State Insurance laws and those that are not. Plans that are subject to NYS laws must comply with the terms of the MEA. Those that are not subject to NYS laws are, typically, self-insured plans that are, instead, regulated by ERISA. As with retirement plans, ERISA pre-empts state law and employers who have self-insured health plans need not comply with the MEA.

However, self-insured employers may voluntarily offer same sex couples the same benefits as opposite sex couples. If you do extend this coverage to them, there are three issues to deal with:

- Federal tax exemptions and income exclusions for employee spousal coverage is not extended to same sex couples (per DOMA). You must report the value of this coverage as wages on the employee's Form W-2.
- Since DOMA defines spouse as someone of the opposite sex, you do not have to extend COBRA continuation coverage to same sex couples covered by your health plans. As with health benefits, though, you may voluntarily offer COBRA to these couples.
- If you have a self-insured health plan and purchase an insurance policy or stop loss coverage with a Third Party Administrator (TPA), make sure that your contract with the third party extends to same sex couples.



Taxes

The MEA gives same sex couples the same rights as opposite sex couples. NYS tax law states, however, that a term used in the state's personal tax law must have the same meaning as it does for federal tax purposes. What this means is that the marital status for NYS personal tax purposes should follow the federal definition of marital status. Since the Internal Revenue Code does not recognize same sex marriage for federal income tax purposes, same sex couples in New York should probably not file married, filing jointly on their state taxes.

In August 2011, the NYS Department of Taxation and Finance posted instructions on their website that says an employer should not withhold state income tax on benefits provided to an employee for same sex spouses if the benefit would not be taxable under federal law for opposite sex couples.

Summary

While the MEA attempts to extend the rights that opposite sex married couples enjoy to same sex married couples, there is clearly, more legislation to be addressed. When and if this will happen, is anyone's guess. In the meantime, it makes good sense to clearly communicate the issues and concerns to your same sex couples so that you do not create legal problems down the road.

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More Personnel Matters

When FMLA Intermittent Leave Leads to Suspicious Attendance Patterns

From The Kentucky Employment Law Letter

The Family and Medical Leave Act (FMLA) allows leave to be taken “intermittently” in certain situations. Intermittent leave often presents both logistical and employee relations challenges for employers, which must minimize the effect of intermittent leave on operations and address possible employee abuse while ensuring legal compliance. This article will discuss intermittent FMLA dilemmas and offer suggestions about how to best approach them.

What to do when an employee’s FMLA absences seem suspicious

Suspicious intermittent FMLA leave is a problem encountered by many employers. Fortunately, there are steps you can take to prevent it from becoming a problem. The first step is understanding what the Act allows.

The basics. The FMLA allows eligible employees to take up to 12 weeks of leave (more for the care of a covered military service member) in a 12-month period for any of a number of “qualifying reasons.” The Act allows leave to be taken intermittently provided the medical need for leave “can best be accommodated through an intermittent or reduced leave schedule.”

Certification. You may require an employee requesting FMLA leave to submit a medical health certification from a health care provider to support the need for leave. You should allow an employee at least 15 days to return a certification or recertification (discussed below) unless it is impracticable for the employee to do so despite his diligent good-faith efforts.

Recertification of conditions certified as lasting less than 30 days. If the original medical certification indicates that the minimum duration of the condition will be less than 30 days, you may request recertification of the condition every 30 days in connection with an absence.

Recertification of conditions certified as lasting more than 30 days. If the original medical certification indicates that the minimum duration of the condition will be more than 30 days, you generally must wait until the minimum duration expires before requesting recertification in connection with an absence. In all cases, you may request a recertification every six months (even if the original certification indicated the minimum duration is greater than six months) in connection with an employee’s absence.

When suspicious circumstances arise

The FMLA allows you to request recertification more frequently than every 30 days or inside the “minimum duration” period when:

1. the employee requests an extension of leave;
2. circumstances described in the previous certification have changed significantly (e.g., an employee has a pattern of using unscheduled FMLA leave for migraines in conjunction with her scheduled day off); or
3. you receive information that casts doubt on an employee’s stated reason for the absence or the validity of the certification (e.g., an employee who is on FMLA leave for four weeks to recover from knee surgery plays in a company softball league game during her third week of leave).

In seeking recertification for one or more of these reasons, you may request the same information permitted for the original certification.



Importantly, you may also give the health care provider a record of the employee’s absence pattern and ask the health care provider if the serious health condition and need for leave is consistent the pattern of absences.

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Legislative Matters

NLRB Update: Good News/Bad News

First the Good News..

On April 16th the Circuit Court in South Carolina has issued a ruling in a second lawsuit regarding the National Labor Relations Board (NLRB) posting notice rule. The Court ruled the NLRB does NOT have the authority to require all employers to post a notice in the workplace.

The NAM filed the first lawsuit against the posting notice regulation in DC Circuit Court presenting the same arguments, but the judge ruled the Board can require employers to post notices. The NAM and Coalition for a Democratic Workplace have appealed this ruling and requested postponing the effective date of the rule pending appeal.

The decision in the South Carolina suit means the Circuits are split and the chances for a delay in the effective date of the posting notice regulation have increased. The NAM filed for an injunction to delay implementation before the effective date of April 30th and that injunction was granted.

Now the Bad news...

In a largely party-line vote, the Senate failed to overturn the National Labor Relations Board ambush elections rule. S.J. Res. 36, sponsored by Senator Mike Enzi (R-WY) was rejected by a vote of 45-54. Senator Lisa Murkowski (R-AK) was the only Republican to vote with the Democratic majority in opposition to the resolution.

Manufacturers are extremely disappointed by this vote and with good reason. The ambush elections rule eliminates employers' ability to adequately prepare for a vote to unionize, denies employees the proper time to gain all the information needed to make such an important decision, and threatens to permanently damage workplace relations.

The ambush election rule, finalized by the NLRB last December, would compress the time from a petition for representation being filed and the actual election. It would also effectively strip employers of certain due process rights prior to the election. The rule is slated to take effect on Monday, April 30th.

It is still possible the rule will be delayed if a motion for injunction is successful in federal court. The U.S. Chamber of Commerce and the Coalition for a Democratic Workplace filed suit against the NLRB shortly before the rule was finalized. The NAM, a leading member of the Coalition for a Democratic Workplace, is supporting the suit and the motion for injunction. It is hoped a decision will be reached by the D.C. Circuit Court yet this week.



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More Legislative Matters

38th NYS Senate District Manufacturing Executives Tour of AERCO International with Senator David Carlucci

On Tuesday, April 24th, New York State Senator David Carlucci toured the new AERCO facility in Blauvelt, NY. Hosting a tour of with one of your local elected officials is a great way to educate not only the legislators about the issues that effect manufacturing, but to educate the public as well. Tours like this one at AERCO and several others that members have recently hosted receive a fair amount of media coverage. This is a terrific way to let your community know that manufacturing is vital to the Hudson Valley.



Senator Carlucci and Brian Gates, Vice President of HVEDC, listen attentively to AERCO President and CEO Fred DePuy.



Senator Carlucci and Brian Gates, Vice President HVEDC on the tour of AERCO in Blauvelt stop to talk to Anthony Laraia, VP of Operations at AERCO.

Another reason to have a plant tours is because it gives the legislator a feel for whom he or she is serving in the district and how a particular com-

pany and its employees might be affected by pending legislation. Simply stated, your legislator sees real people working real jobs —and how rising productivity supports a strong tax base.

If you would like more information on hosting a tour of your facility with local politicians, go to the Manufacturing is Vital page on the Council of Industry website www.councilofindustry.org or call our office (845) 565-1355 for more insight.

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Continued from front page

The Champion for an organization supporting Hudson Valley Manufacturing goes to the Hudson Valley Economic Development Corporation, the one-stop shop for companies considering relocating or expanding in the Hudson Valley region. HVEDC's recent focus on developing industry clusters including semi-conductor, food and beverage, bio-Technology and Medical Devices has proven very beneficial to all Hudson Valley manufacturers. In developing the services infrastructure these clusters need to succeed, all manufactures have benefited, not just those that are part of individual clusters.

The Manufacturing Champions Award Breakfast will be held on Friday, May 18th, from 7:30- 9:30 am at the Powelton Club in Newburgh, NY. Tickets are \$30 per person or \$215 for a table of eight and are available online at www.councilofindustry.org/events or e-mail Alison Butler at abutler@councilofindustry.org.

Sponsorship opportunities are available and make this event possible. To become a sponsor or to reserve your seat at the event go to www.councilofindustry.org or call the Council of Industry office (845) 565-1355.

EHS Matters

OSHA Announces Adoption of GHS Hazcomm Standard

From HRP Associates, Inc., A Council of Industry Member

Adoption of the Globally Harmonized System (GHS) into federal hazard communication requirements will allow U.S. manufacturers, employers and employees to use a hazcomm system that is much more recognizable worldwide.

On March 21st, OSHA announced it had adopted the new GHS-Hazard Communication Standard www.osha.gov/dsg/hazcom/GHSfinal-rule.pdf, thereby aligning OSHA's Hazard Communication standard with the United Nations' Globally Harmonized System of Classification and Labeling of Chemicals (GHS) standards.

In particular, GHS standardizes hazard communication by requiring a consistent format for safety data sheets and the use of pictograms to depict hazards. With the adoption of GHS, facilities are required to integrate GHS into existing safety programs including:

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



More and more businesses are engaged globally. As such, chemicals are used on an international level. This can lead to headaches for businesses when different countries have varying symbols for hazard warnings and differences with toxicity definitions and data sheets do not relay consistent information.

Part of the problem is that the OSHA hazard communication (hazcomm) standard that has been used in the U.S. has not been consistent internationally. Adoption of the Globally Harmonized System (GHS) into federal hazard communication requirements will allow U.S. manufacturers, employers and employees to use a hazcomm system that is much more recognizable worldwide.

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CI Calendar of Training and Events

May 2	Train the Trainer -9:00 am—4:30 pm at Bowne Hall, Dutchess Community college, Poughkeepsie, NY. Cost: \$200 single participant, \$175 for 2 or more from the same company. Class is full.
May 9	Making a Profit in Manufacturing -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. Class is full.
May 18	Manufacturing Champions Award Breakfast — 7:30—9:00 am at the Powelton Club in Newburgh, NY. \$30 per person or \$215 for a table of eight.
May 23	Environment, Health & Safety Risk Management -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. Two seats left—e-mail Training@councilofindustry.org .
June 28	Ask the Experts: HR & EHS Sub-council Network Meeting —3:00—5:00 pm at the Council of Industry Office, the Desmond Campus MSMC, Newburgh, NY. No cost for members to attend.
Aug 27	Council of Industry Golf Outing —save the date! More info to come...

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

Manufacturing Job Opportunities

If you have job openings and positions to fill:

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Manufacturing Matters

The Next Big Thing in Managing Innovation

By Henry Chesbrough

This past decade has been the decade of open innovation. In this decade, companies started to open up their research and development processes, involving customers, suppliers, universities, third parties and individuals in the innovation process.

The first decade of the 21st century brought about an incredible amount of technological advances — Facebook, Twitter, Android, iPod/iTunes/iPhone/iPad, and many other innovations transformed how we communicate, work, and live. But it is often the processes that helped create and manage these technologies that prove most enduring. Understanding the most important management innovations of the past will inform how we continue to expand and build on our knowledge to improve the innovation process in the future and advance human progress. So with a decade just ended, it is a good time to take stock of recent developments, and then look ahead to likely future management innovations.

To gain perspective, it's often helpful to take a look back at the management processes developed in earlier eras.

In the 1960s, a significant management innovation that fostered the development of many technologies of that era was the concept of Systems Analysis that Robert McNamara and his colleagues brought into the U.S. government, particularly in the defense sector. This was a comprehensive way to assign priorities to competing projects, based on their total costs and benefits.

In the 1970s, the success of the Apollo missions to the moon spurred management innovation in project management. Program Evaluation Research Techniques (PERT) were developed to map sequences and dependencies in complex projects, so that the critical path that determined the date at which a project would be completed could be identified. PERT charts also helped companies assess trade-offs when activities on the critical path began to fall behind schedule.

The 1980s saw the rise of total quality management in the U.S., as the principles of Deming and Juran, which had been so influential in Japan in the 1970s, finally found acceptance in their home country. Related processes like Six Sigma and Total Quality Management became widespread, as the U.S. struggled to compete with higher quality products from

Japan in many industries.

The 1990s witnessed the spread of supply chain management, as companies invested in sophisticated software and other tools to link themselves more and more closely with their key suppliers. The rise of the Internet allowed companies to link their supply chains closely to customer demand, as companies like Dell and Amazon took orders first, then organized the fulfillment of the customer's order through their networks of suppliers.

What about the decade just ended? There hasn't been much time to assess the many possible management innovations over the past decade, but one plausible suggestion is that this past decade has been the decade of open innovation. In this decade, companies started to open up their research and development processes, involving customers, suppliers, universities, third parties and individuals in the innovation process.

Armed with this perspective, where might management innovation go from here? I offer three short predictions:

First, management innovation will become more collaborative. Opening up the innovation process will not stop with accessing external ideas and sharing internal ideas. Rather, it will evolve into a more iterative, interactive process across the boundaries of companies, as communities of interested participants work together to create new innovations. Organizations like Syndicom, for example, have already established a community of spinal surgeons who meet up virtually to share effective protocols for screening patients for new therapies, and new methods and techniques to achieve better patient outcomes when utilizing those new therapies.

Second, business model innovation will become as important as technological innovation. It is generally accepted that a better business model can often beat a better technology. Yet companies that spend many millions of dollars on R&D seldom invest much money or time in exploring alternative business models to commercialize those discoveries.



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Energy Matters

2012 Natural Gas Prices: The 6 Biggest Results of Still Lower Gas Prices in 2012

Since the peak in mid-2008, natural gas has been playing an impressive game of limbo. Just when you thought it couldn't go any lower, down it goes. This month the price of natural gas in the futures market went below \$2.00. In nominal terms, natural gas hasn't been this cheap in more than 10 years. In inflation-adjusted dollars, we are looking at the lowest price since at least 1994.

The list of factors driving this downward plunge is straightforward: production increases have been outstripping demand, leading to record high stocks. Production capacity reached a record high just as the US went into one of the warmest winters on record. Now, seasonal forces are coming into play: as we enter spring, heating demand is drying up, but it is too early for the summer heat to increase electricity demand.

There are also structural impediments to increased demand. Consumers and business that want to convert to natural gas to take advantage of lower prices must still dedicate time and expense to switching over. Converting or building new natural gas electrical plants requires even more investment. And, even though prices are low now, the past volatility of natural gas gives good reason to pause before making a long-term commitment. Barring an unexpected shift, some analysts are now seriously considering the possibility that the US may actually run out of capacity to store natural gas later this year.

Here are 6 Big Results of \$3.53 natural gas in 2012:

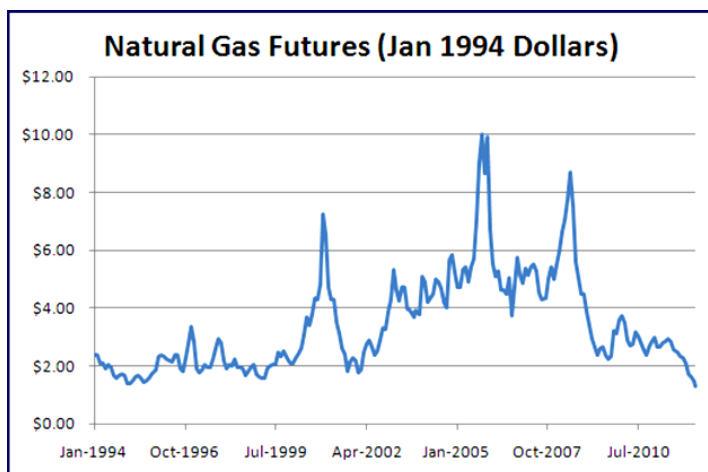
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1. Still lower natural gas bills for consumers, with a residential consumer saving probably another \$45 on top of the approximately \$500 per year the gas price drop from 2008 has already provide.
2. Still lower electricity bills for those consumers in competitive electricity markets where natural gas pricing importantly impacts electricity prices. All other things being equal, another 50 cent decline in gas prices could reduce electricity bills by about 0.5 cents per kilowatt-hour and save residential electricity consumers about \$50 during 2012.
3. Lower natural gas bills and electricity bills will again prevent a



broad energy shock, even though oil prices are at record levels for a full year and would go much higher if conflict with Iran erupts.

4. Another decline in the number of producing shallow, traditional gas wells in Pennsylvania will take place. Pennsylvania had 57,000 producing gas wells in 2009; 44,000 in 2010; and will have still less in 2011 and 2012, as low natural gas prices lead producers to shut-in marginal shallow gas wells. These wells cumulatively provide probably less than 150 billion cubic feet of gas per year, a small percentage of the more than 1 trillion cubic feet that Pennsylvania will produce in 2012, as Marcellus well production increases will more than compensate for reductions from shallow gas wells.

5. Gas will continue to displace coal in electricity generation. Power plants that can run on either coal or gas will use gas. More decisions will be made to convert coal plants to gas. Gas's electricity generation market share will rise and coal's fall to below 43%, into the 42% zone.

6. More natural gas displacing coal and oil will cut carbon emissions and other pollutants like soot and mercury. US carbon emissions will likely fall in 2012, in significant part due to natural gas.

The 2012 pricing may well be the new floor on gas pricing. It is really hard to see how prices can go any lower, given that gas demand is rising, more drilling rigs are moving to oil, and prices are so low that more marginal wells are being shut in. EIA itself is forecasting an increase in gas prices for 2013 to \$4.14, up but still low.

Financial Matters

Ex-Im Bank: Leveling the Playing Field for Small Business

From NAM's Member Focus March Issue

Ex-Im is the only tool American manufacturers have to counter the hundreds of billions of dollars in export financing that other governments provide their exporters.

The National Association of Manufacturers (NAM) has launched a full-scale effort to generate congressional support for a long-term reauthorization of the Export-Import (Ex-Im) Bank and an increase in the bank's lending cap. To create jobs and improve manufacturers' competitiveness, we must do more to increase exports.

With 95 percent of the world's consumers living outside the United States, finding new markets for manufacturers is paramount to jobs and economic growth. ExIm's charter expired on September 30, 2011, and it is currently operating under an extension that will run out early this spring. Legislation to reauthorize the bank for four years and raise its lending cap from \$100 billion to \$135 billion has been delayed.

As NAM President and CEO Jay Timmons stated, "Failure to reauthorize the bank at appropriate credit levels will disadvantage U.S. businesses in foreign markets—particularly small businesses—and jeopardize the hundreds of thousands of American jobs that depend on its crucial export financing."

Ex-Im Bank is the official export credit agency of the United States, providing financing assistance for the export of goods and services from thousands of American companies.

In 2011, Ex-Im Bank played a role in more than \$40 billion in export sales from more than 3,600 companies, supporting approximately 290,000 American jobs. More than 85 percent of the bank's transactions last year directly supported small businesses.

And because Ex-Im generates enough fees to more than offset its costs, it operates at no cost to

some groups have charged that Ex-Im Bank is corporate welfare and should be eliminated. President Obama—who recently praised the program as playing a vital role in reaching his goal of doubling exports by 2015—disagrees, as do many key business leaders.

"It is not corporate welfare to put us on the same playing field that our global competitors are on," said General Electric CEO Jeffrey Immelt last month.

Ex-Im is the only tool American manufacturers have to counter the hundreds of billions of dollars in export financing that other governments provide their exporters. The U.S. trails countries like China, India, Brazil, France, Canada and Germany in official export credit volumes as a share of the national economy. Germany, France and India all provided at least seven times more export assistance than the United States did in 2010. That same year, China issued \$45 billion in new export credit, compared to just \$13 billion for the United States.

Emphasizing export assistance is particularly crucial as we struggle to restore economic vitality and create American jobs. The Commerce Department estimates that every \$1 billion increase in exports creates or supports 6,250 additional manufacturing jobs. Unfortunately, the United States is falling behind its competitors in exporting. In 2000, the U.S. share of global exports of manufactured goods was 13.8 percent. By 2009, our share had fallen to 8.6 percent. If the U.S. had maintained its market share, exports in 2009 would have been \$435 billion higher. This translates into 2.7 million jobs.

The global financial crisis has also elevated the role of export assistance in general and Ex-Im Bank in particular. Ex-Im helps ensure that U.S. companies—especially small businesses—have access to the financing they need to make international sales.

"The bottom line is that Ex-Im Bank has done a lot to help our business with profitability," said Chuck Wetherington, president of BTE Technologies, a medical device manufacturer based in Baltimore, Md.

However,

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Member Benefits

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Council of Industry members can purchase the 2012 Employer's Guide to New York State Labor Laws at a special discounted rate.

The Employer's Guide to New York State Labor Laws is a concise summary of labor laws applicable to employers in New York State. Updated on an annual basis by Nixon Peabody LLP attorneys, the Employer's Guide serves as a valuable resource for human resource professionals as well as department managers seeking a convenient reference on issues such as the new NYS Wage Theft Prevention Act, meal periods, day of rest, minimum wage, state disability and workers' compensation, posting requirements, and much more. The Employer's Guide is published by the Rochester Business Alliance, the regional chamber of commerce located in Rochester, New York, serving businesses for over 80 years.

Arrangements have been made for Council of Industry members to purchase the Employer's Guide at a special discounted rate. In addition, those who purchased a Guide in the past year can purchase just the update packet to bring your Guide current, instead of having to purchase a whole new Guide.

For more information or to order, please refer to the enclosed brochure or contact Jennifer Suppé at RBA by phone (585) 256-4608 or e-mail jennifer.suppe@rballiance.com



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Consumer Price Index for March 2012

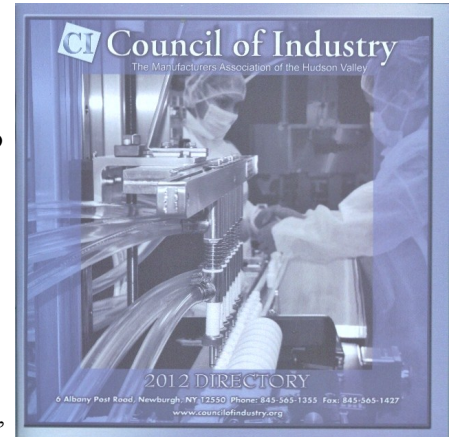
				<u>Point</u>	<u>%</u>	<u>% Increase</u>
Wage Earners & Clerical	<u>Mar '11</u>	<u>Mar '12</u>	<u>Feb '12</u>	<u>Increase</u>	<u>Month</u>	<u>Year</u>
1967=100	665.39	674.09	668.17	5.92	0.9	1.3
1982-84= 100	220.02	226.30	224.32	1.99	0.9	2.9
All Urban Consumers						
1967=100	669.41	687.16	681.98	5.18	0.8	2.7
1982-84=100	223.47	229.39	227.66	1.73	0.8	2.7
Hudson Valley unemployment rate for March 2012 = 7.3 %						



More Member Benefits

2012 Member Directories are Here!

The 2012 Council of Industry Member Directories are hot off the press and available to any members that would like one. We would like to thank our member Maar Printing Service and associate member Ad Essentials for putting the book together. We would also like to thank all the members that advertised in the book: Ad Essentials, Alcoa Fastening System, BASF Corp., Bond, Schoeneck & King, PLLC, The Chazen Companies, Direct Energy Company, Dutchess Community College, Eastern Alloys, Ethan Allen Personnel Group, Elna Magnetics, Fala Technologies, Fryer Machine Systems, Greenwald & Doherty LLP, Here's Help Staffing & Recruiting, HRP Associates, Jackson Lewis LLP, Joe Pietryka Inc, Maar Printing Service, Materion Brewster LLC, M&T Bank, McAleer & Associates, NYSERDA, Orange PKG, Package Pavement, Paragon Aquatics, The Reis Group, Riverside Bank, Rondout Savings Bank, SABO Industrial Corp., Stanley Marks & Company LLP, SUNY New Paltz School of Business, TANZCO Management Consulting, TD Bank, Tops Engineering, Ulster Insurance Services, Unilock, Vanacore, DeBenedictus, DiGiovanni & Weddell, Verticon Ltd., and William A. Smith & Son Insurance.



If you did not receive a Member Directory in the mail yet and would like one, contact Alison Butler at abutler@councilofindustry.org or call (845) 565-1355.

Continued from page 12 Financial Matters

“We had 40 employees when we bought the company in 2001, we’re up to 85 employees now. It’s really been a great relationship that has helped us to expand our markets and to bring American-made products out to the world.”

Meanwhile, as the expiration date for the extension quickly approaches, Congress continues to drag its feet on reauthorization legislation—a fact that has not escaped the notice of global competition.

Competitors are already using the uncertainty of reauthorization as a reason to buy their products rather than ours. Delaying Ex-Im Bank reauthorization will hurt U.S. manufacturers of every size. Our smaller and medium-sized companies are particularly vulnerable—both those that receive direct Ex-Im Bank support and those indirect exporters whose products are embedded in the exports of larger companies.

To help spur action on the reauthorization legislation, the NAM has created a campaign to mobilize its membership and generate support. The website www.nam.org/exim includes fact sheets, sample letters to lawmakers, Ex-Im Bank success stories, videos and a link for users to contact their members of Congress. The NAM also facilitated a letter signed by 65 CEOs of major U.S. corporations, including Boeing, DuPont and Caterpillar and has made nearly 200 visits to congressional offices.

As lobbying efforts continue, there is no word from Congress on when it will move forward with the legislation. Late last year, the authorizing committees in the House and Senate reached an agreement that would have gradually increased the lending cap to

\$135 billion and reauthorized the Ex-Im Bank through fiscal year 2015. However, the bill failed to move with the year-end legislative packages and has remained inactive since Congress returned in January.

That inaction could be harmful to companies like Air Tractor Inc., a Texas-based manufacturer of agricultural aircraft that had 165 employees when it began working with the Ex-Im Bank in 2007. It now has 220 employees. According to Air Tractor VicePresident of Finance David Ickert, “Our export sales growth is where our growth is in the future, and that growth could not happen without the support and the products of the Export-Import Bank of the United States.”

Critics, including some Republican lawmakers and the Club for Growth, a group that promotes smaller government, argue that the bank distorts markets. Delta Air Lines Inc. (DAL) of Atlanta has raised objections to Export-Import lending practices, arguing that they undercut U.S. airlines by giving subsidized loan guarantees to foreign competitors.

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Continued from page 5 More Personnel Matters

Importantly, you may also give the health care provider a record of the employee's absence pattern and ask the health care provider if the serious health condition and need for leave is consistent the pattern of absences.

Bottom line

To recap, there are several steps you can take to ensure that employees taking intermittent FMLA leave are doing so legitimately.

- **Recertify as allowed, even absent suspicious circumstances.** In all cases, even when suspicious circumstances don't exist, require that employees on intermittent FMLA leave obtain regular recertification. For employees whose serious health condition is expected to last less than 30 days, recertification can be requested every 30 days (in connection with the employee's absence). For employees whose serious health condition is expected to last more than 30 days but less than six months, recertification can be requested when the minimum duration period expires (again, in connection with the employee's absence). When a serious health condition is projected to last more than six months, recertification can be requested every six months.
- **Recertify when suspicious circumstances arise.** Out of an abundance of caution, only request recertification within the 30-day or minimum duration period when the employee requests an extension of leave or when you have an objective good-faith basis to question the reason for the absence or the validity of the certification. Confirm that any suspicious attendance pattern is indeed a "pattern" (not just one or two missed Fridays) before requesting recertification. If you're requesting recertification based on a suspicious attendance pattern, attach a supplement to the certification form that identifies the suspicious pattern and asks the health care provider if the serious health condition and need for leave are consistent with the pattern.
- **Be consistent.** To avoid confusion, develop and follow a consistent procedure to determine when and under what circumstances recertification will be required

Continued from page 10 Manufacturing Matters

Not all business models are created equal, and we will learn how to design and improve business models in the coming decade. The rise of multinational companies from BRIC economies will further advance this trend.

Third, we will need to master the art and science of innovating in services-led economies. Most of what we know about managing innovation comes from the study of products and technologies. Yet the world's top advanced economies today derive most of their GDP from services rather than products or agriculture. To preserve prosperity and high wage employment in the advanced economies, we will have to learn how innovation works in services, which is likely to differ from how it works in products. If we incorporate the above two predictions as well, one can predict that the winning formula for managing innovation in the next decade will be via open services.

Henry Chesbrough is a professor at the Haas Business School, UC Berkeley, and the author of Open Innovation: The New Imperative for Creating and Profiting from Technology (Harvard Business Press).

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