

November 2010

The Manufacturers Association of the Hudson Valley

Volume 14 Issue 10

BIPAC Announces 2010 State Candidate Endorsements

BIPAC, the Business Industry Political Action Committee and the political action committee arm of MACNY, The Manufacturers Association and the Council of Industry of Southeastern New York, today announced their New York State Senate and Assembly endorsements for the upcoming 2010 election. BIPAC was formed in 1980 and is comprised of members from the Manufacturers Alliance of New York State, of which MACNY and CI are active members of. Prior to this endorsement announcement, BIPAC weighed in on 21 races throughout the Central Upstate region, totaling 33 races statewide of which BIPAC participated in.



Council of Industry President Russ Yeager and New York State Senator William Larkin met as part of BIPAC interview portion of the endorsement process.

Many of the recently announced candidates come from the Hudson Valley region, where the Council of Industry has been serving the needs of regional manufacturers for over 100 years. BIPAC looked to in house interviews and completed questionnaires to identify pro-manufacturing and reform-minded candidates from both the Senate and Assembly races.

Council of Industry Board President Russell Yeager stated, "This year marked the first time the Council of Industry weighed in on BIPAC's statewide endorsement process, and I am both pleased with the ability to participate as well as the outcome of our endorsements. We participated in interviews, reading of questionnaires and review of incumbent voting history in order to determine which candidates would best serve the future policy needs of Hudson Valley region manufacturers. Manufacturing is a critical component to any thriving economy, and I am pleased to announce the endorsement of candidates who feel the same way and will best support our needs in Albany."

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Annual Luncheon is Friday, Nov. 12th

On Friday, November 12th, the Council of Industry is holding its Luncheon and Member /Associate Member Expo at the Powelton Club in Newburgh, NY. The Expo and cocktails will begin at 11:30 am, followed by a superb lunch and an address by the keynote speaker. This year's speaker is Alistair Bentley, an economist with TD Bank. He will talk about the current state of the financial markets and their impact on the economy.

Mr. Bentley's primary responsibility is to provide economic analysis of the U.S. with a particular focus on the regional economies of the New England, Middle Atlantic and South Atlantic states for TD Bank. He contributes to a variety of TD publications and is frequently cited in the media on a range of economic issues. Mr. Bentley has been a member of the TD Economics team since 2009 and holds a Bachelor of Science in Applied Mathematics and a Master of Arts in Economics.



Members and Associate Members "display their wares" at the Expo.

The Member / Associate Member Expo is an excellent opportunity for manufacturers and businesses that work with manufacturers to network and promote their products and services. Last year we had over 130 members of Hudson Valley industry in attendance. This is a chance to show your wares so to speak to our members, let them know about the products and services your company offers.

This is a great opportunity to get your company's name out there to the manufacturing decision makers of the Hudson Valley.

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Training and Education

Certificate in Manufacturing Leadership Program

On November 12th, the Council of Industry will award employees from Dynegey, Taconic Farms, Schriener MediPharm, Se'lux and Alcoa Fastening Systems the Certificate in Manufacturing Leadership. This represents the completion of over forty hours of supervisory leadership training for these thirteen individuals. All courses are full-day classes (from 9am to 4:30pm) and are held at Dutchess Community College, Poughkeepsie, NY with breakfast and lunch included on site. Though participants are encouraged to complete the course series for the most comprehensive supervisory education, the Council welcomes individual course registration as well. See page 5 of this newsletter for a complete listing of certificate courses.

"The Leadership program is a great development program for individuals pursuing great responsibility in their roles. The individual courses allowed me to expand my knowledge of overall business operations from a different perspective. For example, my current role is HR and EHS, this course gave me knowledge to look at business operations from a financial, marketing/sales, and global perspective." Eileen Larocca, ALCOA FASTENING SYSTEMS.

There is a special discount for members who register and pay for the Certificate classes before December 31st. See the chart below for details. For detailed Course descriptions go to the Council of Industry website www.councilofindustry.org and click on training then look for Certificate in Manufacturing Leadership For more information contact the Council of Industry at training@councilofindustry.org or call (845) 565 -1355.

**Register and pay before
December 31, 2010,
to receive these great
training discounts.**



	Single Member	Two or More From Same Company
One Day Course	\$200.00 before discount \$185.00 with Early Bird discount	\$175.00 before discount \$160.00 with Early Bird discount
Fundamentals of Leadership	\$400.00 before discount \$370.00 with Early Bird discount	\$350.00 before discount \$320.00 with Early Bird discount
Entire Program	\$1,700.00 before \$1,600.00 with Early Bird discount	\$1,550.00 before discount \$1,450.00 with Early Bird discount

SoildWorks Essentials

When: December 6 -10, Monday thru Friday, 9:00 am- 5:00 pm

Where: SUNY Ulster Business resource Center, Kingston, NY

Instructor: CADimensions

Cost: \$ 350 per person, class is limited to 10 participants

To register : e-mail training@councilofindustry.org or call (845) 565-1355.

This five day, hands on course, presented by CADimensions, is for those who wish to have a good fundamental understanding of SolidWorks. It will cover all the basics, from part modeling, creating assemblies, and general design drawings and detailing. The course is

weighted towards part design. This course is supported by SUNY Workforce Development Grant funding for members of the Council of Industry. The regular cost per seat is \$1500; your cost through this program is \$350 per seat.

To see a day by day outline of the Essentials curriculum visit:

<http://www.cadimensions.com/images/training/Syllabus%202010%20Update1.pdf>

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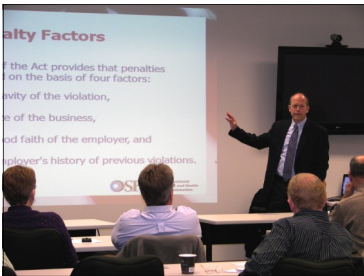
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Council News

OSHA Update

On Friday, October 22nd, the Environment Health and Safety Sub-council met with Ed Jerome the OSHA Region II Area Director and Tom McCarthy, an OSHA Compliance Assistance Specialist to discuss OSHA topics that are hot right now. Among the items discussed were OSHA's National Emphasis Program on Record Keeping, the National Summits OSHA is holding in an effort to reach out to Latino Workers, and the Injury and Illness Prevention Program or I2P2. As usual Council of Industry members had many great questions ready for Tom and Ed, who in turn gave very detailed answers.

One point that was really driven home during this presentation was that almost any question you have can be answered by going to the OSHA website.



OSHA Compliance Specialist Tom McCarthy explains the penalty factors used when calculating an OSHA fine.

The site is very user friendly and if you cannot find an answer that satisfies you, then call your local OSHA office. If you are uncomfortable with contacting OSHA yourself, the Council of Industry will find out the answer to your quandary for you.

One item that stood out when discussing the record keeping

program was the fact that many violations seem to stem from miscommunication between the company and the medical facility that they work with or because some people just do not comprehend what the standard requires.

Another discussion that provided a great deal of information was what to do when your company has received OSHA citations. Jerome and McCarthy explained that the fines are determined by formulas that take into account the gravity of the violation in conjunction with the probability or likelihood that an accident could occur. This takes into account the number of employees at the company, whether or not the company has an EH&S program and the company's history. While in the past OSHA has only gone back as far as three years when looking at a company's history, that has changed and they will now look over the past five years.

The nearly twenty members in attendance came away from the meeting with a much better knowledge of the citation process and what can be done to reduce fines as well as a better understanding of what to do to prevent having a violation to begin with, because we all want to be safe at work.

HR Sub-council Meeting: Navigating Employee Leave Under ADA, FMLA and Workers' Comp

The Council of Industry's Human Resources Sub-council will meet on **Wednesday, November 17th from 8:30 – 10:00 am** for a presentation by **Devora Lindeman, Greenwald Doherty, LLP**, on the interaction of and updates to the **FMLA, ADA and Workers Comp laws**.

Implementing the FMLA and ADA alone are challenging for any HR Manager. When coupled with Workers' Comp or Short Term Disability considerations, especially given new legal developments, the confusions mount.

This seminar will:

- Help clarify where the various laws intersect that apply when your employees are ill or injured and can't come to work
- Explain what you need to do to comply with the confusing laws
- Address new legal developments that affect your application of these laws
- Discuss how the company's own policies can help you manage employees' absences
- Provide guidance when employees try to "work" the system

There is no cost to attend this meeting for members of the Council of Industry. To register please contact Alison Butler at albutler@councilofindustry.org or call (845) 565-1355.

Welcome New Member:

SpectraWatt— Manufacturers and distributes high performance silicon solar cells for use in solar modules. Contact: Adrienne Rosenfeld. Dutchess County.

Personnel Matters

An investment in the training of your frontline supervisors to become effective leaders is one that will pay for itself tenfold. This results in increased performance, improved customer service, and employees motivated to help the your company reach its goals in both the short and long term.

Frontline Managers Need Leadership Skills

By James Stevenson, Brava Limited.

In the current economic situation, it is essential that all members of an organization work not only harder, but smarter to boost the bottom line. The “leaning” of processes and duties is nowhere as important as on the frontline and the supervisors of frontline employees are directly tasked with not only managing the team, but providing leadership to take them to a higher level of performance.

Leadership Skills

Leadership for the front line supervisor is defined as the ability to coach others to perform at their best. This involves being supervisors being empowered to make immediate decisions involving the staff and its performance, and to use critical thinking to improve processes and behavior and motivate employees.

What leaders do is communicate regularly and effectively with their staff so that they know how their jobs fit into the organization’s goals. Leaders are tasked with providing the necessary tools to ensure that a job can be performed well and performing regular reviews to ensure these tools are in place. They must be amenable to providing consistent feedback, both positive and negative.

Many Council members have, undoubtedly, already taken cost-cutting steps in order to survive a lagging economy by reducing purchases, decreasing advertising, and other measures. In most organizations one of the most valuable resources remains in place: the frontline staff. An investment in the training of your frontline supervisors to become effective leaders is one

an immediate increase to the bottom line is not unrealistic.

Turning the Frontline Supervisor into a Leader

Focus on your frontline supervisor's people skills, as opposed to technical skills. Certainly the person in this position has an excellent grasp of the duties involved and a clear understanding of the job itself. But take him or her to the next level by encouraging the building of leadership skills.

The frontline leader should be able to motivate staff by using key leadership principles. These include:

- Communication of the company's overall finances, budget, and goals and relating how each frontline job functions in regards to these aspects.
- Providing feedback on a consistent and immediate basis for coaching purposes.
- Development of departmental goals to motivate staff.
- Measurement of key results.
- Identifying and specifying critical behaviors.

Teaching frontline supervisors to be leaders is one initiative that can make a great impact on a company's bottom line. Utilise human resources to make up for a deficit elsewhere and encourage them to help the organization meet its goals. Increased morale and motivation as well as better performance will be the end results.

The Council of Industry offers comprehensive training for frontline supervisors in our Certificate in Manufacturing Leadership Program. This program, offered in conjunction with Dutchess Community College, is designed to offer particular skill sets essential for frontline supervisors through specific concentrations of courses. For more information or to register go to www.councilofindustry.org and click on training.

that will pay for itself tenfold. This results in increased performance, improved customer service, and employees motivated to help the your company reach its goals in both the short and long term. In fact,

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More Personnel Matters

Supervisory Training Courses Offered Through CI

In an effort to provide our members with access to the best possible training at affordable prices, the Council of Industry put together the Certificate in Manufacturing Leadership Program over a decade ago. Since its inception the program educated numerous floor supervisors, program directors, managers and numerous others. Below is a chronological look at the courses offered in the Certificate Program, for more in depth information go to our website www.councilofindustry.org or look for our 2011 Training Catalog which should be mailed out to our members this month. All courses are held at Dutchess Community College, from 9:00 am until 4:00 pm. The course catalog and the CI website contain detailed course descriptions and information on course instructors.

To request a Training Catalog, register for a course or answers to questions, contact us at training@councilofindustry.org or call (845) 565-1355.

January 19 & 26	Fundamentals of Leadership
February 9	Making a Profit in Manufacturing
February 23	EHS Risk Management
March 9	Problem Solving & Decision Making
March 23	Positive Motivation & Discipline
April 20	Effective Business Communication
May 5	High Performance Work Teams
May 11	Train the Trainer
May 18	Best Practices & Continuous Improvement
May 25	Human Resources Management Issues



Past recipients of the Certificate in Manufacturing Leadership.

Consumer Price Index - September 2010

				<u>Point</u>	<u>%</u>	<u>% Increase</u>
Wage Earners & Clerical	<u>Aug.'09</u>	<u>Sept.</u>	<u>Sept.</u>	<u>Increase</u>	<u>Month</u>	<u>Year</u>
1967=100	629.46	638.35	638.05	0.30	0.0	1.4
1982-84= 100	211.32	214.31	214.21	0.10	0.1	1.4
All Urban Consumers						
1967=100	646.95	654.35	653.97	0.38	0.1	1.1
1982-84=100	215.97	218.44	218.31	0.13	0.1	1.1
Hudson Valley unemployment rate for September 2010 = 7.1 %						



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Legislative Matters

The Manufacturers Alliance proposes Albany to continue the reductions of the 9-A Corporate tax rate to manufacturers, and continue to do so in annual phases until the 6.5% tax rate is eliminated for applicable manufacturing corporations.

How to Bring New York Back on its Feet? Reduce Taxes, Assessments, Fees and Added Costs for Manufacturers

By Karyn Burns, Director of Government Affairs, Council of Industry

These days, our many advocacy causes have been somewhat overshadowed by one large cause that is critical to protecting our state's future economy: creating a better business climate for manufacturers. Simply put, New York State manufacturers like yourselves are at a loss: not only are you dealing with the ramifications of an increasingly competitive global climate, but you also are being hit every day with progressively increasing business costs imposed by Albany. While I accept some of these imposed difficulties are the result of preexisting decisions made in years past, many of the decisions and increased costs have occurred more recently, such as the \$9 billion in increased taxes, assessments and fees resulting from last year's state budget.

What the business community, the manufacturing sector in particular, needs is reassurance from the State Legislature and the Administration that they truly are valued in our great State of New York. As we continue to endure these difficult fiscal times, it is more critical now than ever for Albany to do everything they can to make the climate in New York State as easy as possible for businesses to simply weather the storm and remain in business. How can they do this? By reducing fees and taxes that have burdening our businesses and hindering their ability to grow and create jobs.

One such case that would help manufacturers to grow would be **eliminating the Corporate Franchise Tax for manufacturers**. Back in 2006, Albany lawmakers recognized the need to provide a more attractive business climate,

and responded with a general tax rate reduction for manufacturers. With this initiative, an estimated 3,400 manufacturing corporations received a reduced rate from 7.5 to 6.5 percent, effective for taxable years starting on or after January 31, 2007.

The Manufacturers Alliance proposes Albany to continue the reductions of the 9-A Corporate tax rate to manufacturers, and continue to do so in annual phases until the 6.5% tax rate is eliminated for applicable manufacturing corporations. Such a plan directed towards helping the struggling manufacturing community is well structured, well targeted, much needed, and most importantly, completely feasible. In doing so, New York State will be making a solid investment in its economic future by proving the manufacturing sector with incentive to continue doing business in New York State.

Another feasible way to reduce the taxing burden put on manufacturers is **eliminate 18A, the new utility assessment that is now hitting industrial firms and other major energy consumers**. Labeled a "temporary state energy and utility service conservation assessment," the added costs were included as part of the budget and impact businesses and residents alike. The impact is significant, with individual companies reporting increases costs in the \$10,000 to \$1 million per year range. Collectively, the State taxpayers will see an increase in annual costs by more than \$500 million per year, or an aggregate \$2.5 billion between now and its scheduled sunset in 2014.

The adoption of an energy assessment purely as a means to enhance revenue is simply unfair and poor decision making, particularly during our current economic crisis. Added costs to our state's taxpayers will further damage New York's economy. The Manufacturers Alliance is working with statewide business organizations in collecting sponsorship and support for two very important bills, introduced by Senator Ranzenhofer (S.6132) and Assemblyman Hawley (A.9098). I encourage you to call your elected officials and ask them to support these critical bills. If they are sponsors, please thank them for their support of businesses and manufacturers alike, who simply cannot bear these added expenses.

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Health Care Reform Update

New Guidance Provides Relief on W-2 Reporting and Information On Child-Only Policies

From The National Association of Health Underwriters

The Obama Administration issued two new pieces of important guidance this week on PPACA provisions—IRS guidance on making the employer health insurance premium cost reporting requirements on W-2 forms optional for the 2011 tax year, and a letter from DHHS Secretary Kathleen Sebelius to the NAIC on how child-only health insurance policies may be issued. NAHU is hopeful that these two recent actions signal a trend that the administration will be reasonable with regard to enforcement and implementation of PPACA provisions.

With regard to the W-2 issue, the IRS issued Notice 2010-69, which makes the reporting optional for 2011 Forms W-2, and indicated that guidance is coming later this year on what should be reported. Also, the IRS released the draft 2011 Form W-2 that indicates that the health care cost can be reported in existing Box 12, using new code "DD," and makes it clear that this amount is not taxable income to employees.

This guidance is welcome relief for employers who were struggling with their payroll systems trying to figure out how to accommodate the requirement that the cost of health insurance benefits be included on 2011 statements. Previously, the requirements seemed to indicate that employers would have to make the cost of benefits available on W-2s as soon as February 2011, in order to accommodate workers who left a job mid-year, which would have posed a significant compliance burden.

Concerning child-only policies, DHHS Secretary Sebelius wrote a public letter to state insurance commissioners this week which outlines more clearly the options available to insurers and states to offer child-only policies. Based on the cost con-



cerns associated with previously issued regulations and guidance on child-only policies, carriers ceased offering such coverage in a number of states. The letter details a range of steps that can be taken to help preserve coverage options for children, regardless of their health status. This includes either states or insurance companies themselves creating open enrollment periods during which parents can purchase coverage for children who are without access to employer-based health plans. It also indicates insurers may charge higher premiums for individuals with preexisting conditions.

Sebelius also encouraged states to take other actions, such as seeking appropriate legislation to help preserve options for children with preexisting conditions. California, for example, recently required individual market issuers that offer family coverage to also offer child-only policies. This letter follows comments provided this week by Director of the DHHS Office of Consumer Information and Insurance Oversight Jay Angoff that DHHS is strongly considering allowing for a national open enrollment period for these policies, in the absence of other state action.

With regard to the W-2 issue, the IRS issued Notice 2010-69, which makes the reporting optional for 2011 Forms W-2, and indicated that guidance is coming later this year on what should be reported.

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EHS Matters

NAM Coalition Gets Favorable Order in Greenhouse Gas Litigation.

No one anticipated that these previously issued rules would now be used to mandate greenhouse gas permit requirements, but that is the interpretation the EPA has adopted. The cumulative result is that the EPA is overreaching and misusing the Clean Air Act in a way that will harm manufacturers and the economy.

A coalition of business organizations led by the NAM who are suing the Environmental Protection Agency (EPA) over its greenhouse gas regulations as they apply to stationary sources won a preliminary skirmish in the U.S. Court of Appeals for the D.C. Circuit last week. Over strenuous objections from the EPA and environmental groups, the Court allowed the NAM's motion for a partial stay (suspension) of the rules to be filed.

The NAM's motion comprehensively addresses three of the EPA's regulatory decisions that begin the regulation of greenhouse gas emissions from stationary sources on January 2, 2011. The Court's order recognized the interrelatedness of the EPA's four-rule process -- it requires EPA to file a consolidated response by October 28 and requires state and environmental interveners to file a joint response by November 1. The NAM's final brief in support of a stay is due November 8, and the Court could issue its ruling at any time after that.

The NAM filed petitions in response to four key EPA actions: the revised Johnson memo, which details when the government must regulate carbon emissions; the endangerment finding that determined greenhouse gases to be a threat to the public health and welfare; the tailpipe rule outlining emissions and mileage standards for automobiles; and the tailoring rule that sets out the EPA's schedule for enforcing emissions controls on stationary sources.

The NAM and a coalition of 17 business associations also filed four lawsuits on July 6, challenging EPA regulations from 1978, 1980 and 2002 that are now part of the EPA's effort to regulate greenhouse gases from stationary sources. No one anticipated that these previously issued rules would now be used to mandate greenhouse gas permit requirements, but that is the

interpretation the EPA has adopted. The cumulative result is that the EPA is overreaching and misusing the Clean Air Act in a way that will harm manufacturers and the economy.

The Clean Air Act was not intended to regulate greenhouse gas emissions, and the number of permitting requirements resulting from the new regulations will create a burden that the EPA and its state enforcement agencies are not prepared to handle. The regulations are set to go into effect in January 2011, and manufacturers across the United States will feel the impact. The



EPA estimates these regulations will trigger new permitting requirements on more than 6 million stationary sources, including 200,000 manufacturing facilities. As the costs of compliance and the prices of energy rise, manufacturers will have fewer resources to devote to their workforces, and jobs will be lost.

An issue of this magnitude that could have profound consequences for the U.S. economy deserves a transparent and rigorous legislative debate. While there is growing concern among some members of Congress, lawmakers have not yet fully addressed the issue. Manufacturers are committed to working with Congress to establish energy policies that assist in the reduction of greenhouse gas emissions but that also maintain economic growth and competitiveness.

Oral arguments in the lawsuit against the EPA's endangerment finding are expected next spring, and a final decision is likely by the summer. More information on the NAM's actions, including case summaries and related documents, is available at www.nam.org

CI Calendar—What's Ahead

Nov 3 & 4	<u>OSHA 10 Hour Course</u> - 8:00 am–1:00 pm both days at Dutchess Community College, Poughkeepsie, NY. Cost: \$120 for a single participant, \$110 each for two or more from the same company. Instructor: Jeff Sotek, HRP Associates.
Nov 17	<u>HR Sub-council Meeting: FMLA, ADA and Workers Comp</u> — 8:30 - 10:30 am at the Council of Industry Offices, the Desmond Campus MSMC, Newburgh, NY. No cost for members. Call (845) 565-1355 or e-mail abulter@councilofindustry.org to register.
Dec. 6-10	<u>SolidWorks Essentials</u> — Monday through Friday, 9:00 am – 5:00 pm at the SUNY Ulster Business Resource Center in Kingston, NY. Cost is \$350 per person. Class is limited to 10 participants.
Dec 31	<u>Deadline for Early Bird Registration for Certificate in Manufacturing Leadership Program Courses.</u>
Dec 31	Place an ad in the Council of Industry's Member Directory before this date at a <u>Discounted Price</u> .
Jan 19 & 26	<u>Certificate in Manufacturing Leadership: Fundamentals of Leadership</u> — 9:00 am—4:30 pm at Dutchess Community College, Poughkeepsie, NY. Cost: \$400 single participant, \$350 each for 2 or more from the same company.
Feb 9	<u>Certificate in Manufacturing Leadership: Making a Profit</u> - 9:00 am—4:30 pm at Dutchess Community College, Poughkeepsie, NY. Cost: \$200 single participant, \$175 each for 2 or more from the same company.

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

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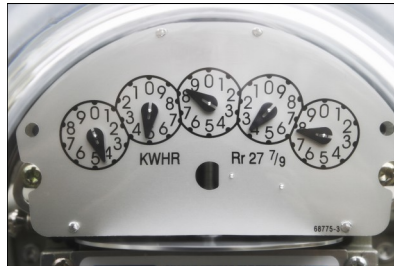
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Energy Matters

"Rising fuel costs for natural gas and coal generation are likely to push up retail prices later this year, causing prices over the entire year to grow by about 0.8 percent, says EIA. Upshot: increased fuel costs will boost prices higher by about 2.7 percent during 2011."

Energy Information Administration (EIA) Predicts Slightly Higher Energy Prices in 2011 for Natural Gas and Electricity



Prices for motor gasoline and residential electricity are expected to rise slightly in the short term, while natural gas pricing remains stable for now, reports the latest [EIA Energy Outlook Report](#). U.S. carbon dioxide (CO₂) emissions from fossil fuels, which declined by 7.0 percent in 2009, are expected to increase by 3.4 percent in 2010.

EIA estimates that the 2010 delivered electric-power-sector coal price increased by about 7 percent despite decreases in spot coal prices, lower prices for other fossil fuels, and declines in coal-fired electricity generation. EIA attributes the higher cost of delivered coal on longer term contracts initiated during a period of high prices and rising transportation costs. Pricing is expected decline to an average of \$2.19 per MMBtu in 2011.

The projected Henry Hub natural gas spot price averages \$4.69 per million Btu (MMBtu) this year, a \$0.74-per-MMBtu increase over the 2009 average, but virtually unchanged from last month's forecast, says EIA. The Henry Hub spot price is projected to average \$4.98 per MMBtu in 2011, down \$0.19 per MMBtu from last month's forecast.

EIA expects the annual average residential electricity price to increase only moderately over the forecast period, averaging 11.6 cents per kilowatt hour (kWh) in 2010, up slightly from 11.5 cents per kWh in 2009, and rising to 11.9 cents per kWh in 2011. However, rising fuel costs for natural gas and coal generation are likely to push up retail prices later this year, causing prices over the entire year to grow by about 0.8 percent, says EIA. Upshot: increased fuel costs will boost prices higher by about 2.7 percent during 2011.

EIA estimates that U.S. CO₂ emissions from fossil fuels, which declined by 7.0 percent in 2009, are expected to increase by 3.4 percent and 0.8 percent in 2010 and 2011, respectively. EIA attributes the increase to more demand for petroleum in the transportation sector (motor gasoline, diesel fuel and jet fuel), and continued electric-power-sector coal demand growth. However, even with these increases, projected emissions remain below their level in any year from 1999 through 2008, says EIA.

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Manufacturing Matters

An Ideas Program - The Biggest Small Step Your Company Can Take

By Joseph Vitanza, President JTV Manufacturing Solutions

Jack was a packaging mechanic with over 20 years of experience. He came to work on time, did what his supervisor told him to do, and at the end of his shift punched out and went home. But Jack had a secret; he knew that the packaging lines that he kept running could run better with a few adjustments, and some minor modifications. He kept this secret to himself, however, because he did not feel that anyone was interested in his ideas.

Was Jack a bad employee? Of course not, he did exactly what was expected of him, day in and day out.

Then one day Jack got a new manager, who had been assigned the task to improve packaging run times by 20%. Rather than researching new capital equipment that would run faster, this manager actually thought to ask Jack if he had any ideas on how to make lines create more output. After 20 years, a manager was asking Jack his opinion! The change in Jack and the change in line output was dramatic, not 20% but actually 33% after 3 months. As the "Ideas Program" grew, so did the participation from other mechanics and line operators. The trickle of ideas soon became a steady stream, and after 6 months over \$100,000 in cost savings were achieved.

This actually is a true story from a company in the Hudson Valley Region, and their results can be replicated in virtually any company willing to commit to an "Ideas" Program. The results indicated above are dramatic, but definitely achievable, and just as important they can be achieved with very little cost outlay. All you need to start is a white board, a few markers and a willingness by management to ask some simple questions.

Here are some tips on how you can get started:

Believe the notion that front line employees have, or can be taught, the appropriate skills, tools and behaviors that drive continuous improvement and that the people that do the job have the best ideas on how to improve the

job. Employee ideas are a company's greatest untapped resource!

Communicate from the top. Inform all your worker's about this new program and let them know that all of management supports this concept.

Start small. Select a manageable work unit where success can be reasonably guaranteed.

Select a project champion, preferably a person who is familiar with the pilot work unit and someone who has above average organizational skills, and is open to new ideas.

Set up a tracking system to capture the ideas and track progress towards completion. You can use an Excel spreadsheet but you **MUST** also have a prominently displayed version that can be easily seen. This is where a large whiteboard and markers comes in handy. It is very visible and also allows individuals to put up ideas at any time during their work shift. Visibility and recognition are key factors to this program's success.

Track Progress with weekly meetings, determine what additional resources are needed and figure out how to overcome the inevitable hurdles.

Be prepared for frustration and failure, which is to be expected with any new program.

Celebrate success! When an idea comes to fruition, have a 5 minute gathering on the shop floor to congratulate the person who submitted the idea and the team that implemented it. Identify the savings in either dollar terms or improved work output.

Following these simple tasks can be "the biggest small step" that your company undertakes. Good Luck and keep asking.

Joseph Vitanza is the President of JTV Manufacturing Solutions, who seeks to help small and mid-sized companies in the Hudson Valley, improve their productivity. He can be reached at jtvms@optonline.net, or 845-772-1375. You can learn more about Joe's programs at his website: manufacturingsolutionsjtv@yahoo.com

As the "Ideas Program" grew, so did the participation from other mechanics and line operators. The trickle of ideas soon became a steady stream, and after 6 months over \$100,000 in cost savings were achieved.

Member Profile

Member Profile: Marco Manufacturing

Year Founded: 1996

Locations: Poughkeepsie, NY

Products: Manufacturer of printed circuit board assemblies.

Website:
www.marcomanf.com

In manufacturing minimizing waste is critical to success. That applies to materials, space, talent and opportunities. Marco Manufacturing is an excellent example of this concept. Marco is an electronics manufacturing company that was founded in August of 1996. Earlier that year, Atlantic Design Company (ADC) closed their Poughkeepsie plant and let go of over 100 employees. The founder of Marco, Mike Ratliff, had been the General Manager of that plant. He decided that his customers deserved more than a referral to other facilities and made a statement by starting up Marco in the very same building.

Their first contract was for a shipment of sub-assemblies to Transistor Devices of Hackettstown, NJ. Brian Lowe, Marco's Engineering Manager,

hustled to install all major equipment, workbenches and tools for a starting staff of 10. The first shipment went out just four and a half weeks after Marco's doors opened. Transistor Devices remains a loyal customer to this day.

Marco currently occupies an 18,000 sq. ft. facility in Poughkeepsie and employs 40 people.

Marco
MANUFACTURING

They have 18 successful customers, ranging in location from Poughkeepsie to Singapore.

One important factor in Marco Manufacturing's success is the superb quality of the products they create.

Marco produces printed circuit board assemblies for high reliability electronics.

Their products can be found in main-frame computer servers, New York City subway cars, medical and military electronics, industrial equipment, and in lighting /audio applications. With a lead-free soldering capability, Marco is committed to environmentally sound assembly practices and can manufacture European Union RoHS compliant electronics for export. The company recently produced 4,800 LED based lighting fixtures for the set of a new Broadway Musical, 'Spider-man: Turn Off the Dark'.



A circuit board manufactured by Marco Manufacturing.

Another factor that has set Marco apart from its competitors is their approach to customer service. Marco has an acute understanding of their customer's needs and is focused on the immediate resolution of any issue, whether in prototyping or production. Their assemblies undergo rigorous quality checks, including automatic optical / x-ray inspection and in-circuit testing to assure a superior product.

"Marco has been flexible and responsive in meeting our demands without sacrificing quality. When the president of the company delivers parts in his car in time of need, one does not have to look further than the top to see the commitment that Marco provides." - Manufacturing Manager, EDAX Inc.



The terrific staff at Marco Manufacturing.

Continued on next page

Member Benefits

Affordable Customized Training with the SUNY Grant

The Council of Industry believes that training your workforce is one of the best investments a company can make. In addition to our Certificate in Manufacturing Leadership program, CI is also able to offer a wide variety of more customized or industry specific instruction. The Council of Industry and a consortium of Hudson Valley Community Colleges have received funding from the State University of New York to subsidize this training for Hudson Valley Manufacturers.

This consortium award was the first of its kind statewide and a milestone in cooperation among the region's Community Colleges. Working together we are able to offer our members this training at reduced at greatly reduced costs. The first course offered under the 2011 grant is the SolidWorks Essentials, which would normally cost nearly \$1500 per seat, but under this program is offered at only \$350 a seat.

The funding also allows us some flexibility in the courses we offer. While some courses are scheduled in advance, a significant portion of the funds are available for "customized" training -that is training that an individual company may require, either on site or on campus, in a timely manner. Some examples of possible training include a variety of Lean manufacturing training such as yellow belt and six sigma, value stream mapping, set up reduction, innovation training, strategic management and decision making. See our website or our 2011 Training Catalog (due out this month) for more courses and information.

Here are some general guidelines for accessing the custom training funds

- All training is contracted through the Council and a participating Community College.

- Funds are distributed at the discretion of the Council of Industry based on several factors including overall cost and number of employees trained.
- Where possible custom training programs should be made available to other Hudson Valley manufacturers.



Companies interested in accessing the funds will need to submit a simple, one page written request to the Council of Industry. If you don't see the course you need listed on our website or in the catalog or would like more information, contact us at training@councilofindustry.org or call (845) 565-1355.

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Marco Manufacturing

As a member of the Council of Industry, Marco has been able to take advantage of Council's services to give their company an edge over their competition. They have used the Council of Industry to help identify local development that will have a positive impact on regional business. Membership with the Council also allows Marco to network and stay informed on key matters regarding human resources, benefits, pending legislation and regulatory requirements.

Mike Ratliff took a giant leap of faith back in 1996 - taking a big risk by opening a manufacturing facility where one had recently failed. His faith has clearly been rewarded. Marco Manufacturing's story shows that hard work, ingenuity, customer service and perseverance lead to success

This consortium award was the first of its kind statewide and a milestone in cooperation among the region's Community Colleges. Working together we are able to offer our members this training at reduced at greatly reduced costs.

Financial Matters

"Small and medium-sized manufacturers, which play a vital role in the U.S. economy, will be disproportionately impacted by these tax increases. Almost 70 percent of all manufacturers pay taxes at the individual rate."

Expiring Tax Cuts will Negatively Affect Small Manufacturers

Unless Congress acts before the end of the year, small business owners – including manufacturers, will be facing billions of dollars in new taxes. The tax rate cuts which were enacted in 2001 and 2003 for individuals dramatically lowered the tax rate on smaller companies. This is because many small companies are organized as pass-through (also known as (S) corporations) entities. These businesses pay income taxes at the individual rate. These rates will increase on January 1st to nearly 40 percent.



Small and medium-sized manufacturers, which play a vital role in the U.S. economy, will be disproportionately impacted by these tax increases. Almost 70 percent of all manufacturers pay taxes at the individual rate. These companies have already been significantly affected by the recession and have lost more than 852,000 jobs since 2007. Increasing their tax burden at a time when they are trying to recover will make it even more difficult for them to add jobs and further delay economic recovery.

Additionally, the estate tax, which was temporarily repealed for 2010, will resurface in 2011 and rise to a jobs-killing 55 percent with a \$1 million exemption that is not indexed to inflation. Small and medium-sized manufacturers waste valuable resources and capital paying for estate planners and costly life insurance policies to keep their businesses intact. However, with rates as high as 55 percent, many family-owned businesses will have no alternative but to sell their company—or at least portions of it—to pay the tax.

Finally, the tax rates on dividend income is set to more than double, from the current rate of 15 percent to the top rate of 39.6 percent. The recent health care law also includes a 3.8 percent Medicare tax on investment income. This combination means that the tax rate on dividends will nearly triple to 43.4 percent. As these taxes go up, dividend payments will likely go down. The ripple effect on the economy on the whole might include a decline in the value of retirement accounts and pension plans.

In a survey conducted by RSM McGladrey, more than 85 percent of small and medium sized manufacturers said they were concerned about increased tax rates—with 61 percent reporting they were very concerned. It remains unclear if Congress will take action to extend the current tax rates. Some congressional Democrats are reportedly considering plans to delay the tax hikes due to the slow pace of economic recovery. The latest economic report on GDP shows that the pace of our nation's recovery dropped to 1.6 percent in the second quarter from 3.7 percent in the first quarter. This tax policy – or, perhaps more accurately, lack of a tax policy – is likely to lead to further decline in manufacturing employment and output putting even more downward pressure on the economy.



Fidelity Navigator
Mutual Fund Newsletter

The Fidelity Navigator will be coming to your desk monthly, courtesy of the Council of Industry's endorsed 401(k) company.

845-297-3810 • navigatormailletters.com

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BIPAC Endorsements

The Hudson Valley manufacturing community, through **The Business Industry Political Action Committee**, offer the following endorsements based on an examination of incumbent records in public office, candidate questionnaires, and candidate interviews. We believe the following candidates will best represent the interests of manufacturers in Albany:

39th State Senate District – BIPAC is pleased to be endorsing William Larkin.

41st State Senate District – BIPAC is pleased to be endorsing Stephen Saland.

96th State Assembly District – BIPAC is pleased to be endorsing Nancy Calhoun.

97th State Assembly District – BIPAC has decided not to endorse in this race.

98th State Assembly District – BIPAC is pleased to be endorsing Aileen Gunther.

100th State Assembly District – BIPAC is pleased to be endorsing Frank Skartados.

101st State Assembly District – BIPAC is pleased to be endorsing Peter Rooney.

103rd State Assembly District – BIPAC is pleased to be endorsing Marc Molinaro.

All 2010 Statewide endorsements by BIPAC can be viewed by visiting the MACNY website at www.macny.org

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Annual Luncheon

There is no cost to have a table at the Expo, but we do ask that at least two people from your company attend the luncheon. To reserve a table e-mail Alison Butler at abutler@councilofindustry.org.

The Annual Luncheon is also an opportunity to celebrate the achievements of those individuals that have completed their Certificate in Manufacturing Leadership. These individuals have completed over forty hours of required coursework in supervisor level leadership through Dutchess Community College. This year we have thirteen graduates from Alcoa Fastening Systems, Dynegy, Schreiner MediPharm, Se'lux, and Taconic Farms. We invite you to help us commemorate their completion of this prestigious program.



Some Certificate recipients at last year's Annual Luncheon.

To find out more about the Council of Industry's Annual Luncheon or to register contact Alison Butler at abutler@councilofindustry.org or (845) 565-1355. The cost to attend is \$50 per person or \$350 for a table of eight.

We would like to thank our major sponsor: **Direct Energy** and our supporting sponsor: **Verticon, Ltd** for their support. Sponsorships make this event possible; if you would like to become a sponsor go to our website for more information <http://www.councilofindustry.org/sponsorship-ads/events.html>.

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