Council of Industry Newsletter

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Issue 9

NAM's Ned Monroe to Speak at Annual Luncheon & Expo

Ned Monroe, senior vice president of the National Association of Manufacturers will be the keynote speaker.

The keynote speaker at this year's Annual Luncheon & Expo will be Ned Monroe, senior vice president of the National Association of Manufacturers. He will discuss the policy issues concerning US manufacturer's and NAM's pro-growth agenda in Washington. The event will be held on Friday, November 1st from 11:30 am – 2:00 pm at the Powelton Club in Newburgh, NY. This is also a great opportunity to visit the Member/ Associate Member Expo, featuring the products and services of Hudson Valley manufacturers and associate businesses

Ned Monroe is a senior vice president from the National Association of Manufacturers, the nation's largest industrial trade association, representing nearly 12,000 manufacturers in every industrial sector and in all 50 states. Their mission is to be the voice of all manufacturing in the United States and inform policymakers about manufacturing's vital role in the U.S. economy. Mr. Monroe is responsible for public affairs activities, including grassroots engagement, issue advocacy and election programs. His team also is responsible for allied organizations, affiliated state associations and meetings management. His presentation should provide valuable insight into current legislation and how it will affect manufacturers and the NAM's pro-growth agenda for Washington.

The Member/ Associate Member Expo is a great way for members to display their wares to Hudson Valley manufacturers.

The expo portion of the event is a time for members to display their products and services to the manufacturers of the Hudson Valley. Participation in the expo is free to members that purchase two seats at the luncheon. Each booth consists of an eight foot table along with two chairs for their display. Register early because space is limited. Last year's luncheon drew almost 200 people from the Hudson Valley manufacturing community.

In addition the graduates of the Council of Industry's joint supervisor training program with Dutchess Community College will be awarded their Certificate in Manufacturing Leadership at the luncheon by Dean of Community Services and Special Programs Virginia Stoeffel. We have twenty graduates of this very successful program from eight different companies. The program consists of ten full day classes on topics such as: Making a Profit, Business Communication, Problem Solving & Decision Making and High Performance Teamwork just to name a few.

The Council would like to thank supporting sponsors **TD Bank, The Chazen Companies** and **Fair-Rite Products.** Visit the Council of Industry website (www.councilofindustry.org) to register, seats are $50 a person or $350 for a table of eight. This event has sold out the past two years so reserve your seats early. Sponsorship opportunities are available for this event and are an excellent way to show the Hudson Valley manufacturing community your support. For more information contact Alison Butler at abutler@councilofindustry.org or call (845) 565-1355.

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Training and Education

"Today's supervisor needs to learn to use both technical and soft skills to meet every-day challenges, problem-solve effectively and reach short and long term goals. When supervisor's bring back what they have learned and apply it, it's a great return on investment!"

Supervisor Training for Manufacturers

Does your company have employees that are new supervisors? Are there people in you plant that would benefit from learning new skills and ways of working with the people they interact with on a daily basis? Is there someone that would just soak up knowledge and ideas and come back with a fresh outlook on approaching the day to day dilemmas at your business? These are just a handful of the reasons people enroll in the Certificate in Manufacturing Leadership Program. Over the past decade numerous Hudson Valley manufacturers have taken advantage of the supervisor training offered through the Council of Industry and Dutchess Community College.

"DCC and The Council's supervisory training series helps fill the gaps for manufacturers who are training our new leaders in industry-specific skills. Today's supervisor needs to learn to use both technical and soft skills to meet every-day challenges, problem-solve effectively and reach short and long term goals. When supervisor's bring back what they have learned and apply it, it's a great return on investment!" explains Denise Watson, PHR, Director of Human Resources at EFCO Products, Inc.

Below are the dates and classes offered as part of the 2014 Certificate in Manufacturing Leadership. All courses are full-day classes (from 9am - 4:30pm) and are held at Dutchess Community College, Poughkeepsie, NY with breakfast and lunch included on site. The program is designed to offer particular skill sets through these day long courses designed by manufacturers to help participants meet the challenges of the modern workplace. Participants who complete the required courses are presented with the Certificate in Manufacturing Leadership presented by the Council of Industry and Dutchess Community College.

Though participants are encouraged to complete the course series for the most comprehensive supervisory education, the Council welcomes individual course registration as well. For more information including course descriptions and online registration go to http://www.councilofindustry.org/training/category_courses.html#certificate.

2014 Dates for Certificate in Manufacturing Leadership Program

January 15, 22	**Fundamentals of Leadership**
February 5	**Best Practices & Continuous Improvement**
February 12	**Human Resources Management**
March 5	**Problem Solving & Decision Making**
March 19	**Positive Motivation & Discipline**
April 2	**High Performance Teamwork**
April 9	**Effective Business Communication**
April 30	**Train the Trainer**
May 7	**Making a Profit**
May 21	**Environment, Safety & Health Risk Management**

Council News

Register for Regulatory Refresher Training: HAZWOPER and 10 Hour OSHA

There is still time to register for Regulatory Refresher Training offered this fall by the Council of Industry. There are two classes left with open seats. For more details and online registration go to the Council of Industry website at www.councilofindustry.org/training/category_courses.html#regulatory.

HAZWOPER Training
Dates: October 17, 2013*
Time: 8:30 am - 4:30 pm
Location: To be determined*
Cost: $240 single member, $220 each for two or more form the same company

10 Hour OSHA Training
Dates: October 29 & 30, 2013*
Time: 8:00 am - 1:00 pm
Location: Chemprene, Beacon, NY*
Cost: $120 single member, $110 each for two or more form the same company

For more information or to register online go to: www.councilofindustry.org/training/category_courses.html#regulatory.
Or call (845) 565-1355
or email training@councilofindustry.org.

* Dates and locations are subject to change based on availability.

Employer Mandate Meeting at Simulaids

Amy Klein from Bond, Schoeneck & King provided members of the HR sub-council with a great deal of information on the Employer Mandate portion of the Affordable Care Act. The presentation at Simulaids in Saugerties was given to a smaller than usual group which allowed for more interaction between Ms. Klein and the attendees leading the discussion to the meat and potatoes of what HR needs to know about this ever more complicated topic. After the meeting those that were able to stay were treated to a tour of the Simulaids facility which was fantastic.

Ms. Klein covered the October 1st deadline for posting a notice to all employees of coverage options and also explained that there is no penalty for not providing the notice at the moment but why it is really something that will be necessary as the Affordable Care Act progresses. She covered who is an "Applicable Large Employer" and when considering controlled groups and parent companies outside of the US, this designation could affect companies that may not even realize they are large employers. She answered questions on who counts as a full time employee, what "seasonal employees" actually covers and figuring out the Full-time Equivalent. Ms. Klein discussed who must be offered coverage and explained the difference between measurement period, stability period, and administrative period. The presentation ended with a discussion of the Health Plan Standards that are expected.

Following the presentation, Patti Stockman, Human Resources Manager for Simulaids gave a tour of the facility which was truly appropriate to a meeting on healthcare. Simulaids manufactures lifesaving training manikins – the most common of which would be the CPR dummies but there are many more. There were arms and legs throughout the manufacturing floor, a wall of wounds and a dog manikin for pet CPR training. Simulaids makes lifelike manikins for medical training that display the symptoms of a variety of emergency situations from childbirth to grisly accidents. It was a wonderful tour and we hope to host another meeting there in the near future.

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Personnel Matters

The reforms involved a method of paying off the debt owed to the federal government as well as a slight increase in the maximum benefit paid to unemployed workers and several important changes for employers.

Unemployment Insurance Update

By Greg Chartier, HRinfo4u , a Council of Industry Associate Member

Unemployment Insurance is a federally mandated program that is administered by the individual states. It pays benefits to workers who lose their jobs "through no fault of their own" and who meet certain income requirements and, importantly, are ready, willing and able to work. In New York, the program is funded entirely through employer contributions.

On March, 29, 2013, when Governor Cuomo signed the 2013-2014 state budget, new legislation to reform the unemployment insurance program was included. The reforms involved a method of paying off the debt owed to the federal government as well as a slight increase in the maximum benefit paid to unemployed workers and several important changes for employers.

Most of these changes will take effect on January 1, 2104. They include:

Wage Base Changes. The "wage base" is the amount of an employee's wages that are used to determine the employer's contribution. The "contribution rate" is determined through a combination of actual deductions from the employers' account and the condition of the unemployment fund itself. An employer's contribution to the fund is calculated by multiplying the contribution rate by the wage base. Currently, the wage base is $8,500. Multiple the contribution rate determined by the state times $8,500 to determine how much you will pay into the unemployment system.

On January 1, the wage base will increase to $10,300, a 20% increase. In addition, the wage base will be adjusted on January 1 of each year from 2014 through 2026 and will ultimately be adjusted annually to 16% of the state's average annual wage.

Benefit Rate. The maximum New York unemployment benefit weekly rate for participants will increase to $420 in October 2014. The current maximum is $405.

October 1, 2013.

One important change, however, will take effect on October 1, 2013. As of that date, employer accounts will not be credited for benefits paid to claimants as a result of late claim responses from employers. Historically, the state has required employers to respond to claims within 10 days but has never penalized employers for failing to respond in a timely fashion. Complete, accurate and timely claims are now essential to controlling unwanted benefit charges, which will impact your contribution rate.

There are 3 changes, however, that will be helpful:

1. On October 1, all base period employers will be allowed to protest claims filed due to misconduct or voluntary resignation. Currently, only the last employer may protest claims. If an employee resigns and subsequently files for unemployment, you may contest the claim against your account.
2. If a claimant has received severance, greater than the maximum of $420 per week, they will not be able to collect unemployment benefits.
3. If a claimant is collecting a pension from an employer who contributed to the pension, their unemployment benefits will be reduced by 100%.

It is clearly more important than ever to take a careful look at your unemployment costs. You can better manage these costs by;

- Attract well qualified applicants and carefully screen new hires.
- Administer your policies and procedures consistently.
- Document and fight inappropriate claims aggressively.

HRinfo4u is a Human Resource consulting firm that uses technology and social media to provide relevant, real-time and practical information to smaller and mid-size firms. We want to make your organizational life easier so that you can be more effective; because you didn't choose Human Resources as your core competency; we did.

More Personnel Matters

Compensation Keys to Attracting and Retaining Talented Workers

From Vanacore, DeBenedictus, DiGovanni & Weddell, LLP, CPAs,

Who was the highest-paid executive at a U.S. public company last year? Software giant Oracle paid its CEO, Larry Ellison, $96.2 million last year in cash, benefits and stock options, according to its proxy statement.

That might seem like a hefty price tag for C-level talent, but many public companies pay out multi-million dollar compensation packages to attract and retain key executives. In addition, they often provide lavish perks.

How Does Your Package Measure Up?
Your employees may feel undercompensated and overworked when they hear about highly paid executives. They're not alone. A Gallup poll conducted in August 2013 reports that:

31 percent of U.S. workers are dissatisfied with the money they earn;

40 percent are dissatisfied with their health insurance benefits; and

15 percent are dissatisfied with the amount of work their employers require.

As the labor market heats up (see right-hand box), it's a good time to assess whether employees are satisfied with what you're offering in terms of:

- Salaries, wages, overtime and bonuses;
- Vacation, sick and holiday time;
- Medical, dental and vision benefits;
- Life and disability insurance coverage;
- Retirement plans;
- Wellness benefits, such as reimbursement for health club dues; and
- Other perks, such as discounted stock, company vehicles and corporate discounts.

Research how other companies in your area and industry compensate their workers. If it seems like you're offering too little (or too much), consider revising your compensation package. Also, survey your employees to see which benefits and perks they value most. You might be surprised by the results.

There is no universal compensation package that works best for all companies. The "best fit" for your business depends on demographics, such as geographic location, income levels and average age of employees.

Don't Fear Change
If you modify your compensation package, expect some initial resistance. People don't typically like change, especially if they feel like something's being taken away. But sometimes you need to rethink conventional ways of doing business.

Change is often necessary to remain competitive. If you continue to offer mediocre compensation because you're afraid to rock the boat, employees could seek greener pastures. Weak compensation packages also make it harder to attract new talent as companies ramp up their hiring efforts.

Money Alone Doesn't Buy Happiness
Compensation packages aren't the only means of attracting and retaining talent. Many employees are motivated by qualitative factors, such as challenging assignments and the opportunity to contribute.

These can be hard motivators to measure, because you can't put a price tag on them. Here are some ways to help employees feel enriched and empowered:

Give them a voice. Some of the best ideas come from frontline workers. Put out a suggestion box or set up an online system for submitting ideas. Survey workers about proposed changes to policies and procedures. Create think tanks to brainstorm more efficient workflow. Above all, listen and implement feedback whenever possible.

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Legislative Matters

U.S. Infrastructure Is Hurting Competitiveness.

From The National Association of Manufacturers (NAM)

Seventy percent of manufacturers in the United States believe our nation's infrastructure is in fair or poor shape—with roads in particular getting worse—according to a poll of more than 400 manufacturers released this week by National Association of Manufacturers (NAM) President and CEO Jay Timmons and Building America's Future (BAF) Co-chair and former Pennsylvania Gov. Ed Rendell (D).

More than a majority of manufacturers (65 percent) do not believe that infrastructure, especially in their region, is positioned to respond to the competitive demands of a growing economy over the next 10 to 15 years.

"This survey clearly demonstrates that our nation's approach to investing in infrastructure is not improving at a pace to keep up with the growing needs of manufacturers and that the United States risks falling behind," Timmons said, with the Port of Philadelphia as a backdrop.

"Think about it: with the Panama Canal deepening, there will be mega-tankers coming in through the canal and up the Atlantic," Rendell said. "And of the 15 major ports on the east coast, only two—one in Virginia and one in Baltimore, Md.—are equipped to handle the mega-tankers that will be coming through."

Manufacturing produces 12 percent of America's GDP, but the United States is investing only about 1.7 percent of GDP in infrastructure. Manufacturers on the front lines require a highly functional and better-performing transportation network to move $1.8 trillion in goods and services.

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"The good news is that Congress and the President have a chance right now to address the neglect of our infrastructure and ensure that manufacturing in the United States remains competitive," Timmons noted. "Manufacturers are counting on Congress to fulfill its well-established responsibility of facilitating commerce in the United States by passing legislation that helps fund ports, inland waterways and other key water resource projects."

Manufacturers will continue to press lawmakers for action on important water resource legislation working its way through Congress.

House Transportation and Infrastructure Committee Chairman Bill Shuster (R-PA) introduced the Water Resources Reform and Development Act of 2013 (WRRDA) with bipartisan support in September. This legislation is critical to the competitiveness of manufacturers throughout the United States and will ensure continued investment in our 12,000 miles of inland and coastal waterways. The Senate passed its version (S. 601) in May.

In an op-ed in the Philadelphia Inquirer on September 18, Timmons and Rendell wrote: "If nothing is done to modernize our infrastructure, America risks falling further behind our global competitors."

The United States ranks 14th in infrastructure in the World Economic Forum's "Global Competitiveness Report 2012–2013." According to the report, the top three countries with the best infrastructure are Hong Kong, Singapore and Germany.

Modernizing and investing in infrastructure to help manufacturers in the United States more efficiently move people, products and ideas is a critical priority of the NAM's Growth Agenda. The NAM will continue to push for comprehensive solutions to manufacturers' infrastructure needs.

Healthcare Matters

HITECH and HIPAA OMNIBUS Final Rule: When Is An "Incident" A "Breach" - A Shifting Of Risk To Covered Entities And Business

From Bond, Schoeneck & King PLLC, a Council of Industry Associate Member

Key Dates:

- Published in Federal Register on January 25, 2013
- Effective on March 26, 2013
- Compliance will be required by September 23, 2013

The HIPAA regulations require a covered entity to provide notification to impacted individuals and the Secretary of the Department of Health and Human Services (HHS), and in some instances the media, within 60 days following the discovery of a breach (i.e. an unauthorized disclosure of unsecured protected health information (PHI)). Due diligence and timing is critical. The obligation is to promptly report the breach to affected individuals without unreasonable delay but in no case later than 60 calendar days after discovery of the breach. According to HHS, the clock for notifying individuals of breaches begins upon knowledge of the incident, even if it is not yet clear whether the incident qualifies as a breach for purposes of this rule.

1. Defining a Breach

A breach analysis starts immediately after an incident becomes known to the Covered Entity or Business Associate. That is why determining whether an "incident" has resulted in a breach of PHI is a critical aspect of compliance and requires a coordinated and detailed analysis prior to reaching such a conclusion.

The statutory definition of the term "breach" is generally "the unauthorized acquisition, access, use or disclosure of protected health information which compromises the security or privacy of such information."1 The Breach Rule established that a violation would "compromise" the security or privacy of PHI if it "poses a significant risk of financial, reputational or other harm to the impacted individual."2 The Breach Rule also established three safe harbors:3

• Good faith, unintentional acquisition, access or use of PHI by employee

– Example: A billing employee receives and opens an e-mail containing protected health information about a patient which a nurse mistakenly sent to the billing employee. The billing employee notices that he is not the intended recipient, alerts the nurse of the misdirected e-mail, and then deletes it.

• Inadvertent disclosure to authorized person within the entity or OHCA

– Example: A physician who has authority to use or disclose protected health information at a hospital by virtue of participating in an organized health care arrangement with the hospital is similarly situated to a nurse or billing employee at the hospital.

• Recipient could not reasonably have retained the data

– Example: A covered entity, due to a lack of reasonable safeguards, sends a number of explanations of benefits (EOBs) to the wrong individuals. A few of the EOBs are returned by the post office, unopened, as undeliverable. In these circumstances, the covered entity can conclude that the improper addressees could not reasonably have retained the information.

Unless shown otherwise, an incident will be presumed to be a breach under the Omnibus Final Rule. Specifically, the new rule creates a rebuttable presumption of a breach unless and until the covered entity or business associate determines that PHI has not been compromised – NOT as per the prior rule which called for a determination of whether the impacted individual would have been harmed. The Omnibus Final Rule sets forth four factors to utilize in making this assessment:

- the nature and extent of the PHI involved, including the types of identifiers and the likelihood of re-identification;
- the unauthorized person who used the PHI or to whom the disclosure was made;
- whether the PHI was actually acquired or viewed; and
- the extent to which the risk to the PHI has been mitigated.

Thus, a coordinated and timely approach to identifying/assessing a security incident is critically important under the new rule. This will include an additional level of documentation to show that the exceptions to a "breach" will apply. As noted by HHS commentary: "With respect to any of the three exceptions discussed above, a covered entity or business associate has the burden of proof, pursuant to § 164.414(b) … for showing why breach notification was not required. Accordingly, the covered entity or business associate must document why the impermissible use or disclosure falls under one of the above exceptions."

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EHS Matters

Machine Guarding— A Lesson Worth Learning

By Ron Coons, InPhinite Potential, a Council of Industry Associate Member

On February 19th of this year, an employee of Marley Building Materials on Long Island was shoveling sand onto a conveyor belt when his left arm became caught in the conveyor belt. As a result, his arm was severed below the elbow.

OSHA’s machine guarding standards are designed to prevent this type of injury from happening. Employers have a responsibility to ensure that machines and equipment have the required safeguards installed. Employees also have a responsibility to report any unguarded machinery. They also have a right to refuse to operate machines that can potentially cause injury or even death caused by a lack of guarding.

In order to prevent injuries from occurring as a result of a lack of guarding, everyone in an organization must be on the lookout for unguarded equipment. Here are just a few things to look out for:

◊ Guards are generally installed at the machine’s point of operation. The four basic types are:

  • Fixed—they are a permanent part of the machine and typically are made of sheet metal, screen, wire, bars, or plastic

  • Interlocked—they control the action of the machine by automatically shutting it off if the interlocked guards are opened or removed

  • Adjustable—these barriers can be manually adjusted to accommodate various sizes and shapes of materials

  • Self-adjusting—they open just enough to accept different sizes of stock and automatically return to the reset position

◊ Safeguards must also meet other requirements

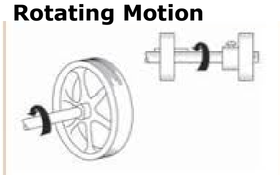
  • They must prevent contact—they must prevent any part of a worker’s body from making contact with dangerous moving parts

  • They must be secure—no one should be able to easily remove or tamper with a safeguard. (*Safeguards that can be removed without the use of tools are not considered secured guards)

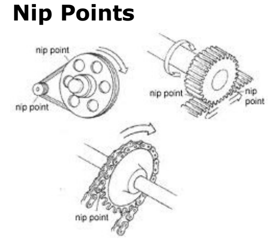
◊ Know what you’re looking for. Moving parts and unsafe machines are often overlooked because people don’t take the time to understand the potential hazards. Here are just a few examples of hazards that may be present in your workplace:

Moving parts and unsafe machines are often overlooked because people don’t take the time to understand the potential hazards.

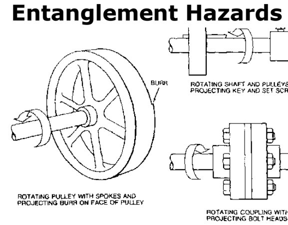
Rotating Motion



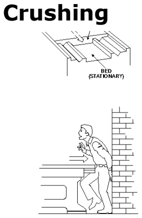
Nip Points



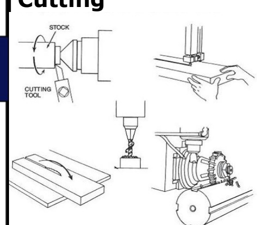
Entanglement Hazards



Crushing



Cutting



Download a free Machine Guarding Assessment Form to help improve your machine guarding efforts along with a link to OSHA’s guarding e-tool at www.inphinitepotential.com/contact-us/document-downloads/

Ron Coons, InPhinite Potential, www.inphinitepotential.com, Performance Coaching in business and in life.

CI Calendar of Training and Events

Oct 3	**RCRA Hazardous Waste Training-** 8:30 am—12:30 pm at Chemprene, Beacon, NY. Cost: $120 single member, $110 each two or more from the same company.
Oct 4	**Manufacturing Day: CGAM Technology & Manufacturing Conference**—Mount saint Mary College, Newburgh, NY. More info TBA.
Oct 17	**HAZWOPER**— 8:30 am—4:30 pm at a location to be determined. Cost: $240 for a single member, $220 each for two or more from the same company.
Oct 29,30	**OSHA 10 Hour**—8:00 am—1:00 pm at Chemprene, Beacon, NY. Cost $120 for a single member, $110 each for two or more from the same company.
Nov 1	**Annual Luncheon and Member/Associate Member Expo**—11:30 am—2 pm at the Powelton Club, Newburgh, NY. Cost $50 a seat, $350 for a table of eight.
Dec 31	**Deadline for Early Bird Discount on Certificate in Manufacturing Leadership Program**
Jan 15 & 22	**Certificate in Manufacturing Leadership: Fundamentals of Leadership** –9:00 am—4:30 pm at Dutchess Community College, Bowne Hall, Poughkeepsie, NY
Feb 5	**Certificate in Manufacturing Leadership: Best Practices & Continuous Improvement**–9:00 am—4:30 pm at Dutchess Community College, Bowne Hall, Poughkeepsie, NY

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

Manufacturing Job Opportunities

If you have job openings and positions to fill:

- *Post it on the Council of Industry Website www.councilofindustry.org*
- *Look at resumes from our member recommended* ***For Hire page***

Contact Alison at
abutler@councilofindustry.org
for more info.

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Financial Matters

Is Your Business Protected?

By Jim Santangelo, Certified Financial Planner

The death or disability of a "franchise player" or other senior manager can be insured through a product called key person insurance. In effect, the company receives insurance monies to assist with a transition due to an unfortunate event.

I believe everyone reading this column has probably talked to a professional about protecting their business from the sudden death of its owner. With this noted, I am reasonably confident that life insurance was discussed as one of the resources available to fund a transition period so the company may continue to prosper in the event of the owner's premature demise.

In my opinion, there are other equally important business risks that may not have been discussed. I can make this statement because I have spoken to many business owners about safeguarding against certain risks that were never previously mentioned by any other professional.

For example, how is the business protected if a "star salesperson" suddenly dies, becomes disabled or decides to work for the competition? The death or disability of a "franchise player" or other senior manager can be insured through a product called key person insurance. In effect, the company receives insurance monies to assist with a transition due to an unfortunate event. The company can also help protect itself from a "high revenue producer" going to work for the competition by having him/her sign a confidentiality and non-compete agreement. Granted, it may be difficult to stop a person from leaving a company to work for the competition, but why give this same person complete access to existing customers?

Of course, insuring any risk cost money. (Insurance companies charge a premium for assuming a customer's risk.) Whether the business owner makes a decision to insure the risk is of a lesser concern of mine than the fact that business owner must first recognize the risk. Regarding a confidentiality and non-compete agreement, in my opinion this is mandatory and relatively inexpensive to implement. Keep in mind, the chances are probably good that a company's "shining star" is being contacted by the competition and it is more likely that this same person will leave a company than die prematurely. With this noted, how can a company not have all employees sign a confidentiality and non-compete agreement?

Ok, what actions are recommended if a company has not addressed the risks associated with one of its shining stars? First, contact a professional

that can assist in identifying the risks. If the risks are insurable, receive multiple price quotes from multiple insurance companies. Compare the premiums and benefits of each contract. (The premium should not be the only item reviewed. More important are the underlying benefits of the insurance contract.) Once the review process is completed, make a decision on whether to insure the risks and which insurance company to engage.

Simultaneously, call an attorney this is experienced in preparing confidentiality and non-compete agreements. Have ALL employees sign the document. Yes, this may cause some initial culture shock and employee dismay. But what really matters over the long term? Having current employees temporarily concerned about the signing the agreement or having one of the business's owner's most valuable assets put at an unnecessary risk! Typically, the same document can be used for most employees. Consequently, the cost per employee is relatively low. I recommend the document should be revisited by an attorney on a periodic basis to ensure it is compliant and relative in the current marketplace.

In conclusion, please remember it is important to recognize one's risk. Otherwise the growth of any business may be limited.

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

Manufacturing Matters

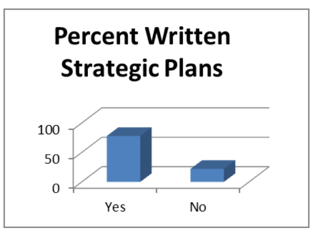
Council of Industry Innovation Survey Results 2013

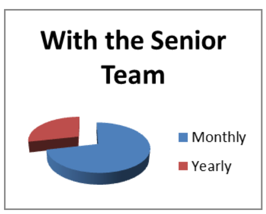
By Susan Lauer, Principal at Aspire Consulting, Ltd

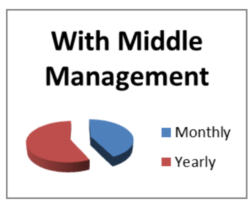
Innovation is important in any business or organization. In the case of manufacturing innovation can not only improve sustainability for the firms that practice it, but also greatly impact the US economy. Manufacturing currently produces 70% of the private sector research and development, accounts for 50% of US exports and 90% of new patents.

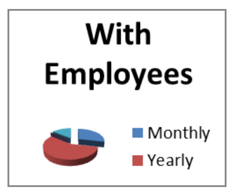
The Innovation Survey was designed to determine the process and level of innovation currently occurring within the Council of Industry members firms and their competitors. Conducted last summer in conjunction with Aspire Consulting, here are highlights of some of the results:

Frequency of Discussion of the Strategic Plan: Best practices require companies to have strategic plans and to align their employee's work with the organizations goals. The strategic part of a plan (re) considers the mission and vision in not only today's context but the future. If innovation is considered as one path to growth or differentiation, it should be identified within the plan. To be fully operationalized, the plan must go through each layer of the company and each person must know how what they do is important to something bigger than their piece of the work. Successful organizations share the plan and selected metrics with all employees and discuss them frequently.



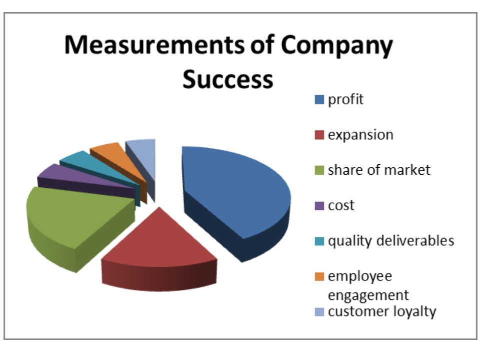


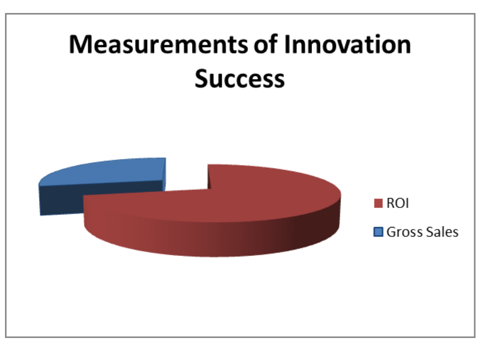




While a measurement of profit is important, it is a gauge of past decisions, not future growth. We also suggest that market share, employee engagement, or customer loyalty be measured as they are more predictive of future growth.

Scott Anthony of the Harvard Business Review proposes a three pronged approach of measuring innovation; magnitude, success rate, and efficiency. Each company should ultimately have their metrics aligned with their strategic plan.





The section in the survey about the perception of innovation in your industry returned mixed responses. There was 100% agreement that innovation was a competitive advantage in the industry, and 75% agreement that there were identified leaders, but given the diverse nature of those completing the survey, there was little consistency beyond that. In most industries those identified as innovation leaders are more profitable, have a greater market share, enjoy higher levels of customer loyalty, have lower unit costs, and those things taken together give them a competitive advantage.

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Energy Matters

NYISO Capacity Changes Coming May 2014

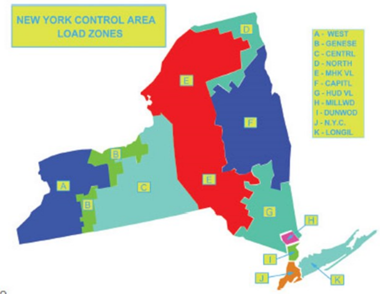
On September 26th many Council of Industry members tuned in for a webinar on the upcoming New York Independent System Operator (NYISO) electricity capacity charge changes for the Hudson Valley. On this same day the New York State Public Service Commission (PSC) and the state-owned New York Power Authority (NYPA) and other New York utilities asked the U.S. Federal Energy Regulatory Commission (FERC) to reconsider its August decision allowing the state's power grid operator, NYISO, to create a new capacity zone in the Lower Hudson Valley that includes New York City.

What is Capacity?
The NYISO administers a capacity market to ensure that sufficient resources are available to meet projected load on a long-term basis. The New York Installed Capacity (ICAP) market is based on the obligation placed on load serving entities (LSEs) to procure ICAP to meet minimum requirements. The requirements are determined by forecasting each LSE's contribution to its transmission district peak load, plus an additional amount to cover the Installed Reserve Margin. The amount of capacity that each supplying resource is qualified to provide to the New York Control Area (NYCA) is determined by an Unforced Capacity (UCAP) methodology. There are Locational Minimum Installed Capacity Requirements - Due to transmission limitations into certain areas within the NYCA, LSEs serving load in these areas must procure a percentage of their total Minimum Unforced Capacity Requirement from Installed Capacity Suppliers electrically located within the constrained areas.

The New Zone
Currently, NYISO is divided into three capacity zones, one of which includes consumers in Load Zone J (New York City), one that includes consumers in Load Zone K (Long Island), and the other, which serves "rest of state" (or ROS) and includes consumers in Load Zones A-I. On August 13th FERC issued an Order approving the NYISO's request to create a new Lower Hudson Valley (LHV) Capacity Zone effective May 1, 2014. The new LHV Capacity Zone will include NYISO Load Zones G, H, I, and J (see map). NYISO and FERC believe by establishing this new LHV capacity zone, the LHV capacity price will send more efficient price signals to incent new capacity in the region that will enhance reliability in the interest of consumers in the LHV zone.

Effective May 1, 2014, NYISO will be divided into four capacity zones:

1. LHV Capacity Zone
2. Capacity Zone J
3. Capacity Zone K
4. Rest of State



Source: NYISO

Starting next year Central Hudson and all others LSE's will need to buy 88% of its capacity within the Lower Hudson Valley or NYC. This will result in a 5% to 9% increase in Central Hudson customer bills with a projected impact of $200-$350 mil/year. Almost all of the impact will be in the Hudson Valley.

The New Zone's Cost Effect
Consumers in the Lower Hudson Valley can expect higher capacity costs as the LSEs will need to procure incremental amount of capacity from Lower Hudson Valley instead of Rest of State. Initial NYISO indications on price and obligation would lead to an increased cost between .6 to 1.2 a cents/kWh. Starting next year Central Hudson and all others LSE's will need to buy 88% of its capacity within the Lower Hudson Valley or NYC. This will result in a 5% to 9% increase in Central Hudson customer bills with a projected impact of $200-$350 mil/year. Almost all of the impact will be in the Hudson Valley.

The FERC proceeding was a contested proceeding with parties arguing for and against the creation of the new LHV capacity zone and parties arguing for and against the inclusion of Zone K in the new LHV Capacity Zone. "We strongly urged FERC to reconsider its decision to create a new capacity zone in New York, which it says is needed to build more power plants downstate to alleviate demand for electricity," explains PSC Chairwoman Audrey Zibelman.

"Creation of a permanent new capacity zone undermines the Governor's Energy Highway initiatives," Gil Quiniones, NYPA president and chief executive. "The Energy Highway pursues a long-term solution to deliver lower-cost, upstate power to the downstate area by reinforcing the transmission system," Quiniones said, noting the new capacity zone will "take money out of the pockets of ratepayers and result in a windfall of profits for existing power plant owners in the region."

The NYISO plans to implement the new zone by May 1, 2014. The PSC is asking FERC to delay implementing its decision until 2017 and consider how the Energy Highway proposals will affect long-term power prices.

The Council of Industry is supporting those seeking FERC to reconsider this ill-advised regulatory change and will keep our members informed as the appeal moves forward.

Member Benefits

Have You Seen the HV Mfg. Fall Issue?

The Fall Issue of HV Mfg. will be appearing in your mail box any day now. We are delighted to have partnered with Martinelli Custom Publishing to produce the second issue of the manufacturing magazine for the Hudson Valley. There are more stories about local manufacturers and information about new legislation and advocacy efforts in addition to articles on personnel and innovation. We have included in this issue a Manufacturers resource guide with listings of business associations, economic development resouces, and a listing of local, state and federal agencies. There is also a listing of elected officials and how to contact them, from the President of the United States down to the County Executives.

This issue includes a leadership profile of Gretchen Zierick, President of Zierick Manufacturing Corporation and a company profile of Selux Corporation, a manufacturer of interior and exterior architectural lighting fixtures and systems, located in Highland, NY. There are articles on immigration reform and Millennials in the workforce. We have included recruiting strategies and warehouse and inventory management tips. There is an article on 3D printing and an update on the Manufacturers Alliance of New York's advocacy efforts.

We are distributing 5,000 copies throughout the Hudson Valley to manufacturers, associate businesses and manufacturing resource centers. We are also sending these out to colleges and universities, high schools and vocational training institutes. We are hoping to spread the word that manufacturing is a vital resource to our communities and our communities need to support manufacturing. Additional copies will be available at the Luncheon & Expo on November 1st. If you know someone who would benefit from a copy or would like another one yourself contact Alison Butler at abutler@councilofindustry.org.

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Consumer Price Index for August 2013

				Point	%	% Increase
Wage Earners & Clerical	**Aug. '12**	**Aug. '13**	**Jul. '13**	**Increase**	**Month**	**Year**
1967=100	676.33	686.17	685.35	0.82	0.1	1.5
1982-84= 100	227.06	230.36	230.08	0.28	0.1	1.5
All Urban Consumers						
1967=100	690.11	700.59	699.75	0.84	0.1	1.5
1982-84=100	230.38	233.88	233.60	0.28	0.1	1.5
Hudson Valley unemployment rate for August 2013 = 6.6%						

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More Personnel Matters

Provide opportunities to try something new. No one wants to do the same tasks, day after day, year after year. Allow employees to rotate duties. Invest in training and continuing education. Expand or modify daily responsibilities. If you don't allow employees to change it up, they may get bored or burnt out.

Share what's in the pipeline. Surprises and rumors make employees edgy. As much as possible, communicate how the company is doing and where it's heading.

Create a sense of real or perceived ownership. Tie bonuses to personal, department and company performance. Or consider offering stock options or discounted stock purchase plans for employees. As the value of the company climbs, so does the value of these benefits. When employees feel their input is valued, they want to make a difference in your organization.

An Overall Competitive Environment
Your ability to attract and retain the best and brightest employees can make or break your business. While few businesses are in a position to offer multi-million dollar compensation packages, yours needs to be competitive. And your work environment needs to foster personal development and enrichment -- attributes employees often value more than cash and other perks.

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Manufacturing Matters

There were also a variety of ways that were identified as how innovation was managed from six sigma to "each process is unique." Best practices require a process that tightly manages innovation from the idea to launch.

The section that questioned who had responsibility for idea generation and then implementation generated a wide range of responses. A culture of innovation is essential, in which all are potentially generating ideas for innovation in products, processes, services or business models. It also requires the process be managed by the team doing the work. When they are managed by the wrong people they can drift away from alignment with the plan. In fact, across industries, 44% fail to achieve their profit targets, and 32% of businesses rate their new product speed and efficiency as "very poor". Only 27% rate their new product productivity as high relative to how much they spent.

Innovation provides the opportunity for growth and differentiation for all companies regardless of industry. Through a defined process, and cultural changes, innovative companies experience product leadership, accountability, high-performing teams, customer and market focus, discipline, and innovating with speed and quality.

More information on the survey is available by contacting Susan L. Lauer, Aspire Consulting, (845) 803 0438 SLauer@AspireAdvantage.com

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Legislative & Healthcare Matters

(Federal Register / Vol. 78, No. 17, at page 5640.) Once again, timing and due diligence will mean a world of difference when assessing incidents under the new rule. As will be highlighted in the fourth and final part of this series, penalties and fines will follow violations of these standards.

2. Notification by a Business Associate

The covered entity is required by law to conduct a breach notification without unreasonable delay and in no case later than 60 days following the discovery of the breach.4 In the case of a breach of PHI at or by a business associate, or its subcontractor, the business associate is required by law to notify the respective covered entity of the breach without unreasonable delay and in no case later than 60 calendar days after discovery of a breach.5 This relationship raises several issues and questions that should be addressed by the covered entity prior to engaging a business associate. The issue of what constitutes the "discovery" of a breach to begin the clock is discussed below.

First, the covered entity should establish a timeframe for its business associate to notify the covered entity in the event of a breach that ensures there is sufficient time to mitigate the violation and conduct a breach notification. It is common to set the notice provision in the business association agreement upon 10 days of the business associate, or its subcontractor, discovering a breach.

Second, although not required by law, the covered entity may wish to obligate the business associate to notify the covered entity in the event of a security incident. This will provide the covered entity the option to conduct a risk assessment and mitigate the violation to avoid, if possible, the need to conduct a breach notification. It is common to set the notice provision in the business association agreement upon 2-5 days of the business associate, or its subcontractor, discovering the incident or violation. It is important to note, if a covered entity discovers a material breach or violation of the business associate's obligations, it must take reasonable steps to cure the breach or end the violation, and, if unsuccessful, terminate the contract with the business associate, if feasible.6

Third, in the event of a security incident, the business associate, or its subcontractor, the covered entity may not wish to have these contractors be solely responsible for conducting the risk assessment to determine whether the violation resulted in a breach. That is, the covered entity may wish to perform, or at least have the option to oversee, the risk assessment to determine if the violation resulted in a breach. The covered entity bears the ultimate burden to perform the breach notification and is subject to civil monetary penalties for failure to provide the notification or maintain sufficient documentation of the risk assessment to demonstrate a breach did not occur as a result of the violation.

Lastly, all of these observations apply with much greater force in situations where a business associate is deemed to be an "agent" of the covered entity. In such a case, the breach notification "clock" starts to run from the date of the breach by the business associate and not from the reporting of the breach by the business associate to the covered entity. This is because an "agent" of the covered entity is deemed to be have a closer relationship than a mere vendor or contractor.

Author's Note: The above analysis was prepared by Charles C. Dunham, IV and Raul A. Tabora, Jr., of Bond's Health and LTC Practice Groups.

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Council of Industry

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Manufacturing is Vital.
The Council of Industry is
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